

REGISTRATION
DOCUMENT

including the annual financial report

2017

OVER 310 YEARS OF HISTORY



W E N D E L

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Registration Document 2017



This registration document contains the entire contents of the Annual Financial Report.

Profile

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

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

The original French version of this report was registered with the French stock exchange authorities ("Autorité des Marchés Financiers" - AMF)



The original French version of this report was registered with the French stock exchange authorities ("Autorité des Marchés Financiers" - AMF) on April 12, 2018, pursuant to Article 212-13 of the AMF General Regulation.

Only the original French version can be used to support a financial transaction, provided it is accompanied by a prospectus (*note d'opération*) duly certified by the Autorité des Marchés Financiers.

This document was produced by the issuer, and the signatories to it are responsible for its contents.

Copies of this registration document may be obtained free of charge at www.wendelgroup.com.



●
A long-term investor
with permanent
capital

●
With 314 years
of history and
industrial roots

●
And an entrepreneurial
tradition supported
by a core family
shareholder group

●
A listed investment
company

The Wendel Group was founded in 1704 in the Lorraine region of eastern France. For more than 300 years it developed in diverse industrial businesses, mainly steelmaking. At the end of the 1970s, the French government nationalized the Group's steel-production activities. Wendel then turned to long-term investing and was a pioneer in private equity. As one of Europe's leading listed investment firms, Wendel operates at the crossroads of investment, services and finance. Wendel is a long-term investor with a permanent capital base. For more than three centuries, the Group has been supported by the Wendel family, its core shareholder group. The 1,148 family shareholders are grouped under Wendel-Participations, which owns 37.6% of Wendel's share capital.

This solid, long-term shareholder structure enables Wendel to focus year after year on value creation and the long-term growth of its investments, for the benefit of the companies in its portfolio and all of Wendel's shareholders.



“Our challenges
for the immediate
future are clear.
Wendel’s mission
is long-term
investment.”

As I hand over the reins of the Supervisory Board to Nicolas ver Hulst, I would like to take a look both at Wendel’s past and future accomplishments.

But before I do that, I would like to say how pleased I am that Nicolas ver Hulst has agreed to be my successor as Chairman of the Supervisory Board. Everything in his career has prepared him for this role, from his work with Ernest-Antoine Seillière in the heyday of CGIP to his experience as an investor at the head of the Alpha group.

As I look back over the years since I became Chairman in March 2013, here is what I see. Under the leadership of Frédéric Lemoine, our Group reclaimed its financial health between 2009 and 2012 through a deliberate balance between two objectives: reduce indebtedness and resist the temptation to sell good assets for less than their real value. Beginning in 2012, we invested in quality companies and undertook a geographical diversification toward North America, Africa and «strong euro» European countries. This led to IHS, Tsebo, Allied Universal and Constantia Flexibles joining the Wendel Group. In each case, Wendel joined forces with individuals who are intimately familiar with these companies’ respective environments.

Our challenges for the immediate future are clear. Wendel’s mission is long-term investment and its inspiration derives from the 300-year history of this family enterprise. Being a long-term shareholder means being concerned about the investments, research, external growth and other aspects of the development of all portfolio companies, including those that might soon leave the portfolio. But it also means agreeing to remain for a long time in certain leading companies whose potential for growth will blossom over the long term—or even the very long-term.

We can be successful with such a strategy only if we focus our attention on the geographies, sectors and companies where we have a real competitive advantage, or can build one over time, if we strengthen the skills of our team of recognized professionals, and if we sometimes join forces with co-investors who share the same long-term vision and the same methods. I would like to assure the Executive Board—its Chairman André François-Poncet and Bernard Gautier— that it has the full support of the Supervisory Board to carry out this strategy as it seeks further success for our Group.

FRANÇOIS DE WENDEL
Chairman of the Supervisory Board
April 12, 2018

/ 1704 /

Jean-Martin Wendel acquires the Hayange forges. From 1704 to 1870, the Group takes advantage of the major inventions that have accelerated the development of its iron and steel production: iron smelted with coke, widespread use of blast furnaces and rolling mills, and the development of railroads.

/ 1815 /

With François de Wendel, the family reclaims its industrial assets and acquires the Moyeuve industrial facilities. This same year, the Wendel family enters the world of politics when François de Wendel is elected deputy.

/ 1880 /

With the adoption of the “Thomas process”, which allows for the manufacture of steel from Lorraine ore, the family companies –Les Petits-Fils de François de Wendel & Cie established in 1871 and Wendel & Cie founded in 1880– rank among Europe’s leading steel producers.

/ 1948 /

In the 20th century, hard hit by two world wars, the Group recovers and begins to grow again. The creation of the Sollac production cooperatives in 1948, followed by Solmer in 1969, help meet the growing demand for sheet steel. In 1975, Wendel produces 72% of French crude steel.

/ 1977 /

After the government’s decision to nationalize French steelmakers in 1974 during a period of widespread economic crisis, the Group is forced to reorganize. In 1975, Marine-Wendel is created when the Wendel Group takes over the holding company Marine-Firminy. The coexistence of its steel industry assets alongside its diversified activities leads to the Group’s split into two entities during the European steel crisis of 1977.

/ 2002 /

In June 2002, Marine-Wendel and CGIP merge, and the new entity takes the name of WENDEL Investissement. The industry approach and focus of the management teams on long-term corporate development help give Wendel a strong, clearly identified image.

/ 2018 /

Wendel is one of Europe’s leading listed investment firms, operating at the crossroads of industry, services and finance. Wendel is a long-term investor relying on permanent capital. For more than three centuries, Wendel has been supported by the Wendel family, its core shareholder group.

314

years of
history

273

years in the
steel industry

41

years in
investment

The Supervisory Board appointed me as Group CEO starting January 1, 2018. During the past three months, I have learned about our companies, about their executive teams and about their challenges. Let me share with you preliminary conclusions which I have reached as an insider within the Wendel team.

Wendel stands out in the investment universe, and I see its competitive advantages more clearly every day. The Wendel name draws upon our company's 300+-year history in France and in the rest of Europe. The Wendel family has reinvented its destiny several times during this period. We are very strong in France and by extension in Europe and we own leading, attractive companies. We have high-quality connections among European family-owned companies and in the business community at large. Our financial situation is very sound, with more than €10 billion in assets. We benefit from a solid balance sheet and an investment grade rating facilitating transactions. This would be the envy of many financial investors.

We have been and we are a long-term partner for many companies which have become leaders in their sector over the years, supporting iconic companies in growing businesses. Bureau Veritas, which now employs 75,000 people and which has reached nearly €5 billion in annual revenue, is a prime example. This speaks volumes about our expertise and about our ability to support entrepreneurs with whom we work over long periods of time and whom we help achieve their dreams. We support innovation and external growth and typically help them in corporate governance and talent management. All of these skills are part of Wendel's DNA and attract corporate executives who want to work specifically with us or whom we approach to suggest a common entrepreneurial project.

Our geographic footprint extends beyond Europe with investment teams around the globe. In the aggregate, Wendel portfolio companies employ over 270,000 people.

In North America, the world's largest investment market, we have an experienced team and our history provides a competitive advantage which enables

us to strike innovative deals. We created Allied Universal, North America's largest security company.

In Africa, where many investment professionals have had trouble making inroads, we have invested in fast-growing companies such as IHS in mobile telecom infrastructure and Tsebo in facilities services.

We are also able to assist our companies in Asia.

Going forward we will focus our search for investments in the regions we know best—Europe, North America and Africa—primarily targeting companies of a significant size and with a strong potential for value creation. We will deploy capital at our own pace depending on market conditions, focusing on high quality assets with a favorable medium-to-long-term growth potential in order to create value for Wendel's shareholders. To bring these objectives to fruition, Bernard Gautier and I have decided to strengthen Wendel's European investment teams which need to be reinforced following the Group's robust internationalization over the last few years. In addition to our investment activity, we will accelerate value creation in our portfolio companies with the help of additional operating partners.

I would like to conclude by saying how proud I am to work for Wendel. I would also like to thank François de Wendel and the Supervisory Board under his chairmanship for the trust they place in Bernard and I. At the end of the upcoming Shareholders' Meeting on May 17, 2018, Nicolas ver Hulst will become the new Chairman of the Supervisory Board. His knowledge of Wendel and his long investment career will provide tremendous additional insights to the Executive Board and to the entire team.

ANDRÉ FRANÇOIS-PONCET
Group CEO
April 12, 2018



“Wendel stands out in the investment universe, and I see its competitive advantages more clearly every day.”

TSR
in double
digits

~50%
Unlisted

<€2.5
billion
net debt

INVEST

... around €3 billion in equity between now and 2020, depending on market conditions, in Europe, North America and Africa in companies that are well-positioned to capitalize on long-term growth trends. Part of this amount could derive from partners who share our investment philosophy, as we have done in the past.

DEVELOP AND CRYSTALLIZE VALUE

... by pursuing the long-term growth of our portfolio companies and by taking advantage of opportunities to divest, form partnerships, list companies on the stock exchange or reinvest in our companies.

REMAIN CAUTIOUS

... keeping debt under €2.5 billion, while maintaining a balance in the portfolio between listed and unlisted companies.

ACHIEVE OUR AMBITIOUS FINANCIAL OBJECTIVES

... with a double-digit average return to shareholders, dividends increasing at a similar rate year after year, and regular share repurchases, depending on opportunities.



Wendel invests for the **long term** as the **majority** or **lead shareholder** chiefly in **unlisted companies** that are **leaders** in their **markets**, in order to **boost their growth and development**.

The Wendel Group's investment model is focused on companies combining as many of the following characteristics as possible:

● Growth and transformation

Companies well positioned to capitalize on high-growth regions and/or major long-term economic trends, such as: demographic changes, urbanization, sustainable growth, safety and security, digitalization, etc.

With high potential for long-term profitable growth, through both organic growth and accretive acquisitions.

● Target size

Initial equity investments generally between €200 million and €700 million, with possible reinvestment over time to support organic or external growth.

● Geographic areas

Companies in Europe, North America and Africa with a strong international exposure or an international growth strategy.

● Corporate governance

Balanced governance mechanisms that enable us to fully assume our role as shareholder.

Experienced, top-ranking managerial teams who share our vision.

Co-investment mechanisms that align their investment interests with those of Wendel.

● Moderate leverage

Non-recourse debt at the subsidiary level, depending on the company's growth profile and cash flow.

CSR in Wendel's activities

Wendel believes that corporate social responsibility (CSR) drives growth for companies. Through its long-term involvement, Wendel encourages its companies to practice corporate social responsibility and has also defined a CSR policy appropriate for its role as investor. The policy is applied by a tight-knit team of professionals.



Wendel's day-to-day activity has little impact on the environment. Nevertheless, Wendel sets an example by ensuring that it limits its own impact by implementing best practices for managing waste, limiting paper use and saving energy.

A code of ethics embodies the Company's values and is applicable to all of Wendel's employees and executives. The code of ethics underpins Wendel's actions as a long-term investor. Its purpose is to address new compliance issues, to promote a respectful working environment in terms of diversity and equality, to ensure transparency and access to information, and to affirm Wendel's commitment to the community. Wendel has supported education and culture for many years through two flagship patronage programs. At Insead, which Wendel has supported since 1996, the Wendel International Center is devoted to the study and analysis of family companies. In the field of culture, Wendel has supported the Centre Pompidou-Metz for more than 10 years. In 2018, Wendel will develop additional initiatives to involve its employees in the community projects to which Wendel will contribute.

In addition, CSR objectives have been integrated into the Executive Board's variable compensation for 2018. Wendel's Supervisory Board has decided to make 25% of the Executive Board's fourth, qualitative objective dependent on successful implementation of the compliance program and CSR throughout the Group. These CSR objectives will also be applied to the variable compensation of members of Wendel's Coordination Committee, which includes Wendel's principal managers from around the world.

CSR at Wendel's subsidiaries



As a shareholder, Wendel assesses CSR opportunities at every phase of the investment life cycle: at the time of acquisition through social and environmental due diligence, and by supporting its companies over the long term.

FRAMEWORK

The subsidiaries' management teams are responsible for their CSR policies, and each company in which Wendel is a majority shareholder is required to publish an annual CSR report reviewed by an independent third party.

Each subsidiary develops a CSR policy that addresses its specific challenges, and Wendel encourages them in particular with regard to two topics: workplace safety and environmental issues related to the design of their products and services. Stahl, for example, is a model for workplace safety, with an especially low average accident frequency rate of less than 1.5 over the last five years.



/ EXCELLENCE /



/ OPENNESS /



/ FAMILY /



/ THE LONG TERM /

The Supervisory Board exercises permanent oversight of the Executive Board’s management of Wendel.

1
FRANÇOIS DE WENDEL
Chairman of the Supervisory Board
until the end of the Shareholders’
Meeting of May 17, 2018



2
NICOLAS VER HULST
Chairman of the Supervisory Board
from the end of the Shareholders’
Meeting of May 17, 2018



3
GERVAIS PELLISSIER
Vice-Chairman of the Supervisory
Board from the end of the
Shareholders’ Meeting of May 17, 2018



4
DOMINIQUE HÉRIARD-DUBREUIL
Vice-Chairwoman of the Supervisory
Board, Chairwoman of the
Governance Committee, Independent
member until the end of the
Shareholders’ Meeting of May 17, 2018



5
BÉNÉDICTE COSTE
Member of the Audit Committee



6
ÉDOUARD DE L’ESPÉE
Member of the Audit Committee

7
NICHOLAS FERGUSON
Member of the Governance
Committee, Independent member



8
PRISCILLA DE MOUSTIER
Member of the Governance
Committee

9
FABIENNE PORQUIER
Member of the Supervisory Board,
Employee Representative

10
GUYLAINE SAUCIER
Chairwoman of the Audit Committee,
Independent member



11
JACQUELINE TAMMENOMS BAKKER
Member of the Governance
Committee, Independent member

12
HUMBERT DE WENDEL
Member of the Audit Committee



The Supervisory Board currently has 12 members, including one employee representative. A Works Council representative also attends Board meetings in a consultative role. The term of appointment for members is four years.

The Supervisory Board appoints members of the Executive Board for four-year terms.

It is assisted by two committees: the Management Committee, which oversees Wendel's operations, and the Investment Committee, which examines investment proposals selected on the basis of the investment team's prior analysis. Aided by recommendations of the Investment Committee, the Executive Board approves the proposals and presents, if necessary, to the Supervisory Board.



André François-Poncet
Chairman of the Executive Board

André François-Poncet is a graduate of HEC business school and has an MBA from Harvard Business School. He began his career in 1984 with Morgan Stanley, first in New York and then London and finally Paris where he was in charge of setting up the Morgan Stanley Paris office. After 16 years with Morgan Stanley, he joined BC Partners (Paris and London) in 2000, as a Managing Partner until December 2014 and then as a Senior Advisor until December 2015. A partner at CIAM from September 2016 to November 2017, he has been a director of AXA since December 2016.



Bernard GAUTIER
Member of the Executive Board

Bernard Gautier joined Wendel in 2003. Previously he was General Partner for the Atlas Venture funds, heading their Paris office. He began his career by creating a media company. He then spent 20 years in organization and strategy, first employed as a consultant by Accenture, in the media and services sector, then by Bain & Co., where he became a Senior Partner. He is an alumnus of the École supérieure d'électricité.

LISTED ASSETS

Bureau Veritas



Saint-Gobain



UNLISTED ASSETS



CASH⁽²⁾



LISTED ASSETS



Bureau Veritas

Certification and compliance evaluation services

40.6%
of capital held
by Wendel

351 M€
invested by Wendel
since January 1995



Saint-Gobain

Production, transformation and distribution of building materials

2.6%
of capital held
by Wendel

872 M€
invested by Wendel
since September 2007

Percent interest and capital invested by Wendel for the stake held as of December 31, 2017.

⁽¹⁾ Percentage of gross asset value calculated on the basis of NAV as of March 7, 2018.

⁽²⁾ Cash and financial investments of Wendel and its holding companies.

UNLISTED ASSETS



Constantia Flexibles

Flexibles packaging

/ **60.6%**
stake

/ **€565 million**
invested since 2015



Cromology

Decorative paints

/ **87.9%**
stake

/ **€424 million⁽¹⁾**
invested since 2006
in the Materis group



IHS

Mobile telephone infrastructure in Africa

/ **21.3%**
stake

/ **\$826 million**
invested since 2013



Stahl

High-performance coatings and leather-finishing products

/ **63.4%**
stake

/ **€171 million**
invested since 2006



Allied Universal

Security services

/ **33%**
stake

/ **\$300 million**
invested since 2015

Tsebo

Business services

/ **64.7%**
stake

/ **€142 million**
invested in January
2017

PlaYce

Shopping centers in Africa

/ **40%**
stake

/ **€25 million**
invested in 2016

CSP Technologies

High-performance plastics packaging

/ **98.3%**
stake

/ **\$228 million**
invested since 2015

Mecatherm

Industrial bakery systems and equipment

/ **98.6%**
stake

/ **€117 million**
invested since 2011

NOP

Japanese manufacturer of trochoid pumps and hydraulic motors

/ **99%**
stake

/ **¥3.3 billion**
invested in 2013

⁽¹⁾ Of which a €25m shareholder loan granted in March 2018.

Key Figures

In 2017, Wendel focused on its portfolio, continuing to divest from Saint-Gobain and finalizing transformational deals such as Stahl's acquisition of BASF's leather chemicals business and Constantia Flexibles' sale of its Labels business at favorable terms. 2017 also saw Bureau Veritas return to organic growth.

Consolidated net sales

2015	2016	2017
7,272.3	7,682.7	8,329.1

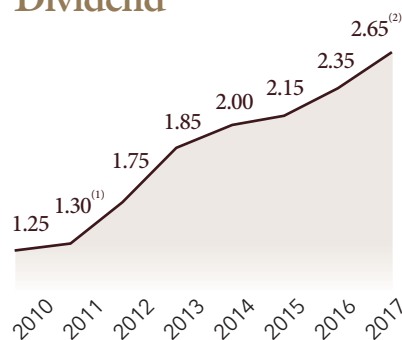
In millions of euros as of 12/31

Net income

2015	2016	2017
<i>Total</i>		
25	-141	534
<i>Group share</i>		
-146	-367	200

In millions of euros as of 12/31

Dividend



Ordinary dividend, in euros per share

⁽¹⁾The 2011 ordinary dividend included an exceptional distribution of 1 Legrand share for every 50 Wendel shares held.

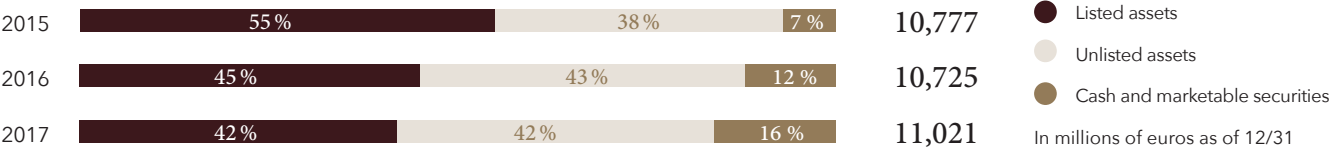
⁽²⁾The 2017 dividend is subject to shareholder approval at the Annual Shareholder's Meeting on May 17, 2018.

Net Asset Value

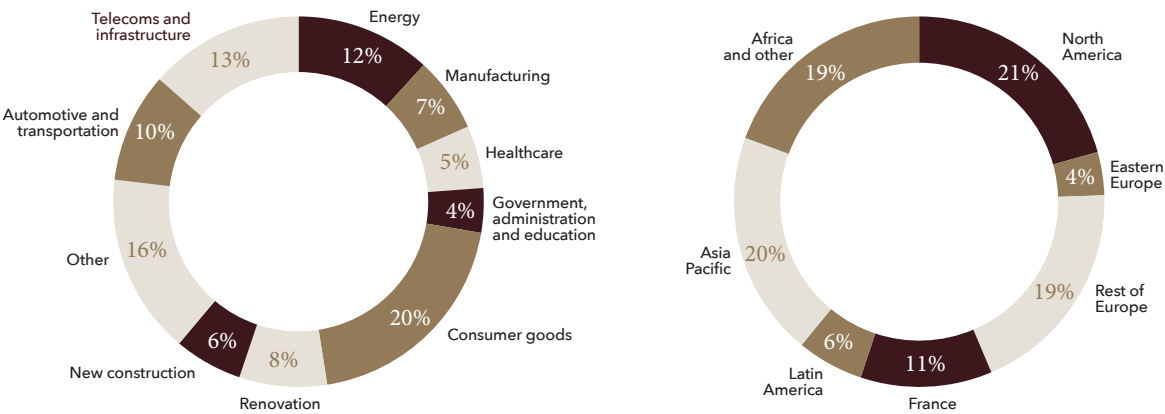
2015	2016	2017
136.4	153.9	176.4

In euros per share as of December 31

Gross assets under management

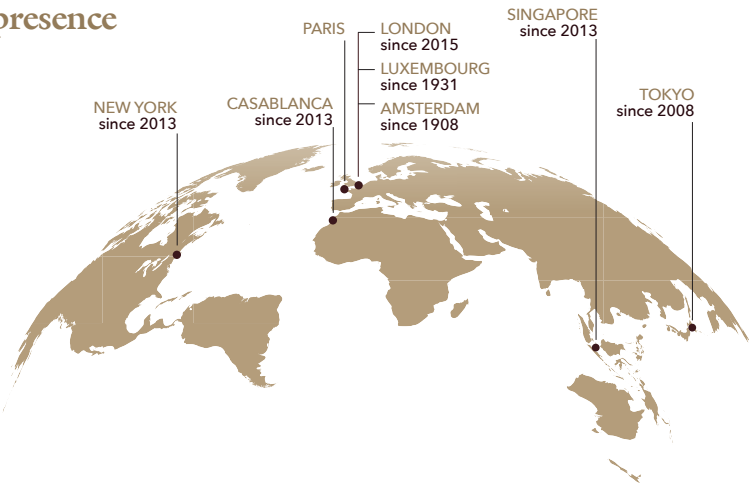


Industry and geographic diversification



Enterprise value of Group companies, according to the breakdown of 2017 revenues.
Enterprise values are based on NAV calculations as of March 7, 2018.

International presence



Notation

On April 11, 2018, Standard & Poor's confirmed Wendel's ratings: Long-term: BBB- with stable outlook - Short term: A-3



GROUP PRESENTATION

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1.1 Corporate history

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

A central force in the development of the French steel industry, the Wendel Group diversified at the end of the 1970s. Today the Company is dedicated to the success of diversified international leaders (certification, building materials, high-performance coatings, business services, industrial bakery equipment, insurance and healthcare, telecom infrastructure, packaging and security).

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

In the 20th century, hard hit by two world wars that ravaged the Lorraine production facilities, the Group recovered and began to grow again. The creation of the Sollac production cooperatives in 1948, followed by Solmer in 1969, helped meet the growing demand for sheet steel. Between 1950 and 1973, it was at the height of its power. In 1975, it produced 72% of French crude steel.

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

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

In June 2002, Marine-Wendel and CGIP merged, and the new entity took the name of WENDEL Investissement. The industry approach and focus of our management teams on long-term corporate development has helped give our Group a strong, clearly-identified image. This solid positioning as a professional shareholder that understands investments from the industry's point of view prompted us to propose, at your June 4, 2007 Annual Meeting, that the legal name of the Company be simplified from "WENDEL Investissement" to "Wendel", so as to emphasize our long-term industrial values anchored in our centuries-old history. In order to pursue its development, Wendel has opened five foreign offices since 2007 (Casablanca, London, New York, Singapore, and Tokyo).

1.2 Business

Wendel is one of Europe's leading investment companies in size, with more than €11 billion in assets under management at end-March 2018. It invests in leading companies and in companies with the potential to become leaders. Wendel is both a shareholder and an active partner. It supports the management of the companies in which it invests, gives them responsibility and works with them over time to achieve ambitious growth and shareholder value objectives. Wendel also has the special characteristic that it is a long-term investor with permanent capital, an Investment Grade rating, and access to the capital markets. It is supported and controlled by Wendel-Participations, a stable family shareholder structure with more than 310 years of history in industry and more than 40 years of investment experience.

The investment team is composed of more than 30 experienced professionals. The team members have varied and complementary profiles and include former consultants, company executives, investment bankers, senior public officials, and operations managers from a broad array of industrial and service sectors. This allows us to capitalize on their experience and the network of contacts they have developed during their professional career. The team thus has both in-depth industry knowledge and recognized financial expertise. Its objective is to foster the emergence of companies that are leaders in their sector and to accompany their development in the medium or long term, particularly by encouraging innovation and boosting productivity. An analytical team reviews each investment opportunity, in particular the enterprise's growth prospects. These investment opportunities are then reviewed by a collegial Investment Committee, composed of 11 experienced Managing Directors, including the Chief Financial Officer and the two members of the Executive Board.

Global competitive landscape in 2017

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

In 2017, stiff competition for the most attractive assets strengthened the position of sellers towards funds looking to place their investors' capital. Wendel's permanent capital sets it apart from private equity players. Nevertheless, in recent years, new competitors have emerged targeting longer-term investments (sovereign funds, pension funds, and longer-term investment funds), affirming the appropriateness of Wendel's model.

In 2017, the high levels of capital to be invested and the strong performance of stock markets pushed up acquisition multiples, while the debt markets remained open, allowing purchasers to take advantage of historically low interest rates. No global data are available on the investment activities of all of the market participants mentioned above, but private equity funds, for which annual statistics are published, continued to crystallize portfolio value in 2017, with capital exits totaling \$366 billion (up 8% compared to 2016, and the third best year in the last 20), for an average holding period of five years. All exit routes were used, particularly sales to strategic investors. Despite growing market volatility, private equity has continued to produce rates of return above those offered by other asset classes.

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

1.3 Corporate governance

Wendel's Corporate governance is guided by the same principles as those upheld by the Group as a "shareholder of choice": transparent dialogue, the recognition that managers and shareholders are independent and fulfill different roles, shared responsibility, and individual engagement.

Wendel is an SE (*societas europaea*) with an Executive Board and Supervisory Board.

1.3.1 The Supervisory Board and its committees

1.3.1.1 The Supervisory Board

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel. The Board's internal regulations set forth the rights and responsibilities of its members.

As of December 31, 2017, Wendel's Supervisory Board had 12 members: 11 members were appointed by shareholders at their Annual Meeting for four-year terms, of which five independent members, five women, and one member representing employees.

Fabienne Porquier, who represents employees on the Supervisory Board, has attended Board meetings since October 2015. A Works Council representative also attends Board meetings in a consultative role.

François de Wendel was the Chairman of the Supervisory Board. Under Article 13 of the by-laws, the Vice-Chairwoman, Dominique Hériard Dubreuil, fulfills the same functions and has the same powers as the Chairman in the event the Chairman is unable to carry out his duties or temporarily delegates his powers to her. She is appointed by the Supervisory Board.

During the Supervisory Board meeting of March 21, 2018, François de Wendel announced his intention to step down from his position as Chairman of the Supervisory Board at the close of the May 17, 2018 Annual Shareholders' Meeting. The Supervisory Board decided to elect Nicolas ver Hulst as Chairman of Wendel's Supervisory Board. This appointment will take effect on May 17, 2018 at the close of the Annual Shareholders' Meeting.

The Board also decided to appoint Gervais Pellissier, an independent member of the Board, as Vice-Chairman, with effect from the close of the Annual Shareholders' Meeting.

At their May 17, 2018 meeting, shareholders will be asked to renew the appointment of Guylaine Saucier. Dominique Hériard Dubreuil will not seek to renew her term of office.

At the date of the present Registration Document, the Supervisory Board members are (the dates in parentheses show the year in which the member's term ends):

François de Wendel (2020), Chairman of the Supervisory Board

Dominique Hériard Dubreuil (2018), independent director, Vice-Chairwoman of the Supervisory Board, and Chairwoman of the Governance Committee

Bénédicte Coste (2021)

Édouard de l'Espée (2021)

Nicholas Ferguson (2021)

Nicolas ver Hulst (2021)

Priscilla de Moustier (2021)

Gervais Pellissier (2019), independent member

Fabienne Porquier (2018), member of the Supervisory Board representing employees

Guylaine Saucier (2018), independent director and Chairwoman of the Audit Committee

Jacqueline Tammenoms Bakker (2019), independent member

Humbert de Wendel (2019)

Secretary of the Supervisory Board:

Caroline Bertin Delacour

In 2017, the Supervisory Board met ten times.

1.3.1.2 The Supervisory Board Committees

To fulfill its mission as effectively as possible, the Supervisory Board relies on two committees: the Audit Committee and the Governance Committee.

The Chairman of each committee is also a member of the other committee. The Chairman of the Supervisory Board is invited to attend all committee meetings.

The Audit Committee

Wendel's Audit Committee audits the financial reporting process, ensures that internal control and risk management are effective, and monitors the proper application of the accounting methods used in drawing up parent company and consolidated accounts. It verifies the independence of the Statutory Auditors.

An independent expert assists the Audit Committee in reviewing the net asset value finalized by the Executive Board.

The Audit Committee has six members:

Guylaine Saucier, Chairwoman

Dominique Hériard Dubreuil, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Governance Committee

Bénédicte Coste

Édouard de l'Espée

Gervais Pellissier

Humbert de Wendel

Secretary of the Audit Committee: Caroline Bertin Delacour

In 2017, the Audit Committee met six times.

The Governance Committee

Among the tasks of Wendel's Governance Committee are to propose or recommend procedures for compensating Executive Board members and to express a view on any issue pertaining to Company governance or the operation of its statutory bodies and, at the Board's request, to address any ethical issues.

The Governance Committee, which includes the functions attributed by the Afep-Medef Code to a Compensation Committee and an Appointments Committee, has six members:

Dominique Hériard Dubreuil, Chairwoman of the Governance Committee and Vice-Chairwoman of the Supervisory Board

Nicolas Ferguson

Nicolas ver Hulst

Priscilla de Moustier

Guylaine Saucier, Chairwoman of the Audit Committee

Jacqueline Tammenoms Bakker

Secretary of the Governance Committee: Caroline Bertin Delacour

In 2017, the Governance Committee met eight times.

1.3.2 The Executive Board

The Supervisory Board appoints members of the Executive Board to four-year terms on the recommendation of its Chairman. The terms are renewable. The age limit for members of the Executive Board is 70.

In 2017, the Executive Board had two members

Frédéric Lemoine, Chairman since April 7, 2009

Bernard Gautier, Member since May 31, 2005

Frédéric Lemoine's appointment ended on December 31, 2017. André François-Poncet was appointed as Chairman and member of Wendel's Executive Board from January 1, 2018, for the remaining term of office.

Secretary of the Executive Board: Christine Anglade Pirzadeh since June 2013.

The terms of the Executive Board members expire on April 6, 2021.

In 2017, the Executive Board met 21 times.

1.4 Internal organization

Led by the Executive Board, Wendel's management team is composed of men and women with diverse and complementary career paths. To make sure that decisions are made as a team, an Operations Coordination Committee meets every two weeks, ensuring smooth communication at all times within the international team of nearly 100 people across the Company's eight offices. The team is articulated around two key committees: the Investment Committee and the Management Committee.

1.4.1 The Investment Committee

Made up of the Executive Board members and 11 Managing Directors, including the Chief Financial Officer, the Investment Committee meets three times per month to work on the selection and preparation of the Group's investments. It examines plans to divest assets and regularly reviews the position of the Group's principal investments.

1.4.2 The Management Committee

The Management Committee meets every two weeks. It is composed of the members of the Executive Board, the Chief Financial Officer, the General Secretary, the Managing Director in charge of operating resources, the Tax Director, and the Director of Communication and Sustainable Development. It makes decisions regarding the organization and the Group's day-to-day operations.

1.4.3 The Coordination Committee

The Coordination Committee includes the members of the Executive Board and Wendel's principal managers from around the world. It meets twice a month. Its role is to act as a hub of cross-company information and sharing to ensure the free flow of information throughout the Company.

1.4.4 The General Secretariat

The General Secretariat is responsible for ensuring that Wendel's holding companies adhere to company law and laws governing market trading and Corporate governance, and that Wendel adheres to regulations on compliance, ethics, disputes and litigation, the protection of personal data, general liability insurance for corporate officers, professional liability insurance, and intellectual property.

1.4.5 Locations

Wendel has offices for its holding companies and service activities. The oldest locations are in France (since 1704), the Netherlands (since 1908), and Luxembourg (since 1931). In 2013, the Group continued its international expansion, establishing a presence in New York and Singapore. In 2013, to support the two investments it has already made in Africa, Wendel opened an office in Casablanca. In 2015, Wendel opened an office in London to take advantage of the international nature of the opportunities available on that market and to provide the Group with overall coverage of the European market.

Europe

Paris

Wendel's head office is located in the ninth arrondissement of Paris, at 89 rue Taitbout. The Paris office is home to the Group's corporate teams and part of the investment team.

Amsterdam

Oranje-Nassau, a Dutch coal mining company founded in 1893, was acquired by Wendel in 1908. In 1974 it became an investment company, first specializing in the energy and real estate sectors and now focusing on unlisted companies.

Luxembourg

Wendel has been present in Luxembourg since 1931 through Trief Corporation. The company holds Wendel's stakes in its main listed portfolio companies as well as in unlisted companies, which are held through Luxembourg regulated investment vehicles. Their management is assigned to a Luxembourg company, Winvest Conseil SA, which was approved as an alternative investment funds manager in mid-2015 (see Section 2.2.3). The Group co-invests from Luxembourg with third-party partners in certain companies, such as IHS, Constantia Flexibles, or Tsebo. These various entities each have their own governance, including independent directors.

London

In 2015, Wendel opened an office in London in order to take advantage of the international nature of the opportunities available on that market and to provide the Group with overall coverage of the European market.

North America

New York

Wendel North America investigates potentially attractive investments for the Group in North American companies looking for a long-term shareholder. North America is the world's biggest private equity market in terms of investment opportunities. Wendel opened an office in New York in 2013. A year after the inauguration of Wendel North America, Wendel announced the acquisition of CSP Technologies, a company specialized in high-performance plastic packaging. The transaction was finalized on January 30, 2015. In June 2015, Wendel announced its second investment in North America with the acquisition of AlliedBarton Security Services, which became the leading security services company in North America after its merger with Universal Services of America in August 2016.

Africa

Casablanca

Africa is the world's fastest-growing continent, averaging more than 5% annual growth for the past ten years. Wendel has decided to invest in this region and started at the end of 2012 by becoming the biggest shareholder in IHS, the region's leading provider of telecom infrastructure. Wendel subsequently acquired, via Oranje-Nassau Développement, stakes in the following companies: in late 2013 in Saham Group, Africa's largest insurer (excluding South Africa) with diversified activities in fast-growing sectors such as customer service centers, healthcare and real estate; in July 2016 in PlaYce (formerly SGI Africa), which develops and operates shopping centers in West and Central Africa; and in early 2017 in Tsebo, the pan-African leader in corporate services.

Asia

Wendel began to lay the groundwork for long-term investing in Asia back in 2008. The main objective for Wendel's offices in Asia is to help Group companies develop in this region.

Singapore

Wendel Singapore assists Group companies in their development and serves as a point of contact for the Wendel Group.

Tokyo

Wendel Japan advises Group companies on their business development and acquisition plans in Japan. Wendel acquired Nippon Oil Pump in 2013.

1.4.6 Teams

■ Investment Committee

◆ Management Committee

★ Coordination Committee

Wendel's team leaders and principal members

André François-Poncet ■ ◆ ★

Chairman of the Executive Board, since January 1, 2018.

André François-Poncet is a graduate of HEC business school and has an MBA from Harvard Business School. He began his career in 1984 with Morgan Stanley, first in New York and then London and finally Paris where he was in charge of setting up the Morgan Stanley Paris office. After spending 16 years with Morgan Stanley, he joined BC Partners (Paris and London) in 2000, as a Managing Partner until December 2014 and then as a Senior Advisor until December 2015. A Partner at CIAM from September 2016 to November 2017, he has been a director of AXA since December 2016.

Frédéric Lemoine ■ ◆ ★

Chairman of the Executive Board until December 31, 2017.

Appointed to the Executive Board in 2009 after nine months on the Supervisory Board, he previously served as Chairman of the Supervisory Board of Areva and Senior Advisor at McKinsey. Prior to that he was CFO of Capgemini, and then deputy General Secretary to French President Jacques Chirac. He began his career as a finance inspector before directing a hospital in Vietnam and participating in hospital reform in two government ministries. He holds a law degree and is a graduate of HEC, IEP Paris, and ENA.

Bernard Gautier ■ ◆ ★

Member of the Executive Board

Bernard Gautier joined Wendel in 2003. Previously he was General Partner for the Atlas Venture funds, heading their Paris office. He began his career by creating a media company. He then spent 20 years in organization and strategy consulting, first employed as a consultant by Accenture, in the media and services sector, and then by Bain & Co., where he became a Senior Partner. He is an alumnus of the École supérieure d'électricité.

Olivier Allot ★

Director of Financial Communication

Olivier Allot joined Wendel in 2007 as Deputy Head of Investor Relations. His career began in 1996 at the Société des Bourses Françaises - Paris Stock Exchange. For four years, he served as the organization's spokesperson and was then in charge of investor relations until 2007. In this capacity, he contributed actively to the combination of the Paris, Amsterdam, Brussels and Lisbon stock exchanges and the merger of Euronext and the NYSE. He holds a Master's degree in Management and Administration and another in Banking, Finance and Insurance from the Sorbonne (Université Paris I), in addition to SFAF and CEFA diplomas for financial analysts.

Christine Anglade Pirzadeh ◆ ★

Director of Communications and Sustainable Development, Secretary of the Executive Board

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

Stéphane Bacquaert ■ ★

Managing Director, CEO of Wendel Africa

Stéphane Bacquaert joined Wendel in 2005. He held previous positions as a Partner of Atlas Venture, a consultant for Bain & Co., and the CEO of NetsCapital, a merchant bank specializing in Technology, Media and Telecommunications. He is a graduate of École centrale Paris and IEP Paris and holds an MBA from Harvard Business School.

Caroline Bertin Delacour ◆ ★

General Secretary and Ethics Officer, Secretary of the Supervisory Board

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

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

Stéphanie Besnier ■ ★

Managing Director, Co-head of investment activity in France, Belgium, and Switzerland

Stephanie Besnier joined Wendel in 2007. She was previously an analyst at BNP Paribas in London from 2001-02. From 2003 she worked in the Treasury department of the French Ministry of Finances, where she was in charge of Latin American countries. She then worked for the agency that manages the French State's equity holdings. She is a graduate of École polytechnique, Corps des Ponts et Chaussées.

David Darmon ■ ★

Managing Director, CEO of Wendel North America

David Darmon joined Wendel in 2005. He was previously a Director of Apax Partners, where he specialized for six years in LBO transactions, particularly in the TMT and retail sectors. He began his career in M&A at Goldman Sachs in London. He is a graduate of Essec and holds an MBA from Insead. He has headed the New York office since January 1, 2013.

Marie-Hélène Dorat ★

Director of Human Resources

Marie-Hélène Dorat joined Wendel in February 2009 as Compensation and Benefits Manager. In June 2010, she took on the role of Human Resources Manager. Prior to Wendel, she worked for 15 years in various fields of finance. In 1997, she moved into Human Resources, first at Crédit Agricole Indosuez and then in different well-known consulting firms, including Hewitt and Right Management. She is a graduate of ESC Rouen.

Benoit Drillaud ★

Deputy CFO

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

Claude Ehlinger ■ ★

Managing Director, CEO of Oranje-Nassau Groep, Non-executive Chairman of Stahl

Claude Ehlinger joined Wendel in 2016 as Managing Director, Member of the Investment Committee, and CEO of Oranje-Nassau Groep. He was previously deputy CEO of Louis Dreyfus Company, which he joined in July 2007 as Chief Financial Officer for the Group. He is a graduate of HEC.

Bruno Fritsch ★

Managing Director, CEO of Wendel Singapore

Bruno Fritsch joined Wendel in 2007 and is in charge of developing the Group's activities in the Asia-Pacific region. After beginning his career at L'Oréal, he worked as a consultant at Bain & Company. He then worked in business development as Vice-President of Asian Business Bridge, an SME development accelerator in Asia. He was Secretary of Wendel's Executive Board from 2009 to 2013. He is a graduate of Essec and holds an MBA from the Rotterdam School of Economics.

Jean-Yves Hemery ★

Oranje-Nassau International Delegate

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

Stéphane Heuzé ■ ★

Managing Director

Stéphane Heuzé joined the Wendel Group in September 2014. He began his career with BCG (The Boston Consulting Group) in Paris. He then spent two years at Goldman Sachs in London, as part of the team managing private equity, mezzanine and secondary debt. In 2009, he returned to BCG to help develop its presence in Africa and open its office in Casablanca. He graduated from École des mines de Paris and holds an MBA from Harvard Business School.

Makoto Kawada ★

Managing Director, CEO of Wendel Japan

Kawada San joined Wendel in 2008. He gained experience in cross-border M&A and project finance with Fuji Bank (now Mizuho) in Japan, where he began his career in 1984. After a period at the IFC (International Finance Corporation, a member of the World Bank Group) in Washington, D.C., he joined Basic Capital Management in 2003, taking over as CEO from 2005 to 2008. He holds an MBA from Wharton and a degree in Economics from Waseda University.

Roland Lienau ■ ★

Managing Director, Head of investment activity in the DACH region, Director of Multi-Color Corporation

Roland Lienau joined Wendel in 2008. He has acquired over 20 years of experience in primary and secondary capital markets in Germany. Previously, he was in charge of capital markets for Deutsche Bank in Frankfurt after holding positions at Enskilda Securities, Enskilda Effekten and, later, Paribas, where he was in charge of equity and bond markets. He is a graduate of ESCP Europe.

Peter Meredith ◆ ★

Tax Director

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

Jérôme Michiels ■ ◆ ★

Chief Financial Officer

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

over the responsibility for Wendel's Finance department in October 2015.

Adam Reinmann ■ ★

Managing Director, Wendel North America

Adam Reinmann joined Wendel in 2013. With an MBA from Columbia Business School and a BS from Binghamton University, he began his career in the JPMorgan Group. Before joining Wendel, he worked for Onex, a leading Canadian investment company. At Onex, he participated in the acquisitions of The Warranty Group, Skilled Healthcare, Cypress Insurance Group, RSI Home Products and JELD-WEN Holding, Inc. During 2009, Adam served as a member of the executive management team of an Onex operating company (Celestica), where he was involved in business development and operational improvement.

Josselin de Roquemaurel ■ ★

Managing Director, Co-head of investment activity in France, Belgium, and Switzerland

Josselin de Roquemaurel joined Wendel in April 2018. From 2005-17 he worked for Kohlberg Kravis Roberts & Co. in London, most recently as Director in charge of Private Equity business in France. From 2001-05, he was employed with JPMorgan & Co. in London as an analyst and then as an associate. He is a graduate of the École Normale Supérieure de Fontenay/St Cloud and HEC.

Aziz Sedrati ★

IT and General Resources Director

Aziz Sedrati joined the Group in 1994 as IT Manager and Senior Accountant of Marine-Wendel, before becoming Registered Securities Manager at WENDEL Investissement. He has been IT and General Resources Manager since 2010 and is also Secretary of the Company's Works Council. He holds a university and technical degree in computer science, a Master's in applied computer science in the corporate environment, and a diploma in accounting and financial studies (DECF).

Patrick Tanguy ■ ◆ ★

Managing Director, Non-executive Chairman of Cromology and Mecatherm

As the person in charge of operational support, he supervises Wendel's operational resources and helps Group subsidiaries to improve their organizational and operational processes. He serves in this role as Board member of Constantia Flexibles, Nippon Oil Pump and CSP, and supervises Wendel's offices in Asia.

Before joining Wendel in 2007, Patrick Tanguy held senior executive responsibilities in several industrial groups, serving consecutively as Head of Sales and Marketing for Steelcase-Strafor; CEO of Airborne, a subsidiary of that Group; CEO and then Chairman of Dafsa; and head of Technal, Monne-Decroix and

Prezioso Technilor. He began his career at Bain & Co. in 1984, where he was appointed Partner in 1990. He is a graduate of HEC.

Félicie Thion de la Chaume ■ ★

Managing Director, Co-head of investment activity for Wendel London

Félicie Thion de la Chaume is a graduate of ESCP Europe and started her career at Goldman Sachs on the firm's French M&A team between 2003 to 2006. In 2007, she then joined the Wendel Paris investment team as an Associate.

Since then, she has been involved in many transactions including the sale of Deutsch, the IPO of Helikos (SPAC), the investment in

Saham, and the development of Stahl. She has been a Director of Stahl since 2013.

Sébastien Willerval ★

Director of Legal Affairs

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

1.5 Investment model and business development strategy

Wendel's know-how consists in selecting leading companies, making a long-term investment and helping to define ambitious strategies, while implementing a clear, explicit shareholder approach. To successfully execute its long-term investment strategy, Wendel has several strengths: a stable, family shareholder base, permanent capital, and a portfolio of companies that lends the Group a very broad geographical and sectoral view. Since 1977, Wendel's international investment teams, with their complementary profiles and expertise, have invested in a great number of successful companies, including Capgemini, BioMérieux, Reynolds, Stallergenes, Wheelabrator, Valeo, Afflelou, Editis, Legrand, and Deutsch.

1.5.1 Active partnering with portfolio companies

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

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

1.5.2 Principles for our role as long-term shareholder

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

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

1.5.3 Seeking a balanced portfolio

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

1.5.3.1 Investment profile

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

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

- business activities relating to one or more major, long-term economic trends, enabling Wendel to plan to hold the investment over the long term, even going beyond 15-20 years in certain cases;
- located in countries that are well known to Wendel, based in particular in Europe, North America, and Africa;

- strong international exposure or an international growth strategy;
- ideally representing an investment generally between €200-700 million;
- led by high-quality, experienced management teams with which Wendel shares a common vision;
- among the leaders in their markets;
- operating in sectors with high barriers to entry;
- sound fundamentals and, in particular, recurrent and predictable cash flows; and
- offering high potential for long-term profitable growth, through both organic growth and accretive acquisitions.

As a long-term shareholder, Wendel particularly favors certain circumstances, such as:

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

Lastly, Wendel does not invest in sectors whose reputation would be detrimental to its image or values.

1.5.3.2 Oranje-Nassau Développement

Early in 2011, Wendel structured its organization so as to group opportunities for strong growth, diversification or innovation in Oranje-Nassau Développement.

Oranje-Nassau Développement groups investments of smaller individual amounts than those made directly by Wendel: Mecatherm, Nippon Oil Pump, CSP Technologies, PlaYce (formerly SGI Africa), and Tsebo.

1.5.3.3 Acquisitions by Group companies

Growth by acquisition is an integral part of the development model of Wendel Group companies. Our companies made 28 acquisitions in 2017, and all of them plan to achieve a non-negligible share of their growth through acquisitions, focusing on small or medium-sized purchases, which create the most value. Wendel's teams assist Group companies in their search for accretive acquisitions, in deploying their external growth strategy, and in arranging the required financing.

1.5.3.4 An entrepreneurial model

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

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

For unlisted subsidiaries (Cromology, Mecatherm, Stahl, IHS, NOP, CSP Technologies, Constantia Flexibles, Allied Universal, and Tsebo), the participation policy is based on a co-investment mechanism through which these executives may make significant personal investments alongside Wendel. These systems are described in Section 5.7, Note 4 of this registration document.

1.5.4 Strategic orientations 2017-20

1.5.4.1 Continued investment in high-quality assets

If market conditions are favorable, Wendel may invest around €3 billion, primarily in unlisted companies offering high potential for profitable growth and exposure to long-term growth trends. Part of this investment amount may come from other investors. On a case-by-case basis, and with a view to sharing risks and/or tapping into specific geographic and sectoral expertise, Wendel may look to partners that share its investment philosophy to take part in its investments, which has been the case for numerous transactions over the years.

Wendel will make initial equity investments, in general of €200 million to €700 million, in North America, Europe, and Africa.

Ultimately, Wendel seeks to offer investors a portfolio of up to 10 large assets, predominantly unlisted companies, and other smaller companies at the level of Oranje-Nassau Développement. During this period, unlisted assets will represent around 50% of gross assets.

1.5.4.2 Development of Group companies to create value

Wendel will continue to emphasize the long-term growth of its companies, by actively encouraging them to make investments that drive organic growth and profitability and by providing support for their acquisitions. Wendel has also launched its Digital@Wendel initiative, so as to enable its companies to step up value creation through digitization.

1.5.4.3 Prudent financial structure

Wendel will henceforth operate with net debt of less than €2.5 billion.

1.5.4.4 Creating value for shareholders

Wendel aims to continue generating double-digit total shareholder return,⁽¹⁾ based on the average share price in the second half of 2016, to increase the dividends paid to shareholders every year, in accordance with our target average return to shareholders, and to repurchase shares, regularly and depending on opportunities.

(1) Average total shareholder return over the 2017-20 period, dividends reinvested.

1.6 Corporate Social Responsibility (CSR)

Wendel believes that corporate social responsibility (CSR) drives growth for companies. Through its long-term action, Wendel encourages its companies to implement Corporate Social Responsibility (CSR) practices. At the same time, it defines its own CSR policy that is adapted to its role of investor and applied by a core team of professionals. More detailed information related to sustainable development is provided in Section 3 of this registration document.

1.6.1 Encouraging subsidiaries to integrate CSR

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

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

In 2015, Wendel adopted a Code of Ethics, approved by its Executive Board and reviewed by its Supervisory Board. This Code embodies the values of the Company's employees and shareholders and supplies the frame of reference for Wendel's role as a long-term investor. It applies to all employees and executives of the Company.

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

- at the time of acquisition:

When Wendel is considering an investment, it conducts due diligence on environmental and social issues as part of the overall risk analysis of the target company's business. When we acquired Tsebo, our South-African corporate services company, we devoted specific attention to topics relating to Black Economic Empowerment regulations;

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

although the management team in each Wendel Group company has direct responsibility for managing CSR issues, as a professional shareholder, Wendel monitors and encourages the CSR efforts of its subsidiaries and associated companies, especially in two areas: employee safety and the environmental performance of the products and services they design or distribute;

- Wendel's management is particularly attentive to employee safety and health issues, which it considers priorities. Moreover, workplace safety indicators are often a proxy for how well the management team runs the Company. For example, at Cromology, the accident rate is a factor in determining its management's variable compensation. At Wendel's request, Stahl's Board of Directors has also been tracking this indicator since 2006, when Stahl joined the Wendel Group. Stahl is a model for workplace safety, with an especially low average accident frequency rate of less than 1.5% over the last five years,
- Wendel's subsidiaries are gradually integrating environmental issues into the design of their products and services. With its solutions, Bureau Veritas helps customers continuously improve their operations in the areas of health and hygiene, safety and the environment. More than 80% of Stahl's products are now solvent-free. Cromology develops innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and meet French "HQE" (High Environmental Quality) standards. Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products over a ten-year period. Ninety percent of the paint in its product ranges is now water-based.

Every Group subsidiary and associated company is expected to develop a CSR policy addressing its specific issues. Each company has therefore established targets and action plans based on its sector's regulatory environment and its individual growth strategy. Group companies operate in very different fields (see Section 1.7 "Subsidiaries and associated companies") and are at different stages of maturity in implementing dedicated CSR policies and indicators. Wendel therefore considers that it would not be useful to produce consolidated CSR indicators to the extent that these figures would have no operational meaning.

The results of the checks and controls performed by the independent third-party verifier are communicated to the investment team. Based on the independent third-party verifier's recommendations, each company's priorities are determined and set out in an action plan.

Our listed companies – Saint-Gobain and Bureau Veritas – publish exhaustive sustainable development data in their annual and sustainable development reports, available on their websites. The CSR policies of Cromology, Constantia Flexibles, Stahl, Tsebo, Mecatherm, and CSP Technologies, of which Wendel is the majority shareholder, are reviewed by an independent third-party verifier, whose CSR report is published in this registration document.

2018 initiatives

For 2018, CSR objectives have been integrated into the Executive Board's variable compensation. In particular, Wendel's Supervisory Board has decided that successful implementation of the compliance program and CSR will account for 25% of the Executive Board's fourth, qualitative objective. These CSR objectives will also be applied to the variable compensation of members of Wendel's Coordination Committee, which includes Wendel's principal managers worldwide.

1.6.2 Implementing a CSR approach adapted to a small investment team

Wendel offers its employees the best working environment possible, with career advancement opportunities for all. Developing the employability of its staff is one of Wendel's priorities. Wendel particularly encourages training; 51% of the Group's employees received training in 2017.

1.6.3 Limited environmental footprint

Wendel's activities have little impact on the environment. Nevertheless, Wendel strives to limit any negative impacts arising from these activities. For example, environmental criteria are incorporated into the management of the building in Paris where Wendel's headquarters are located. In addition, the increasing use of videoconferencing and the development of IT and digital tools help to limit travel.

1.6.4 Helping the community

Wendel's commitment to the community is reflected in its support of projects in the higher education and cultural spheres. In addition to providing financial support spread over several years, Wendel contributes actively to the development of its partner institutions. In particular, the Group is represented on the Board of Directors of Insead and of the Centre Pompidou-Metz by Frédéric Lemoine, former Chairman of the Executive Board of Wendel.

Partner of INSEAD since 1996

Wendel has supported INSEAD since 1996. In that year, the prestigious business school created a chair and then a center for family-owned businesses, and Wendel has been a partner in this initiative from the start. In 2017, and for the second consecutive year, INSEAD was ranked #1 "Global MBA program" by the Financial Times. INSEAD is the first school with a one-year MBA program, in the history of the FT rankings, to take the top spot.

<http://centres.insead.edu/family-enterprise/>

Founding sponsor of Centre Pompidou-Metz

In addition, Wendel has been committed to the Centre Pompidou-Metz since its creation in 2010, because it wanted to support this emblematic institution that makes art available to the general public. In 2016, Wendel renewed its support of Centre Pompidou-Metz for five more years.

In recognition of its long-term patronage of the arts, the Minister of Culture awarded Wendel the distinction of Grand Mécène de la Culture on March 23, 2012.

www.centrepompidou-metz.fr

In 2018, Wendel's teams will work on additional initiatives in order to involve the Group's employees in the solidarity-based projects to which Wendel will contribute.

1.6.5 Wendel's compliance program

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

Wendel established its anti-corruption policy in February 2016. This policy was updated in May 2017 to take into account France's "Sapin 2" law on transparency, combating bribery, and modernizing the economy. Wendel is currently implementing the eight measures required by this law within the Wendel Group.

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

Wendel established its anti-money laundering policy in October 2017.

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

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

Note: Information related to Wendel's Compliance Program is provided on page 143 of this registration document (Section 3).

1.7 Subsidiaries and associated companies

All information regarding the competitive positioning and market shares of our subsidiaries and associates, as well as certain financial information, derives from the companies themselves and has not been verified by Wendel.

1.7.1 Bureau Veritas

Bureau Veritas pursues its growth and global leadership strategy

Bureau Veritas is the world's second-largest provider of compliance and certification services in the areas of quality, health, safety, environment and social responsibility (QHSE-SR). The group derives more than 50% of its sales from high-growth countries.

Bureau Veritas in brief

Present in 140 countries	1,400 offices and laboratories	74,000 employees	Over 400,000 clients
€4,689 million in sales in 2017	€745.5 million in adjusted operating income ⁽¹⁾	Stake held by Wendel: ⁽²⁾ 40.6% of equity and 56.1% of voting rights	Amount invested ⁽³⁾ by Wendel: €351 million since 1995

(1) Bureau Veritas defines "adjusted" operating income as its operating income before revenue and expenses related to acquisitions and other non-recurring items (indicator not recognized under IFRS).

(2) Share of equity owned by Wendel as of December 31, 2017 net of treasury shares.

(3) Amount of equity invested by Wendel for the stake held as of December 31, 2017.

Why did we invest in Bureau Veritas?

Bureau Veritas is ideally positioned in markets driven by long-term, structural trends. QHSE regulations and standards are proliferating and becoming tougher to meet. Increasingly, certification and inspection activities are being outsourced. Health and environmental protection standards are becoming more stringent. And trade has become global.

Since it was founded in 1828, Bureau Veritas has gradually built up its globally renowned expertise. The market that Bureau Veritas addresses has numerous barriers to entry. Operating certification and approval are mandatory in each country. Service providers must offer a comprehensive range of inspection services (in particular for major clients) and extensive geographical coverage both locally and internationally. They must provide high value-added solutions through first-rate technical expertise and enjoy a reputation of independence and integrity. Wendel has gradually increased its holding in Bureau Veritas. When Wendel made its initial €25 million investment in 1995, obtaining 19% of the share capital, Bureau Veritas generated annual sales of less than €400 million. Wendel then supported the company's growth, until it held 99.2% of the capital in 2004. In 2007 Bureau Veritas was listed on the stock exchange, enabling it to continue its international expansion.

Highlights of 2017

Revenue in 2017 totaled €4,689.4 million, an increase of 3.1% compared with 2016.

- Organic growth was 2.2% over the full year 2017, with accelerating growth in the second half of the year, and 3.8% in the last quarter. This positive momentum resulted from strong growth for the five Growth Initiatives (a third of Bureau Veritas' revenue), up 6.9% organically and year-on-year (vs. +4.9% in 2016). High double-digit growth was achieved in both Automotive and SmartWorld. Agri-Food, Opex, and Buildings & Infrastructure achieved mid-single digit growth.
- Gradual improvement through the year for the Base Business (two-thirds of Bureau Veritas' revenue), up 0.1% organically and year-on-year with an organic growth of 2.6% in the last quarter. Apart from Marine & Offshore (8% of Bureau Veritas' revenue) and Oil & Gas Capex-related activities (less than 5% of Bureau Veritas' revenue), which remained under cyclical pressure (down 5% and 16% respectively in 2017), the other activities performed well, with notably Metals & Minerals in a recovery mode, and Certification maintaining robust growth.

In 2017, Bureau Veritas completed nine acquisitions, representing around €150 million in annualized revenue (or 3.2% of 2016 group revenue), which supported four of the five Growth Initiatives. Currency fluctuations had a negative impact of 1.6% on total revenue, mainly due to the appreciation of the euro against USD as well as some emerging countries' currencies.

Adjusted operating profit was €745.5 million, with a margin of 16.1% organically. 2017 adjusted operating margin was down 25 basis points to 15.9% compared to 16.2% in 2016. The margin, adjusted for foreign exchange (-c.10bp) and scope (-c.10bp), was 16.1%, an organic fall of c.5 basis points year-on-year. 2017 operating cash flow stood at €581.2 million vs. €594.4 million in 2016. This slight decrease was notably led by negative currency effects, and the increase in working capital requirement linked to revenue growth in the fourth quarter (up 3.8%). These effects were partially offset by the organic increase in net cash flows and the decrease in taxes paid in 2017. At December 31, 2017, adjusted net financial debt was €2,094.4 million, i.e. 2.37x last-12-month EBITDA as defined in the calculation of banking covenants, compared with 2.20x at December 31, 2016. A dividend of €0.56 per share, up 9.8%, over two years will be proposed to Bureau Veritas's shareholders at the Shareholders' Meeting on May 15, 2018.

In millions of euros	2017	2016	Δ
Net sales	4,689.4	4,549.2	+3.1%
Adjusted operating income ⁽¹⁾	745.5	734.9	-1.4%
as a % of net sales	15.9%	16.2%	-25 bps
Attributable adjusted net income ⁽²⁾	416.1	409.1	+1.7%
Adjusted net financial debt ⁽³⁾	2,094.4	1,996.4	+98.0

(1) Bureau Veritas defines "adjusted" operating income as its operating income before revenue and expenses related to acquisitions and other non-recurring items (indicator not recognized under IFRS).

(2) Bureau Veritas defines attributable "adjusted" net income as attributable net income adjusted for other operating expenses net of tax.

(3) Net financial debt as defined in the calculation of bank covenants.

Top management

Didier Michaud-Daniel, CEO

Nicolas Tissot, CFO

Frédéric Lemoine, Chairman of the Board of Directors until March 8, 2017

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

Outlook for 2018

For 2018, Bureau Veritas expects:

- an acceleration in organic growth compared to 2017;
- a slightly improved adjusted operating margin on a constant-currency basis compared to 2017; and
- an improved cash flow generation on a constant-currency basis compared to 2017.

Outlook for development

Bureau Veritas reaffirms its 2020 ambition:

- to add around €1.5 billion to the group's sales revenue by 2020 compared to 2015, based on the 2015 initial plan exchange rates, achieved half through organic growth and half through external growth;
- to reach organic growth of 5% to 7% by 2020;
- to achieve an adjusted operating margin above 17% by 2020; and
- to continue to generate high free cash flow.

Wendel's involvement

Board of Directors: André François-Poncet (Vice-Chairman) since January 1, 2018, Frédéric Lemoine (Vice-Chairman) until December 31, 2017, Stéphane Bacquaert, Stéphanie Besnier, Claude Ehlinger, Jean-Michel Ropert, Lucia Sinapi-Thomas (Capgemini executive)

Strategy Committee: André François-Poncet (Chairman) since January 1, 2018, Frédéric Lemoine (Chairman) until December 31, 2017, Claude Ehlinger

Appointments and Compensation Committee: Claude Ehlinger

Audit and Risk Committee: Stéphanie Besnier, Lucia Sinapi-Thomas

For more information, please visit: bureauveritas.fr

1.7.2 Saint-Gobain

Saint-Gobain is building our future

Saint-Gobain is the European or global leader in each of its businesses. It designs, manufactures, and distributes construction materials with the ambition of offering innovative solutions to the basic challenges of our time - growth, energy savings, and environmental protection.

Saint-Gobain in brief

Present in 67 countries	More than 179,000 employees	No. 1 worldwide in high-performance materials and insulation	No. 2 worldwide in flat glass
€40.8 billion in sales in 2017	€3.0 billion in operating income	Stake held by Wendel: 2.6%	Amount invested ⁽¹⁾ by Wendel: €872 million since 2007

(1) Amount of equity invested by Wendel for the stake held as of December 31, 2017.

Why did we invest in Saint-Gobain?

By offering solutions adapted to high-tech industrial applications and construction markets at varying stages of development, Saint-Gobain bases its growth on value-added segments. Saint-Gobain's priority is to focus on high-growth and high value-added markets in habitat and industry. Three pillars help drive its strategy:

- Innovative Materials (Flat Glass and High-Performance Materials) is the group's innovation driver, in particular due to its unique portfolio of materials and processes in the habitat and industrial markets. An increasing share of these solutions are co-developed with its customers;
- Construction Products offer differentiated interior and exterior building solutions. These markets are growing faster than GDP per capita in both mature and emerging economies. The leadership positions and strong brands of the Construction Products business ensure a global presence for Saint-Gobain and a strong foothold in high-growth markets;
- Building Distribution, with its deep knowledge of customer needs, provides an accelerator for the Habitat strategy. Through its well-recognized brands, it has detailed insight into the construction, renovation, and remodeling markets and how they are evolving.

Highlights of 2017

Saint-Gobain's 2017 sales totaled €40,810 million, up 4.4% on a reported basis and up 4.7% like-for-like. Organic growth was driven both by higher volumes (up 2.7%) and higher prices (up

2.0%) in all business sectors and all regions, despite the adverse impact of the June 2017 cyber-attack. The price effect continued to grow (up 2.3% in the second half), against a backdrop of rising raw material and energy costs over the course of the year. The group structure impact added 0.9% to growth as the group stepped up its acquisitions with the consolidation of companies in Asia and emerging countries (Emix, Tumelero, Solcrom, and Megaflex), in new niche technologies and services (H-Old, France Pare-Brise, and Scotframe), and to consolidate its strong positions (Glava, Pietta Glass, SimTek, and bolt-on acquisitions in Building Distribution). However, overall growth was tempered by a negative 1.2% currency effect over the year (negative 2.6% in the second half), mainly reflecting the depreciation of the pound sterling, US dollar, and certain Asian and emerging country currencies against the euro.

Saint-Gobain's operating margin widened to 7.4% from 7.2%, with 7.7% for the second half (versus 7.4% in the second-half of 2016). There was a further like-for-like increase in operating income, up 12.4% in the second half, bringing growth over the full year to 9.6%.

The year was also marked by the cyber-attack on June 27. The group was able to react swiftly, not only to re-establish a return to normal in its operating activities, but also to reinforce its defenses. The impact on 2017 is estimated at a negative €80 million on operating income. Overall, around half of the impact of the cyber-attack concerned Building Distribution, while the rest concerned the group's industrial businesses, particularly Construction Products. From a geographical perspective, Western European countries were the hardest hit, especially Nordic countries, Germany, and France.

Capital expenditure increased to €1.54 billion in 2017 from €1.37 billion in 2016, and focused on growth capex outside Western Europe, Industry 4.0, and digitalization. The group achieved €290 million in cost savings compared to 2016, exceeding its objectives.

Free cash flow showed a clear improvement, up 7.6% to €1,353 million. Operating working capital requirements remained stable at a good level of 28 days. The group stepped up its acquisitions, which represented over €500 million in full-year sales. Legal proceedings initiated by Schenker-Winkler Holding to restore its voting rights are in progress. Saint-Gobain remains confident in the outcome of its plan to acquire a controlling interest in Sika.

At its meeting on February 22, 2018, Saint-Gobain's Board of Directors decided to recommend an increased cash dividend of €1.30 per share (*versus* €1.26 in 2016) to the June 7, 2018 Shareholders' Meeting, demonstrating once again its focus on shareholder returns in the context of its strong 2017 results and its confidence looking ahead. This dividend represents 44% of recurring net income and a dividend yield of 2.8% based on the closing share price at December 29, 2017 (€45.98).

Outlook for development

Accelerating demand for Saint-Gobain's solutions, the gradually improving macro-economic environment of each of its end markets, and the results of the group's various action plans should allow the Saint-Gobain group to grow faster than its markets.

This growth will improve the group's margin and increase cash generation. Saint-Gobain intends to demonstrate its margin improvement potential through operational levers specific to each business sector. In the medium term, operating margin could reach 12-14% in Innovative Materials, 11-13% in Construction Products, and 4.5-5.5% in Building Distribution.

At its 2017 Investors' Day, the group increased the amount and length of its cost saving plans, made possible by its focus on Industry 4.0 and digitalization opportunities in its different businesses. The group has extended and increased its €800 million cost saving plan, initially announced for 2016-18. Cost savings are now expected to reach at least €1.2 billion over the period 2017-20.

Financial discipline will continue to be a priority, with capital expenditure capped at around 4% of sales over the medium term, i.e. below historical levels, a working capital requirement below 30 days over the long term, strict control of non-operating expenses, and a continuous effort to optimize financial expenses.

Optimizing its business portfolio will be a key element of Saint-Gobain's value creation strategy over the period 2017-20.

The pace of acquisitions is expected to accelerate, with small and medium-sized acquisitions expected to reach €2 billion over four years. These acquisitions will quickly create value. The plan to acquire a controlling interest in Sika remains a priority: Saint-Gobain remains confident and determined to complete this project, in perfect alignment with the Burkard family. Disposals of non-strategic activities will represent at least €1 billion between 2017-20, in line with the group's continuing portfolio optimization strategy.

Outlook for 2018

In 2018, Saint Gobain should benefit from a supportive economic environment:

- further growth in France, led by the new-build market and by progress in renovation;
- progression in other Western European countries, despite continued uncertainty in the UK;
- growth in North America, in both construction markets and industry;
- good momentum in Asia and emerging countries.

Against this backdrop, the group expects the following for its Business Sectors in 2018:

- continued growth and a good margin level in Innovative Materials;
- better volumes and prices, focus on the price-cost spread in Construction Products; and
- Building Distribution should benefit from volume growth in Western Europe.

Saint-Gobain will continue its disciplined approach to cash management and financial strength. In particular, it will pursue:

- its focus on sales prices amid continued inflationary pressure on costs;
- its cost savings program, with the aim of unlocking additional savings of around €300 million (calculated on the 2017 cost base);
- its capital expenditure program of around €1.7 billion (representing around 4% of sales, in line with its objectives), with a focus on growth capex outside Western Europe and also on productivity (Industry 4.0) and digital transformation, particularly in Building Distribution;
- its commitment to invest in R&D to support its differentiated, high value-added strategy; and
- keep its priority focus on high free cash flow generation.

In 2018, Saint-Gobain will target a further like-for-like rise in operating income.

In millions of euros	2017	2016	Δ
Net sales	40,810	39,093	+4.4%
Operating income	3,028	2,818	+7.5%
as a % of net sales	7.4%	7.2%	+20 bps
Recurring net income ⁽¹⁾	1,631	1,398	+16.7%
Net financial debt of the consolidated group	5,955	5,644	+311

(1) Recurring net income: net income (group share) excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

Top management

Pierre-André de Chalendar, Chairman and CEO

Guillaume Texier, CFO

Wendel's involvement

Board of Directors: Frédéric Lemoine, Bernard Gautier until June 8, 2017, Gilles Schnepf (Chairman and CEO of Legrand) represented Wendel until June 8, 2017, he has been an independent director since that date.

Nomination, Remuneration and Governance Committee: Bernard Gautier until June 8, 2017, Frédéric Lemoine between June 8 and October 27, 2017

Strategy and CSR Committee: Frédéric Lemoine

For more information, please visit: saint-gobain.com

1.7.3 Cromology

Cromology innovates to drive growth

Cromology is a European leader in decorative paints. It has more than 14 brands recognized on their respective national markets.

Cromology in brief⁽¹⁾

Approx. 3,800 employees	8 R&D laboratories	No. 4 in Europe present in 9 countries	No. 2 in France No. 1 in Italy
€704.6 million in sales in 2017	Adjusted EBITDA of €49.0 million in 2017 ⁽²⁾	Stake held by Wendel: 87.9%	Amount invested ⁽³⁾ by Wendel: €424 million since 2006

(1) Following the sale of Colorin, and in accordance with IFRS 5, the contribution of this subsidiary for 2017 has been reclassified in "Net income from discontinued operations and operations held for sale".

(2) EBITDA before goodwill allocation entries, management fees, and non-recurring items.

(3) Amount of equity invested by Wendel as of March 7, 2018, including a €25 million shareholder loan granted in March 2018.

Why did we invest in Cromology?

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

Cromology is one of Europe's leading manufacturers of decorative paint, a market valued at more than €14 billion⁽¹⁾. No. 4 in Europe, Cromology designs, manufactures, sells, and distributes a wide range of decorative paint and technical products to professionals and consumers. 66% of its activity is in France, 25% in Southern Europe, and 9% in the rest of the world.

The decorative paint market is mainly driven by home renovations, which makes it a fairly resilient market offering long-term growth. It is generally accepted that a home needs repainting on average every eight years, and more often if the occupant changes. This timeframe can be shorter or longer depending on the country's economic activity, household confidence, and purchasing power. Cromology's end-customers are both professionals and consumers. They expect product quality and consistency, availability, and excellent customer service, which Cromology

provides through its portfolio of high-end brands and a dense distribution network ensuring that it remains close to customers. Cromology has strong local brands in the top three of each of its markets, such as Tollens and Zolpan in France, Robbialac in Portugal, Max Meyer in Italy, and Arcol in Morocco. Another of Cromology's major strengths is that it generates 63% of its sales in its integrated distribution network of more than 400 stores. This network distributes Cromology products along with a select range of complementary products, such as tools or floor and wall coverings, to cater to the needs of a broad and diverse customer base. 21% of its sales come from independent retailers and 12% from large DIY stores. Cromology is also growing rapidly in the external thermal insulation sector. Furthermore, Cromology has adopted an aggressive innovation policy over the past decade: each year, around 25% of its sales have been achieved with products less than three years old.

Highlights of 2017⁽²⁾

Cromology posted pro forma 2017 sales of €704.6 million, taking into account the sale of Colorin, up slightly (0.6%) from 2016. Changes in consolidation scope contributed positively (2.0%), owing in particular to acquisitions completed in 2016 (the Natec brand in France and the Jallut paint business in Switzerland). However Cromology's activity showed an organic decline of 1.3% over the year, reflecting sluggish growth in France and under-performance in Italy. Currency fluctuations also had a negative impact on sales (0.1%).

(1) Size of the market on which Cromology operates: €7 billion.

(2) In accordance with IFRS 5, Colorin's contribution for 2017 is recognized in "Net income from discontinued operations and operations held for sale". The figures presented in this paragraph exclude Colorin's contribution for 2016 and 2017.

Cromology's business in France (+0.7%) benefited from an increase in prices (+0.6%), which was partially offset by a negative sales mix. The business in Italy (decline of 7.0%) was strongly affected by the unfavorable conditions on the Italian paint market (-2.5%) and by the closure of underperforming shops. France and Italy represented 66% and 13% of Cromology's sales, respectively.

To offset the increase in raw material prices, driven notably by the sharp rise in titanium dioxide prices since Q2 2016 (up 34% over 2017), Cromology has adapted its sales & marketing policy and increased the sales prices of its products. Cromology is constantly working to optimize its purchases by approving new suppliers, and by keeping a tight grip on all costs.

Notwithstanding these efforts, EBITDA fell by 12.5% to €49.0 million. The margin was 7.0%. Owing to strict control of working capital requirements, Cromology maintained net debt at €239.5 million as of December 31, 2017, in line with December 31, 2016.

In July 2017, Cromology obtained an amendment to the terms and conditions of its bank loans. This increased the financial flexibility the company will have as it pursues its plans for growth and development. As part of the transaction, Cromology also obtained increased drawdown capacity of €20 million under its lines of

credit. The cost of debt remained unchanged. In addition, Wendel granted a shareholder loan of €25 million to Cromology on March 14, 2018.

Lastly, on February 6, 2018 Cromology completed its divestment of Colorin, its Argentinian subsidiary, which represented around 4% of sales.

Outlook for development

The economic environment of the decorative paint market remains uncertain, particularly in France. To be ready to fully benefit from the forthcoming upturn, Cromology has launched an ambitious strategic transformation plan in France and Italy. This plan aims to roll out initiatives to improve Cromology's EBITDA and EBITDA margin, notably by revising its pricing policy, increasing the digital distribution of its products both via the network of integrated stores and via the "independent" distribution channel, continuing to adapt its cost structure, and by intensifying its sales efficiency. Improving sales efficiency will involve strong digital innovation to significantly improve service quality and better satisfy its customers. Cromology also aims to continue its targeted external growth transactions so as to extend its geographic coverage or to increase its product offering.

In millions of euros	2017 ⁽¹⁾	2016 ⁽¹⁾	Δ
Net sales	704.6	700.7	+0.6%
EBITDA ⁽²⁾	49.0	56.0	-12.5%
as a % of net sales	7.0%	7.9%	-90 bps
Net financial debt	239.5	241.5	-2.0

(1) In accordance with IFRS 5, 2017 figures for Colorin are presented in "Net income from discontinued operations and operations held for sale". The figures presented above exclude Colorin for 2016 and 2017.

(2) EBITDA before goodwill allocation entries, management fees, and non-recurring items. Cromology's EBITDA is now presented after changes in impairment losses on current assets. Its EBITDA before changes in impairment losses on current assets was €51.9 million in 2017 and €62.2 million in 2016.

Top management

Patrick Tanguy, Non-executive Chairman

Gilles Nauche, CEO

Philippe Lederman, Chief Financial Officer

Wendel's involvement

Board of Directors: Bernard Gautier, Benoit Drillaud, Patrick Tanguy

Compensation Committee: Bernard Gautier (Chairman), Patrick Tanguy

Audit Committee: Benoit Drillaud (Chairman), Patrick Tanguy, Claude de Raismes

For more information, please visit: Cromology.com

1.7.4 Stahl

Global Group with a strong presence in emerging economies

Stahl is the market leader in process chemicals for leather products; next to this, Stahl produces polymers and performance coatings for a variety of substrates such as textile, paper, plastics, rubber, metal and wood. Stahl offers a wide range of solutions to the automotive, apparel & accessories and home interior sectors, and for industrial applications.

Stahl in brief

Physically present in 24 countries	41 laboratories and 13 production sites	Around 2,050 employees, of whom 600 "Golden Hands"	No. 1 worldwide in specialty leather chemicals
€733.3 million in sales in 2017	Adjusted EBITDA of €171.3 million in 2017 ⁽¹⁾	Stake held by Wendel: ⁽²⁾ 63.4%	Amount invested ⁽²⁾ by Wendel: €171 million since 2006

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.

(2) Equity stake as of December 31, 2017 after BASF transaction. Amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in Stahl?

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

Highlights of 2017

Stahl's sales totaled €733.3 million in 2017, up 11.8% from 2016. This increase in sales resulted from a combination of robust organic growth (+2.2%) and a scope effect (+10.6%) deriving from the consolidation of Eagle Performance Products over the full year and that of BASF's leather chemicals business over the 4th quarter of 2017. Fluctuations in exchange rates had a negative impact of 0.9% on sales.

Sales growth at Stahl was driven by ongoing double-digit growth in the Performance Coatings business and strong volume growth in Leather finishes, partly offset by Wet-End.

Stahl continued to pursue its external growth strategy, acquiring Eagle Performance Products, announced on November 21, 2016. Founded in 1974, Eagle Performance Products is specialized in flame retardants. This acquisition adds new technologies and products to Stahl's existing ranges of high-performance coatings and chemicals for the treatment of leather products. This product diversification is important for Stahl's key automotive, aeronautics and interior solutions segments. In 2015, Eagle Performance Products achieved sales of around \$19 million and an EBITDA of around \$4 million.

Stahl's EBITDA rose 10.1% in 2017 compared with 2016, to €171.3 million, representing a margin of 23.4%. EBITDA growth was driven by growth in sales, good cost control and the consolidation of BASF's leather chemicals business over the last quarter of the year. Stahl's EBITDA margin contracted slightly because of the integration of BASF's business and of the increase of the cost of certain raw materials not yet offset by price increases (initiated in February 2018) nor by the synergies from the acquisition of BASF's business.

Stahl paid a dividend of €242.7 million to Wendel in 2017. As of end-2017, its net debt was up slightly from end-2016 as a result of the refinancing required to finance a cash consideration of €111 million paid by Stahl when the acquisition of BASF's leather chemicals business was finalized in the third quarter, although the leverage ratio decreased slightly.

BASF's leather chemicals business is now part of Stahl Group

On September 29, 2017, Stahl finalized the acquisition of BASF's leather chemicals business, announced in March 2017. Stahl took over all of this activity, including a Spanish production site and around 160 employees and medium-to-long-term supply agreements under which BASF will become Stahl's exclusive supplier of finished products from the production sites over which BASF will retain ownership. In exchange for the sale of its assets to Stahl, BASF received 16% of Stahl's capital and a cash payment from Stahl of around €111 million. This payment ended up below the €150 million estimated at the time of the signature, as a result of closing adjustments, principally due to net debt and working capital adjustments.

This acquisition of BASF's leather chemicals business, which posted sales of around €200 million in 2016, enables Stahl to benefit from the high quality and reputation of BASF's product offering. Stahl's position will be consolidated especially in the upstream part of the value chain of the leather chemicals market, i.e. Beamhouse and Wet-End, while also gaining scale in Leather Finish. Thanks to this asset-light transaction structure, Stahl will optimally leverage its R&D, golden hands and marketing & sales teams while generating important synergies and consolidating its market position.

With this acquisition, the combined group's total revenue will be around €880 million and its EBITDA should come in at €210 million (pro forma 2017).

Outlook for development

Amid a still-volatile global economy, Stahl will continue to target organic growth and increased market share. To do so, it will focus on ongoing product innovation, while stepping up marketing efforts and capitalizing on the positions it has established in high-growth regions (more than 65% of sales). Stahl also intends to continue to develop service - oriented made-to-order solutions to its clients and develop solutions for numerous substrates, in order to expand its scope of business and gain greater market share. The group will continue to capitalize on its strengths, which are emerging markets, innovation (innovative environmentally-friendly solutions and customized technologies), and active cost management (strict financial discipline and value-adding investments).

Stahl's businesses continue to be driven by powerful long-term trends. Its markets are gradually shifting to the emerging market countries, average annual growth of 1-2% in meat consumption is supplying the market for hide processing, and certain competitors are gradually disappearing.

In millions of euros	2017	2016	Δ
Net sales	733.3	655.7	+11.8%
EBITDA ⁽¹⁾	171.3	155.6	+10.1%
as a % of net sales	23.4%	23.7%	-30 bps
Net financial debt	541.3 ⁽²⁾	495.7 ⁽²⁾	+45.6

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.

(2) Net debt as of December 31, 2016 pro forma of payment of a dividend of €242.7 million to Wendel in early 2017. Net debt as of December 31, 2017 includes acquisition of BASF Leather Chemicals

Top management

Huib Van Beijeren, CEO

Bram Drexhage, CFO

Wendel's involvement

Board of Directors: Claude Ehlinger (Chairman), Bernard Gautier, Félicie Thion de la Chaume, Jérôme Michiels, Celia Möller.

Remuneration and Nomination Committee: Bernard Gautier (Chairman), Félicie Thion de la Chaume.

Audit Committee: Jérôme Michiels (Chairman), Claude Ehlinger, Celia Moller.

For more information, please visit: Stahl.com

1.7.5 IHS

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

IHS is the EMEA leading provider of telecom tower infrastructure for mobile phone operators. The Group builds, leases and manages telecommunications towers that it owns or that are owned by others. With more than 24,000 towers, IHS supports the leading mobile phone operators in each of its markets and is well-placed for future organic growth given the strong demand for infrastructure needs across Africa and the Middle East.

IHS in brief

Present in 5 countries	22,861 towers in Africa ⁽²⁾	Largest telecom tower company in EMEA	Leader in all countries of operation
\$1,107 million in sales in 2017 ⁽¹⁾	Approx. 2,000 employees	Stake held by Wendel: ⁽³⁾ 21.3%	Amount invested by Wendel: ⁽³⁾ \$826 million since 2012

(1) Unaudited 2017 figures.

(2) Tower count excluding managed services and WIP as of December 31, 2017.

(3) Stake held and amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in IHS?

IHS is a leading provider of passive telecom tower infrastructure for mobile phone operators. Over the last 15 years, the Group has successfully developed along the entire telecom tower value chain, from construction to leasing to maintenance. It provides market-leading service to its customers, who are among the leading telecom operators such as MTN, Orange, Etisalat, and Airtel.

IHS is a growth company, with an average annual rate of growth in sales of more than 50% over the past five years.

With its investment in IHS, Wendel made its first direct investment in Africa, thereby demonstrating its intention to gain exposure to the rapid growth the continent is experiencing and to participate therein. Wendel has chosen a company whose positive momentum is expressed in its projects, its high-quality management and its outlook for balanced and profitable growth in several important and promising African nations. IHS's business is being buoyed by long-term trends that make Africa a strong growth region for telecom infrastructure:

- growth potential is higher than in mature economies, both in terms of GDP and demographics. In Sub-Saharan Africa, GDP has grown by 6% p.a. on average over the last ten years and the continent's population is young, with a growing middle class;

- the telecom market in Africa is expanding steadily, driven by a continuous rise in the number of subscribers, expected to increase by more than 5% p.a. between now and 2022, and by an increase in the smartphone penetration rate, which at 40% is one of the lowest in the world;
- telecom operators need to extend their network coverage on a continent whose population density is low. This situation favors the sharing model for telecom towers. The need for new towers in Africa is estimated at around 170,000 units over the next few years, which would bring the total to 350,000;
- regulations are encouraging sharing of tower space so as to rapidly increase the coverage of telecom networks;
- new mobile internet services (3G and 4G deployment) are constantly being rolled out. Fixed-line telephone service, available to only 14% of the population, is low and not expected to change materially.

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

- as they focus increasingly on the services they provide to customers and less on infrastructure, mobile telephone operators are externalizing the management of their telecom towers. IHS offers these operators turnkey services enabling them to cover the regions they target and benefit from excellent quality services;

- historically, IHS's success has been based on experience, specialized knowledge and the excellence of its engineers at the operating level. These qualities enable IHS to consistently deliver a high level of service to its customers. IHS's key performance indicators exceed those of its competitors and the Company has a reputation as an innovator in the industry. This leads both to improved margins and better customer service;
- its business model is resilient, based on contracts with mobile phone operators generating lease payments indexed to the US dollar or inflation negotiated over periods of 10-15 years. Most counterparties have a very sound financial condition;
- its multicultural and entrepreneurial management team have extensive experience in the African and worldwide telecom markets. IHS's founders still manage the Company.

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

Highlights of 2017⁽¹⁾

IHS sales for 2017 totaled \$1,107 million, up 22.2% from the year-earlier period driven by the growth in tenants, the contractual price reset in early 2017 as well as the consolidation of HTN towers since June 2016. At the end of 2017, total number of towers was 22,861⁽²⁾, up 1.9%. The Point-of-Presence lease-up rate decreased by 1.3% year-on-year while the technology tenancy ratio increased by 7.8% year-on-year.

With regards to profitability, IHS continued the successful development and rationalization of its installed base of towers. The company also maintained a tight operating cost control policy. EBIT for the year increased by 137.3% to \$264.4 million (vs. \$114.4 million in 2016⁽³⁾), representing a margin of 23.9% in 2017 (vs. 12.3% in 2016).

In Nigeria, former Etisalat Nigeria operations are now continued under the "9mobile" brand, and the Company is continuing its business relationship with IHS, though IHS has increased its provision on part of their customer account receivables.

On October 10, 2017 IHS signed an agreement to acquire more than 1,600 towers in Kuwait from Mobile Telecommunications Company K.S.C.P. (Zain), Kuwait's leading mobile operator, for \$165 million. This transaction is part of IHS's broader strategy to apply its operational expertise throughout new markets. Upon the conclusion of this transaction, which is expected to close in H1 2018, IHS's total number of towers will be around 24,500⁽³⁾.

During the course of 2017, the Nigerian foreign exchange market has evolved. In April 2017, the CBN issued a circular which led to the introduction of a new foreign exchange window, called the Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX). This FX window was designed to facilitate the access to hard currencies for economic players operating in Nigeria. In this context, IHS Management's analysis concluded that the NAFEX rate should be applied in translating foreign currency transactions in its Nigerian subsidiaries starting from December 31, 2017. This change in rate had a negative impact on IHS' balance sheet and financial expenses. It will also probably have an unfavorable impact on the company's accounting profitability in 2018.

Moreover, Wendel has been informed that certain accounts belonging to IHS Nigeria Limited, INT Towers Limited and IHS Towers NG Limited domiciled in Nigerian banks have been blocked at the end of 2017. These measures relate to certain "post no debit" instructions received by some of IHS' banks in Nigeria from the Nigeria Economic and Financial Crimes Commission (EFCC).

IHS has indicated that, to its knowledge, no formal allegation or investigation has been notified to them as part of the EFCC's inquiries, and that it will continue to fully co-operate with the EFCC's information requests, while working constructively with them to understand the basis of their actions in respect of IHS' accounts.

As of December 31, 2017, the amount held in those bank accounts that are affected was \$106.8 million out of total cash and cash equivalents held by IHS of \$753.0 million inclusive. While IHS' management currently expects that the "post no debit" instructions on the affected accounts will be released once the EFCC's enquiries are completed, it is not possible at this time to predict the matter's likely duration or outcome. All necessary governance measures are taken by the IHS' Board of Directors to closely monitor this matter. As of December 31, 2017, IHS's net debt was \$1,334.7 million.

(1) Unaudited 2017 figures.

(2) Tower count excluding managed services and WIP as of December 31, 2017.

(3) 2016 EBIT adjusted from the restatement of the early termination fees of a telecom operator in 2016.

\$826 million invested by Wendel

To support IHS's pan-African growth strategy, Wendel invested \$826 million between 2013 and 2016, by participating in five capital increases alongside IHS's shareholders, who are major financial institutions active in economic development and top-tier private equity companies.

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

In addition, Wendel has brought together five US and European family investors (incl. FFP, Sofina, ERES and Luxempart) to invest alongside it in IHS. In addition to the \$826 million it has invested, Wendel has thus far raised an additional \$220 million through an IHS co-investment vehicle that Wendel manages and whose voting rights Wendel exercises.

On February 1, 2017, MTN Group ("MTN") finalized the exchange of its 51% stake in Nigeria Tower InterCo BV, the operating holding company of INT Towers Limited, which manages more than 9,000 towers in Nigeria, for an additional direct stake in IHS Holding Limited ("IHS"). As a result of this transaction, MTN's economic interest in IHS Group increased from around 15% to around 29%. To preserve IHS's independence, MTN's voting rights, representation and access to information on IHS will remain limited. Following this simplification of IHS's capital structure, Wendel holds 21.3% of the shares of IHS directly and remains IHS's largest shareholder in voting rights with unchanged governance rights.

In millions of dollars	2017 ⁽¹⁾	2016	Δ
Net sales	1,107	905.6	+22.2%
EBIT ⁽²⁾	264.4	111.4	+137.3%
as a % of net sales	23.9%	12.3%	+1,158 bps
Net financial debt	1,334.7	1,527.7	-193.0

(1) Unaudited 2017 figures.

(2) EBIT excluding non-recurring items.

Top management

Issam Darwish, Executive Vice Chairman, CEO, and founder
Adam Walker, Group CFO

Wendel's involvement

Board of Directors of IHS Holding: Bernard Gautier, Stéphane Bacquaert, Stéphanie Besnier until March 2017, Stéphane Heuzé from March 2017.

Audit Committee: Stéphane Bacquaert

Compensation Committee: Stéphane Bacquaert

Appointments Committee: Bernard Gautier

For more information, please visit: ihstowers.com

1.7.6 Constantia Flexibles

Constantia Flexibles expands its international footprint to serve its global clients

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

Constantia Flexibles in brief

No. 2 in Europe No. 4 worldwide	~ 7,200 employees	32 manufacturing sites in 18 countries
€1,487.5 million in sales in 2017	EBITDA ⁽¹⁾ of €188.2 million	Stake held by Wendel: 60.6%
		Amount invested by Wendel: ⁽²⁾ €565 million since March 2015

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.

(2) Amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in Constantia Flexibles?

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles group produces flexible packaging solutions, for the food and pharmaceutical industries. Constantia Flexibles has successfully developed its activities outside Europe and, over the last five years, has become a global leader in flexible packaging. The Group now has c. 7,200 employees and 32 manufacturing sites in 18 countries.

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

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

- the Group's long-standing relationships with major global customers;

- the size of the Group, enabling Constantia Flexibles to harness economies of scale;
- the Group's technological edge, ability to innovate and robust manufacturing facilities;
- the ability of Constantia Flexibles to pursue an external growth strategy, as demonstrated by the nine acquisitions carried out since 2010, including four in emerging markets. The acquired companies have aggregate sales in the region of €700 million.

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

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

Following the capital increase and MCP's entry into the capital of Constantia Flexibles, Wendel's equity investment in Constantia Flexibles totaled €565 million. Wendel is the Company's controlling shareholder, with 60.6% of the share capital.

Food

The Food division represents around 75% of the sales of Constantia Flexibles. It encompasses a vast array of products to serve market segments ranging from dairy to confectionery to ready-made meals, as well as pet food. Because the products in this division cater to the daily needs of a global population, this business is largely independent of economic cycles. In addition, demand for flexible packaging in the food market is rising, in response to an increasing global population, urbanization, and higher environmental standards

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

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

Pharma

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

The pharmaceutical industry generates around 25% of the Group's sales, and Constantia Flexibles is the second-largest manufacturer of foil based blister packs for medication.

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

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

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

Highlights of 2017

Refocus on flexible packaging business

On October 31, 2017, Constantia Flexibles sold its Labels business to Multi-Color Corporation ("MCC"), for an enterprise value of approximately €1.15 billion (USD1.3 billion). Constantia Flexibles has received c. €830 million in cash and will continue to participate in the future success of Multi-Color through a 16.6% shareholding.

This value-creating transaction gives Constantia Flexibles additional resources to bolster its growth strategy in the flexible packaging market. The newly-won financial flexibility will fuel external growth in new markets, investments in new machinery and exciting innovation projects being developed by in-house teams. Moreover, in becoming the largest shareholder of a company bringing together Constantia's and Multi-Color's labels businesses, Constantia Flexibles will retain an exposure to the growth of the labels market.

FY 2017 performance

Constantia Flexibles' sales stood at €1.5 billion in 2017, up 1.8%. Organic growth was 1.6%. Fluctuations in exchange rates and a change in the consolidation scope had a slightly positive impact of 0.2%.

In 2017, top-line organic growth benefited from a favorable change in the mix (~+3%) nevertheless burdened by ongoing pressure on sales prices (~-1%). In order to pass on raw material price increases, senior management issued a formal letter in November to Constantia's customers announcing double-digit price increases for all forms of flexible packaging products, which should start to materialize in Constantia Flexibles' numbers beginning of 2018.

Food division sales decreased by 0.7% to €1.2 billion in 2017. Organic growth in the division was 1.0% driven by solid growth in Europe and America which compensated a weaker performance in some of emerging markets.

In 2017, Pharma division sales rose by 11.2% to € 348 million. Organic growth was 3.7% driven by improved volumes with Blister lidding and Cold Form in Europe and America.

Constantia Flexibles' 2017 EBITDA was €188.2 million, representing a 20 bps year-on-year increase in margin to 12.7%. Constantia Flexibles' profitability benefited from positive mix impacts predominantly due to strong growth in high-margin Pharma products as well as the first-time consolidation of newly acquired companies. At the same time, it was negatively impacted in 2017 by rising raw material prices (key raw material prices all increased during the year e.g. Aluminum ~+8%, Films e.g. BOPP ~+11%, solvents) as well as temporarily challenging business environments in certain emerging markets.

Following the disposal of its Labels business, Constantia Flexibles was able to refinance its debt. The company repaid its €1.34bn syndicated loan facilities and contracted a new 5-year bank facility amounting to €375 million. "All in" interest rates amount to 2.25% representing annual interest savings of approximately €40 million. The new financing agreement sets a maximum leverage ratio at 4.5x EBITDA. As of December 31, 2017, Constantia Flexibles' net debt (excluding capitalized transaction costs) was €398.9m, i.e. 2.14x EBITDA⁽¹⁾.

Outlook for development

In 2017 Constantia Flexibles launched a new strategy for profitable growth named FOCUS21 built on three pillars:

- defending and extending leading positions;
- developing promising positions through investments in different product groups;
- carrying out targeted acquisitions to support the Group's geographic expansion, with a focus on India and North America, as well as in the Pharma business in emerging markets.

In millions of euros	2017	2016	Δ
Net sales	1,487.5	1,461.1	+1.8%
EBITDA ⁽¹⁾	188.2	182.7	+3.0%
as a % of net sales	12.7%	12.5%	+20 bps
Net financial debt ⁽²⁾	398.9	n.m.	n.m.

In accordance with IFRS 5, Labels activities in 2016 and 2017 are presented in the income statement under "Net income from discontinued operations and operations held for sale".

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.

(3) Excluding capitalized transaction costs and MCC shares.

Top management

Alexander Baumgartner, Chief Executive Officer

Stephan Kühne, Chief Financial Officer

Wendel's involvement

Supervisory Board: Frédéric Lemoine (Chairman) until October 1, 2017, Bernard Gautier (Vice-Chairman and Chairman since October 2, 2017), Roland Lienau, Patrick Tanguy

Nomination and Compensation Committee: Frédéric Lemoine (Chairman until October 1, 2017), Bernard Gautier (Chairman since October 2, 2017), Roland Lienau

Audit Committee: Roland Lienau, Patrick Tanguy

M&A and Operations committee: Bernard Gautier (Chairman), Roland Lienau, Patrick Tanguy

For more information, please visit: cflex.com

(1) As per credit documentation.

1.7.7 Allied Universal

Allied Universal continues its growth in North America

Allied Universal is the leader in the US security services market providing security professionals and related technology-enhanced security solutions to a highly diversified Group of end markets and customers.

Allied Universal in brief

Leading US-based security services provider	Approximately 150,000 uniformed security professionals	Over 8,000 clients	c. 190 regional and district offices in the US
\$5,302 million in net sales in 2017	Adjusted EBITDA of \$388.3 million ⁽¹⁾	Stake held by Wendel: 33%	Amount invested by Wendel: ⁽²⁾ \$300 million in 2015

- (1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items
(2) Amount of equity invested by Wendel for the stake held as of December 31, 2017 after a cash payment of c. \$387 million associated with the merger of AlliedBarton and Universal Services of America.

Why did we invest in AlliedBarton Security Services?

Keeping employees and customers safe is a critical priority for employers, merchants and landlords. This need for safety has resulted in the consistent and long-term growing demand for on-site security professionals and advanced remote monitoring capabilities. The increasingly complex nature of threats, both real and perceived, requires more highly trained and specialized professionals and garners greater senior-level attention from customers. These factors favor larger firms like Allied Universal whose national presence and local density, advanced training and technology-supported monitoring, threat detection and response capabilities are key differentiators for clients across diverse end markets.

Attracted to the growing long-term demand, consistent free cash flow generation and ongoing consolidation in the over \$20 billion US market for outsourced security professionals, Wendel acquired AlliedBarton Security Services on December 1, 2015 for an enterprise value of \$1.68 billion, including Wendel's investment of \$687 million for a 95% ownership stake.

Founded in 1957, AlliedBarton had grown from a regional company in the northeastern United States to become one of the nation's largest providers at the time of Wendel's acquisition with \$2.2 billion of revenue and over 60,000 employees serving approximately 3,400 customers.

AlliedBarton is now Allied Universal

Consistent with the strategic goal of building the industry's leading security services provider consolidating market, on August 1, 2016, Wendel announced the completion of AlliedBarton's merger with Universal Services of America, combining leadership, talent, expertise, and breadth of two of the industry's leading companies. This merger of equals created the industry's largest provider with approximately \$4.5 billion in revenue, 140,000 employees and more than 6,000 customers diversified by end-market and spanning the U.S., Canada, Puerto Rico and the U.S. Virgin Islands. In addition to enhanced commercial capabilities, the combination created considerable synergies and enabled further investment in digital security technologies and innovation.

Allied Universal is led by a world-class management team that combined the best of each legacy organization, headed by CEO Steve Jones, previously CEO of Universal. Bill Whitmore, the former CEO of AlliedBarton, serves as Chairman. As part of the merger transaction, Wendel received approximately \$387 million in cash and 33% of the shares in Allied Universal, equal to that of Warburg Pincus, formerly Universal's largest shareholder. The remainder of the shares are held by Allied Universal management and other third-party investors. Today, Wendel and Warburg Pincus are Allied Universal's lead investors with equal representation on the Company's Board of Directors.

What Allied Universal does and who they serve

Allied Universal provides best-in-class comprehensive security services that combine people and technology to deliver evolving, tailored solutions that allow clients to focus on their core business. Allied Universal provides security officer services, which allow clients to completely outsource the recruiting, screening, training, uniforming, scheduling and supervising of security officers. Their security professionals work at client sites and are responsible for implementing the security measures necessary to deal with actual

or potential security threats detected. Allied Universal's capabilities include providing clients with integrated security solutions in which their core manned guarding service offering is supplemented with both security systems capabilities and advanced technology offerings.

With more than 150,000 employees and approximately 190 regional and district offices located across North America, Allied Universal provides security services to approximately 8,000 clients, including very large companies (approximately half of the Fortune 500), mid-sized organizations and smaller local entities, for all of which Allied Universal can offer local service with national support.

For more than 50 years, Allied Universal and its predecessor companies have developed vertical-focused expertise to serve its clients throughout North America across diversified end markets, including: Chemical & Petrochemical, Colleges & Universities, Commercial Real Estate, Defense & Aerospace, Financial Institutions, Government Services, Healthcare, Manufacturing & Industrial, Residential Communities, Shopping Centers and Transportation & Logistics.

Highlights of 2017

In 2017, Allied Universal generated revenue of \$5.3 billion, representing a 9.9% increase over the prior year. This growth includes the benefit of completed acquisitions and 2.8% organic growth, driven by growth with existing customers, improved customer retention and the net addition of new customers. This organic growth rate does not account for the negative impact of the number of working days (one day fewer) in 2017 and does not reflect the organic growth of businesses acquired since the start of 2016. Factoring in these items, pro forma organic growth was 3.8%. In 2017, Allied Universal completed the acquisitions of Yale Enforcement Services, ALERT Protective Services, and contracts of Lankford Protective Services.

Adjusted EBITDA for 2017 increased by 13.1% year-over-year to \$388.3 million, or 7.3% of revenue. The growth was driven by the aforementioned acquisitions, organic business growth and the partial-year benefit of merger-related synergies realized during the period, partially offset by the impact of labor costs in the historically tight U.S. employment environment. In addition, during the second half of 2017, the Company launched enterprise-wide initiatives to improve profitability that are demonstrating positive early results and are expected to drive further improvement in 2018. These initiatives include key additions to senior management and investments in technology and business intelligence tools aimed at driving higher productivity and employee and customer engagement throughout the organization.

At the end of December 2017, nearly 100% of the \$100 million synergy target from the merger had been implemented, and the complete annual effect of these synergies is expected to benefit full-year 2018 results.

As of December 31, 2017, Allied Universal's net debt totaled \$3,033.6 million, or 6.9 times EBITDA as defined per their credit agreement.

Outlook for development

Allied Universal seeks to create long-term value for its shareholders by delivering consistent organic growth, continuously improving profitability, utilizing technology solutions to enhance customer service, and through strategic acquisitions. The Company is specifically focused on several key initiatives, including: (i) retaining existing clients; (ii) expanding their local market presence to add new customers; (iii) leveraging their national footprint to increase national accounts; (iv) continuing to penetrate strategic vertical markets, including healthcare, higher education, government and defense customers; (v) improving profitability; and (vi) continuing to expand via acquisition.

In millions of US dollars	2017	2016 ⁽¹⁾	Δ
Revenue	5,301.5	4,823.5	+9.9%
EBITDA ⁽²⁾	388.3	343.2	+13.1%
as a % of net sales	7.3%	7.1%	+20 bps
Net financial debt	3,033.6	2,905.0	+128.6

(1) 2016 figures presented as if the merger had been completed on January 1, 2016.

(2) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items.

Top management

Steve Jones, CEO

William Torzolini, CFO

Wendel's involvement

Board of Directors: David Darmon, Adam Reinmann, Mel Immergut

For more information, please visit: aus.com

1.7.8 Mecatherm

Mecatherm automates bread production worldwide

The Mecatherm Group is the world leader in industrial baking equipment. It designs, develops, assembles and installs ovens, machines and automated production lines for fresh, frozen, cooked or pre-cooked bread, cakes, and pastries, around the world. The Group serves the entire production line market with two complementary solutions: “Crusty Bread” lines (baguettes and crusty bread), and “Soft & Pastry” lines (buns, brioches, loaves of bread, pastries, etc.).

Mecatherm in brief

Present in 70 countries	More than 790 industrial lines installed	425 employees, including 24 in R&D	One of the world leaders in equipment and production lines for industrial bakeries
€84.3 million in sales in 2017	8.6% EBITDA margin in 2017	Stake held by Wendel: 98.6%	Amount invested ⁽¹⁾ by Wendel: €117 million since 2011

(1) Amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in Mecatherm?

Founded in 1963, Mecatherm is the world leader in industrial bakery equipment, with around 60% market share in high-capacity, crispy-bread lines. It serves the entire market with two complementary solutions: “Crusty Bread” lines (baguettes and crusty bread), and “Soft & Pastry” lines (buns, brioches, loaves of bread, pastries, etc.). Today, the Group has an installed base of more than 790 automatic lines in more than 70 countries worldwide, representing more than 30,000 metric tons of goods produced by Mecatherm lines every day. The Group has strong competitive advantages, including:

- unique R&D and product innovation know-how with its team of 24 professionals. Since 1995, Mecatherm has launched nearly 20 new products and has about 15 active patents;
- a strong brand and the trust of its customers (50% have been customers for over ten years), illustrated by its position as world leader;
- a sales network that has almost doubled in three years, with sales representatives serving all market segments;
- a flexible industrial model whereby Mecatherm can easily call upon sub-contractors to produce components (e.g. sheet metal, tanks). This allows Mecatherm to focus on the higher value-added phases, such as R&D and customer service, and to limit its fixed costs.

Mecatherm was listed on the stock exchange between 1994 and 2004, and Wendel finalized its acquisition of the company via Oranje-Nassau Développement in October 2011.

Highlights of 2017

New orders slowed in 2016 and early 2017, particularly as a result of operating difficulties experienced in 2015. This led to a 29.0% decline in sales, which totaled €84.3 million in 2017.

New orders⁽¹⁾ increased by 12% over the year, reflecting the sharp increase in sales efforts since the end of the first half of 2017. This good sales performance confirmed that historical customers have confidence in Mecatherm and that Mecatherm has successfully penetrated growing market segments (Soft & Pastry, services, baking systems, emerging markets, etc.), after devoting significant resources to sales and marketing. These trends have continued into the early part of 2018. As of December 31, 2017, the order book was up 17% compared with the end of 2016.

EBITDA declined €13.7 million to €7.3 million, representing a margin of 8.6% in 2017, vs. 11.5% in 2016. The decline in sales affected 2017 profitability, but after a difficult first half (margin of 6.3%), a continuing policy of strict cost control combined with healthy margins on orders and on service activities mitigated the impact on Mecatherm's profitability. Cost optimization measures continue, including supply chain optimization, redesign-to-cost, automation of production processes, etc. In this context of improved sales performance, supported by a rising order book and continued cost optimization, 2018 is set to be a year of growth both in sales and EBITDA. Finally, cash receipts have improved since sales recovered in the second half of 2017, and this has enabled Mecatherm to reduce debt by €7.5 million. Debt stood at €31.3 million as of December 31, 2017.

(1) Orders adjusted for the cancelation in 2017 of a €9 million order received from North Africa in 2016.

Outlook for development

The group's growth is based on four main pillars:

- geographic expansion, as bread consumption and demand increases in high-growth countries, where the Group derived more than 20% of its sales in 2017;
- the growing share of industrial bakery on a global scale;
- bigger market shares in the "Soft & Pastry" segment;

- market consolidation, reinforcing Mecatherm's range with complementary services and technologies.

These major assets, combined with a light cost structure and rigorous operational and financial discipline, should enable the Mecatherm group to further expand and consolidate its leadership position in an industry that can slow considerably in certain years but whose overall growth is strong and here to stay.

In millions of euros	12/31/2017	12/31/2016	Δ
Net sales	84.3	118.7	-29.0%
EBITDA ⁽¹⁾	7.3	13.7	-46.7%
as a % of net sales	8.6%	11.5%	-290 bps
Net financial debt	31.3	38.8	-7.5

(1) Recurring EBITDA, excluding management fees and the impact of goodwill allocation.

Top management

Olivier Sergent, Chairman and CEO

Eric Guérin, CFO

Wendel's involvement

Board of Directors: Patrick Tanguy (Chairman), Charles Goulet, Dirk-Jan Van Ommeren

For more information, please visit: mecatherm.fr

1.7.9 Saham Group

Saham Group, diversified Group, insurance leader in Africa

Saham Group is a diversified, pan-African Group with two historical businesses: insurance and customer relationship centers. It is also expanding in other areas (real estate, healthcare, and education) so as to take advantage of existing synergies between its activities.

Saham Group in brief

Divestment in progress

Largest pan-African insurance Group (excluding South Africa)	Stake held by Wendel: 13.3%	Amount invested by Wendel ⁽¹⁾ €100 million in 2013
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(1) Amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in Saham Group?

On November 28, 2013, Wendel made its second investment in Africa, becoming a shareholder of the Saham Group, based in Morocco and majority-held by its founder and CEO. Moulay Hafid Elalamy is a Moroccan entrepreneur who enjoys a strong reputation in Africa. Since 1995 he has successfully built a multiservices Group operating in insurance, customer relationship centers, healthcare, education, and real estate. Saham Group leverages the broad sectoral and geographic diversification of its activities and its highly experienced management. Moulay Hafid Elalamy has been Morocco's Minister of Industry, Investment, and the Digital Economy since 2013. He was reappointed in this role in April 2017.

Divestment of Saham

On March 3, 2018, Wendel announced the disposal of its stake in Saham Group's holding company for \$155 million (c. €125 million). The transaction is concomitant with an agreement signed on March 7, 2018 whereby Saham Group is to sell its insurance division (Saham Finances) to Sanlam, a leading African financial services group based in South Africa. Sanlam has been a shareholder in Saham Finances for the past three years and has held 46.6% of the capital until the date of the agreement. The sale of Wendel's stake is subject to the closing of the transaction between Saham Group and Sanlam, which should be completed in the second half of 2018. Wendel also benefits from an earn-out, equivalent to 13.3% of capital gains on any disposal of the remaining businesses of Saham Group (Customer relationship centers, Real estate, Healthcare, and Education) occurring in the next 24 months at a valuation greater than certain pre-defined thresholds.

1.7.10 Nippon Oil Pump (NOP)

Nop innovates to drive growth

NOP leads the Japanese market for the design, development and manufacture of trochoid pumps, rotary vane pumps, and hydraulic motors. It also has worldwide leadership positions in the trochoid pump segment. These pumps are used principally to circulate oil in machine tools, for the purposes of lubrication and cooling.

Nop in brief

2 production sites	Market leader in Japan for trochoid pumps, water pumps and hydraulic motors	Approx. 230 employees
¥6.1 billion in sales in 2017	22.0% EBITDA margin ⁽¹⁾	Stake held by Wendel: 99.0%
		Amount invested by Wendel: ⁽²⁾ ¥3.3 billion in 2013

(1) EBITDA and adjusted operating income excluding management fees and the impact of goodwill allocation.

(2) Amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in NOP?

Founded 97 years ago, Nippon Oil Pump leads the Japanese market for the design, development and manufacture of trochoid pumps, water pumps, and hydraulic motors and has worldwide leadership positions in the trochoid pump segment. Its products are used principally to circulate oil in machine tools, for the purposes of lubrication and cooling. The Group has strong competitive advantages, including:

- unique R&D and product innovation know-how, enabling NOP to meet the detailed specifications of machine tool manufacturers;
- a strong brand and customer confidence, illustrated by its leadership positions in Japan;
- a flexible industrial model, allowing NOP to provide quality customer service (e.g. short delivery periods);
- significant barriers to entry, due to the high penetration rate of NOP's products in the installed fleet of machine tools in Japan and the lengthy procedures required to obtain referencing with customers.

The Group's development is based on markets offering significant long-term growth, such as the continued industrialization of emerging markets and the modernization of machine tool fleets to keep pace with constant innovation.

Highlights of 2017

NOP posted sales of ¥6,132 million in 2017, up 10.8% overall. Organic growth was 10.4% and exchange rate fluctuations had a positive impact of 0.4%.

Thanks to the buoyancy of the global machine tool market, all product segments and regions experienced growth. In particular, Vortex sales were up 28% from the same period last year. Core products also grew strongly due to high demand with trochoid pump sales up 9% and hydraulic motor sales up 12%. Foreign markets have also been extremely encouraging with sales outside of Japan growing close to 40% since last year.

Leveraging the elevated topline growth and still reaping the fruits of the strict cost control and prices increase policies set up last year, NOP achieved a significantly improved level of profitability: EBITDA has increased by 31% since last year and EBITDA margin went up 340bps to 22.0%.

In late 2017, NOP completed a small acquisition in Germany to solidify its presence in Europe and gain direct exposure to the manufacture of cooling units for its Vortex pumps.

Outlook for development

The Group's development is based on four main strategic pillars:

- ongoing product innovation, such as the development and launch of the Vortex pump range enabling end users to achieve considerable savings in terms of space and maintenance costs for cooling systems;
- continued optimization of its operating structure to implement increasingly flexible and responsive manufacturing processes and to further profitability;

- development of sales in nearby regions with high growth potential (Taiwan and India) and in Europe, where the Group opened its first office in 2015;

- targeted acquisitions and partnerships to support the Group's business development.

The implementation of these strategic plans, combined with NOP's recognized know-how in Japan and rigorous financial management, will enable the Group to replicate its successful business model internationally, while consolidating its leadership positions in Japan.

In millions of yen	2017	2016	Δ
Net sales	6,132	5,534	+10.8%
EBITDA ⁽¹⁾	1,349	1,029	+31.1%
as a % of net sales	22.0%	18.6%	+340 bps
Net financial debt	2,434	3,308	-874

(1) EBITDA and adjusted operating income excluding management fees and the impact of goodwill allocation.

Top management

Toshihiko Shirabe, CEO

Makoto Kawada, Non-executive Chairman

For more information, please visit: nopgroup.com

Wendel's involvement

Board of Directors: Makoto Kawada, Bruno Fritsch, Patrick Tanguy

1.7.11 CSP Technologies

CSP Technologies, a material science specialist

CSP Technologies ("CSP") is a material science and engineering company providing innovative, customized active polymer solutions to protect sensitive products. It designs and manufactures patented solutions for moisture- and/or oxygen-sensitive products in the healthcare industry and has a growing presence in solutions for the food safety end-market. The Company is the global leader in diabetes diagnostic test strip protection (desiccant plastic vials and containers), and is supported by its Six Sigma level production quality.

CSP Technologies in brief

3 manufacturing plants in the United States and France	More than 460 employees	Over 400 global patents	Global leader in diabetes diagnostic test strip protection
\$135.8 million in sales in 2017	Adjusted EBITA of \$27.0 million in 2017 ⁽¹⁾	Stake held by Wendel: 98.3%	Amount invested by Wendel: ⁽²⁾ \$228 million since January 2015

(1) Excluding the impact of goodwill allocation.

(2) Amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in CSP Technologies?

On December 4, 2014, Wendel entered into exclusive negotiations with the intent of acquiring CSP Technologies and closed the transaction at the end of January 2015 at an enterprise value of \$360 million. CSP Technologies is a global provider of custom polymeric solutions and of specialty protective packaging. The Company is the world's leading manufacturer of plastic vials used for storing diabetes diagnostic test strips, and leverages its core patented active technology across other applications requiring product protection.

CSP Technologies was founded in 1928 as a milk bottling and distribution business, and began its transition towards a leading material science and engineering business starting in 1983. CSP primarily focuses on the healthcare, diagnostics, and food safety markets in which customers require highly customized, Six Sigma quality solutions for their moisture and/or oxygen sensitive products. CSP Technologies operates from three manufacturing plants in Auburn, Alabama (United States), Atlanta, Georgia (United States) and Niederbronn, Alsace (France).

This investment, advised by Wendel North America one year after its launch in New York, capped over a year of active dialogue with CSP's founder and management team. The investment fully aligns with Wendel's priorities. CSP Technologies is a global leader, an integral part of the industrial landscape in Alabama and Alsace,

operates worldwide, and is supported by long-term trends. CSP's management team has established a long track record of consistent growth by focusing its efforts on quality and innovation, bringing the Company significant potential to expand to new markets and geographies.

Healthcare & Diagnostics

Applications in the healthcare and diagnostics end-markets represent approximately three-quarters of CSP's revenue. CSP is the leading supplier of vials for blood glucose diagnostic test strips used by people with diabetes. It is also the leading supplier of air- and liquid-tight, aseptic vials for the dairy industry in the US and Western Europe. Lastly, CSP produces both active and inactive vials and films specifically tailored for a range of applications in the pharmaceutical industry (probiotics, biopharmaceuticals, vitamin supplements, etc.). In all regards, CSP is a leader in product integrity and demonstrates strong know-how to produce outcomes around product stability and quality that have become an industry benchmark.

CSP's key customers include the "Big Four" global pharmaceutical companies in the blood glucose diagnostic test strip market and other leading global pharmaceutical companies. These customers operate in highly-regulated markets and have come to depend on CSP's best-in-class product functionality, quality, and reliability.

Food Safety

As a result of its acquisition of Maxwell Chase Technologies in 2016, CSP became a leader in active packaging for fresh fruit and vegetables. This type of protective solution, using absorbent solutions within moisture-controlling wells in the container, offers value to customers and end users by extending shelf life, and improving food safety.

CSP Technologies also produces innovative packaging for the confectionery sector. CSP has been the sole supplier of packaging vials for a major global confectionary maker for 20 years. CSP continues to develop its expertise in protective solutions with food safety applications for new customers and new geographic markets.

Manufacturing Operations and Intellectual Property

CSP has invested more than \$150 million in its two state-of-the-art manufacturing facilities in Auburn (United States) and Niederbronn (France), and significant capital to develop and install proprietary Vial Inspection Machines (VIM) that inspect 100% of desiccant vials prior to shipment. These facilities provide CSP the ability to manufacture a superior product with unmatched quality that is even above Six Sigma quality standards.

Customers work with CSP's team of world-class engineers and scientists to jointly develop new products that exactly meet their needs. As a result, CSP has obtained over 400 patents worldwide to protect its product designs and manufacturing processes.

Highlights of 2017

CSP Technologies posted sales of \$135.8 million in 2017, representing total growth of 7.2%. External growth during the year totaled 5.6%, reflecting the consolidation of Maxwell Chase beginning only in mid-March 2016. Following the particularly strong organic growth in the 3rd quarter (+14.8%) across many of its key business segments, organic growth slowed in the 4th quarter as anticipated due to the timing of certain orders. Organic growth for the year was 1.0%, which does not reflect the robust organic growth of Maxwell Chase acquired in 2016. Factoring in this item, pro forma organic growth was 3.6%. Sales of Food Safety products performed particularly well, with double digit growth over the year. Foreign exchange rate fluctuations contributed 0.6% to total sales growth.

During the year, CSP Technologies announced a capacity expansion initiative for its Auburn, AL site. Construction of a new structure, located adjacent to the existing facility, is currently underway and will expand manufacturing and warehousing capacity by 110,000 sq. ft.

CSP Technologies generated adjusted EBITA⁽¹⁾ of \$27.0 million in 2017, or 19.9% of sales. The EBITA margin was impacted in particular by an increase in certain raw material costs and certain development projects undertaken to provide for future growth.

Finally, on March 2, 2017, CSP announced that it had repriced and upsized its "Term Loan B" facility. As part of the transaction, the size of the existing Term Loan B was increased by \$12 million to a total of \$178 million, and the interest rate was reduced by 75 basis points to Libor +525 bps. Proceeds from the increased Term Loan were used to repay outstanding borrowings on the existing \$25 million revolving credit facility. As a result of the transaction, CSP reduced its annual interest expense by approximately \$1.3 million. As of December 31, 2017, CSP's net debt equaled \$175.9 million.

Outlook for development

The following pillars are expected to support continued growth in the future:

- organic growth generated by its existing products in addition to potential for long-term growth driven by the increased use of blood glucose diagnostic test strips in developed countries and the rising prevalence of diabetes in emerging markets;
- ability to utilize its sales force and R&D teams to offer new specialized product protection solutions to existing customers;
- development of polymer protection solutions adapted to new end markets that face quality and protection issues;
- selective acquisition of companies that offer the similar levels of quality, technological advancement and engineering expertise to customers, or those with offerings that could be substantially bolstered when combined with CSP's know-how and set of material science capabilities.

(1) Before restatement of goodwill allocation, non-recurring items and management fees.

In millions of dollars	2017	2016	Δ
Net sales	135.8	126.7	+7.2%
EBITA ⁽¹⁾	27.0	30.9	-12.6%
as a % of net sales	19.9%	24.4%	-450 bps
Net financial debt	175.9	176.4	-0.5

(1) Before restatement of goodwill allocation, non-recurring items and management fees.

Top management

John Belfance, Chairman and CEO

Serge Dupuis, CFO

Wendel's involvement

Board of Directors of CSP Technologies: Bernard Gautier, David Darmon, Adam Reinman, Patrick Tanguy, Jean-Yves Hémerly, and Mel Immergut⁽¹⁾.

For more information, please visit: csptechnologies.com

(1) Advisory Board member.

1.7.12 PlaYce (formerly SGI Africa)

PlaYce, a pioneer in African commercial real estate

PlaYce develops and operates shopping centers. The company already has two shopping centers in Abidjan in Côte d'Ivoire (PlaYce Marcory, opened in December 2015, and PlaYce Palmeraie, opened in June 2017) and one in Douala (Carrefour Market Bonamoussadi, opened in December 2017) and aims to expand into six other West and Central African countries: Cameroon, Republic of the Congo, Nigeria, Ghana, Gabon, Senegal, and the Democratic Republic of Congo. Over the next five to six years, PlaYce plans to build and then operate around 20 shopping centers, each including a Carrefour hypermarket or supermarket, as well as a portfolio of brands under franchise to CFAO (in its "Club of Brands").

SGI Africa in brief

2 shopping centers opened in Abidjan and 1 in Douala	Development in 8 African countries	Around 20 shopping centers going forward	Around €500 million investment planned in the next 5 to 7 years
Several ongoing projects in Abidjan, Dakar, and Yaoundé	Around 15,000 square meters of commercial floor space	Stake held by Wendel: 40%	Amount invested by Wendel ⁽¹⁾ €25 million in July 2016, up to €120 million progressively over the next 5 to 6 years

(1) Amount of equity invested by Wendel as of December 31, 2017, for the stake held at that date.

Why did we invest in PlaYce?

The economic development of the African continent in the last 15 years has gone hand-in-hand with the emergence of a middle class increasingly seeking new kinds of consumption. New means of distribution have emerged alongside traditional distribution channels, and large shopping centers are increasingly popular and sought after by the local population.

PlaYce was established by CFAO in 2015 to support the plan to develop the Carrefour brand and the "Club of Brands", under exclusive franchise to CFAO, in Africa.

PlaYce is Wendel's third investment platform in Africa. This investment in commercial real estate allows Wendel to access long-term trends on the African continent including a growing economy and middle class, and modern distribution channels, as well as giving the Company the opportunity to work with a partner - CFAO - whose experience in Africa is unrivaled.

The progressive nature of PlaYce's project will require its shareholders to invest regularly to support its growth. Wendel will gradually invest, through Oranje-Nassau Développement, up to €120 million in PlaYce over the next few years.

PlaYce Marcory (Abidjan)

The PlaYce Marcory shopping center in Abidjan, which was opened in December 2015, houses the first Carrefour store in West Africa. With a total floor area of 20,000 square meters (of which around 15,000 are retail area), PlaYce Marcory houses a 3,200 square meter Carrefour hypermarket, a shopping mall with 55 retail outlets, and a food court with more than 400 seats.

The 55 retail outlets in the shopping mall include both African and international brands. These latter include the "Club of Brands", a portfolio of 15 major international brands looking to develop in Africa. The 40 retail outlets that complete the shopping mall's retail offering are local and regional brands, which benefit from this new lifestyle and consumption space.

PlaYce Marcory is the showcase for a new generation of shopping centers in Africa that offer a one-stop destination with greater choice, modernity, and attractiveness.

PlaYce Palmeraie (Abidjan)

The PlaYce Palmeraie shopping center in Abidjan was opened in June 2017. With a total floor area of 29,000 square meters, PlaYce Palmeraie houses a 2,400 square meter Carrefour hypermarket, a shopping mall with 28 retail outlets (with both African and international brands), and three restaurants with more than 150 seats.

PlaYce Bonamoussadi (Douala)

The Carrefour Market Bonamoussadi shopping center in Douala was opened in December 2017. With a total floor area of 8,250 square meters, it houses a 1,430 square meter Carrefour supermarket, a shopping mall with six retail outlets, and two restaurant chains.

Highlights of 2017

Two PlaYce shopping centers opened in 2017: one in Abidjan in June (PlaYce Palmeraie) and one in Douala (Carrefour Market Bonamoussadi).

PlaYce Marcory is 100% leased, and welcomed over three million visitors during 2017. PlaYce Palmeraie and Carrefour Market Bonamoussadi are also both 100% leased. Eight other projects are underway - two in Côte d'Ivoire, three in Cameroon, and three in Senegal. They are at different stages of completion.

Wendel has not yet invested beyond its initial equity contribution of €25 million.

Outlook for development

PlaYce aims to open around 20 new shopping centers in eight African countries.

Top management

Jean-Christophe Brindeau, Chairman

Wendel's involvement

Board of Directors of PlaYce: Stéphane Bacquaert, Stéphane Heuzé

1.7.13 Tsebo

Tsebo solutions Group, the pan-African leader in corporate services

Tsebo is a pan-African company with around 37,000 employees in 23 countries and offering a wide array of high value-added, state-of-the-art services to its clients, including facilities management, catering, cleaning, hygiene, security, energy, procurement and remote camp management. Tsebo’s clients outsource the management of these critical operations to Tsebo’s seasoned professionals, enabling them to concentrate on their core business.

Tsebo in brief

Present in 23 countries in Africa	37,000 employees	7,500 client sites across various industries	Homegrown African leader in corporate services
Net sales: \$563.2 million in 2017	EBITDA: \$37.0 million in 2017	Stake held by Wendel: 64.7% ⁽¹⁾	Amount invested by Wendel: €142 million in January 2017 ⁽²⁾

(1) % ownership before co investment from Tsebo’s management for a stake of around 2.5%.

(2) EUR/ZAR = 14.4955 as of January 31, 2017.

Why did we invest in Tsebo?

Founded in 1971 in Johannesburg (South Africa), Tsebo has developed into an unrivalled pan-African enterprise. As market leader, Tsebo now offers contracted services in Facilities Management, Remote Camps, Catering, Cleaning, Hygiene, Security, Energy and Procurement. This extensive range of hard, soft and infrastructure management services are enjoyed by over 7,500 clients across many sectors including financial services, manufacturing, mining, leisure, energy, environment, retail as well as universities and other public services.

Tsebo’s clients have found significant benefits in entrusting their “non-core” functions to its experienced professionals. Tsebo delivers improved value, consistent innovation and continuous efficiency to clients in all economic sectors. Underpinning Tsebo’s successful business model is a constant and robust dedication to sustainable development and equal opportunity employment. Tsebo is widely recognized as one of Africa’s most progressive corporate entities for its involvement in sustainable development and social commitment, and for its actions encouraging the continuous growth of its human capital, its business, its industry and society. In 1995, Tsebo won the Black Management Forum’s Most Progressive Company Award. Empowerment is part of its DNA and is weaved into its business model, business processes, cultural values, and business strategy. It was the first organization of its size to achieve “excellent” Black Economic Empowerment

(BEE) accreditation through Empowerdex. Today, Tsebo is among the highest rated large employers on the South African DTI’s generic B-BBEE scorecard.

Tsebo responds to the growing need of African companies and international corporations operating in Africa to outsource non-strategic - yet essential - activities outside of their expertise, in order to focus on their core business. Tsebo is a “homegrown” African success story with 45 years of operating experience in Africa, delivering international quality standards to a diversified client base, in 23 countries. This company is in line with Wendel’s strategy in Africa, with a strong potential for growing organically and through acquisitions. Tsebo enjoys a diversified & resilient business model, and generates strong cash flows.

A wide range of services

Tsebo provides its clients with a wide range of services throughout Africa, using best-in-class global quality standards combined with its deep African expertise. Tsebo covers its customers’ potential needs with mastered and transparent costs, via eight business units:

Facilities management includes:

- technical services: maintenance of buildings, lifts and escalators, heating ventilation and air conditioning systems, and plumbing and electrical systems; and provision of construction and cabling services;

- soft services: provision and management of furnishings, interiors, parking, waste, storage, as well as space planning services;
- business support services: provision of Occupational Health and Safety, asset management, document management, procurement, switchboard, reception, printing and stationery needs.

Catering: Tsebo is the largest caterer in Africa and its segmented offering is designed to meet the needs of all industries and institutions.

Tsebo facilitates its clients' expansion through its **Remote Camp Management** business, which provides full, turnkey establishment and management of remote camps in isolated locations across Africa.

Hygiene provides sanitation equipment that ensures the highest standard of cleanliness in the workplace and **Cleaning** provides high quality cleaning services that support the health of employees, clients, and workspaces.

Tsebo provides manned guarding and access control, using both technology and human capital to ensure the safety of employees and clients in all environments, through its **Security Services** unit.

Tsebo also provides **Energy Management**, technology-based solutions that reduce electricity and water consumption, lessening dependence on "the grid". The third-party **Procurement** business manages vendors, ensuring lower cost and a consistent supply of materials.

Highlights of 2017

On January 31, 2017 Wendel completed the acquisition of 65% of the share capital of Tsebo Solutions Group alongside Capital Group Private Markets.

On June 30, 2017, Women Development Bank Investment Holdings (Pty) Limited (WDBIH) finalized the acquisition of an effective 25% stake in Tsebo's main South African subsidiary (TSG). Established in 1996, WDBIH is a South African investment holding company founded, led and operated by women. Combined with Tsebo Empowerment Trust's ownership in TSG, this transaction allows Tsebo to retain the highest achievable rating on the South

African DTI's generic BEE scorecard, and to perpetuate its history of enduring partnerships with women's investment groups.

Tsebo's 2017 sales reached \$563.2 million, up 20.5% year-on-year. Tsebo benefited from strong organic growth (+8.0%) driven by its Cleaning, Catering and Facilities Management businesses, and favorable exchange rate fluctuations (+9.1%), in particular the South African rand's appreciation against the U.S. Dollar. Growth was also supported by a positive scope change (+3.4%) with acquisitions completed in Protection (Malandela in February 2016), Leasing solutions (Sovereign Seeker in April 2016), Cleaning (Superclean in January 2017) and Facilities Management (Rapid Facilities Management in September 2017). The acquisition of Rapid Facilities Management Pty Ltd in Nigeria was the first transaction completed by Tsebo as part of the Wendel Group. This modest acquisition (annual sales of \$350k) further establishes Tsebo in the attractive Nigerian market, where Tsebo already has several clients.

Tsebo's EBITDA was \$37.0 million in 2017, an increase of 7.0% compared to 2016. EBITDA margin decreased to 6.6% compared to 7.4% in the previous year, partly due to the integration of newly acquired businesses and progressive ramp up of new pan-African facility management contracts.

As of December 31, 2017, Tsebo's net debt stood at \$130.5 million.

Outlook for development

Thanks to its commanding position as pan-African leader, with the largest footprint in the industry, Tsebo will benefit from strong growth drivers:

- Africa is one of world's fastest-growing regions, underpinned by strong long-term fundamentals, including favorable demographics and urbanization trends;
- diversified sales achieved in more than 20 African countries and on different end-markets;
- a strong pipeline of commercial opportunities, which will boost medium-term sales with existing clients or attract new clients;
- a solid M&A track-record and good acquisition pipeline.

In millions of dollars	2017
Net sales	563.2
EBITDA ⁽¹⁾	37.0
<i>as a % of net sales</i>	6.6%
Net financial debt	130.5

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.

Top management

Clive Smith, CEO

Tim Walters, CFO

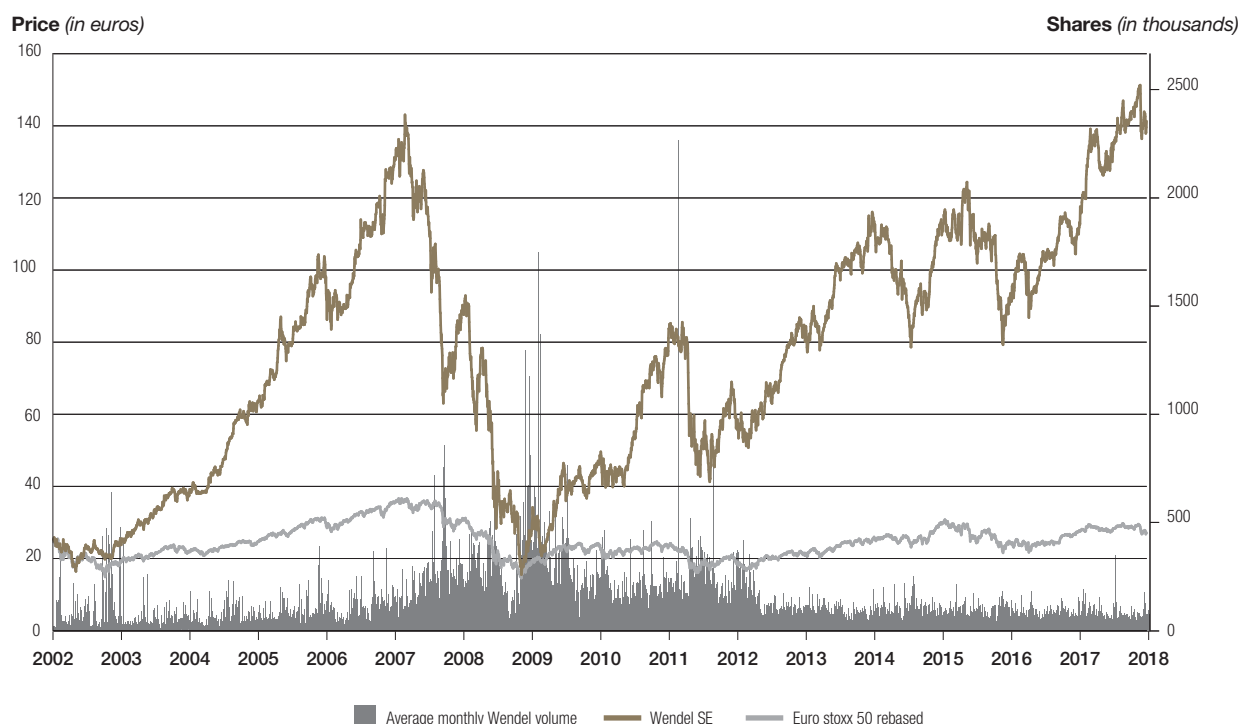
Wendel's involvement

Board of Directors: Stéphane Bacquaert, Stéphane Heuzé, Claude Kamga, Benoit Drillaud

For more information, please visit: tsebo.com

1.8 Shareholder information

1.8.1 Market data



Change in Euro Stoxx 50 and Wendel share price rebased to compare with the Wendel share price on June 13, 2002. Source: FactSet.

Comparison of total shareholder return for Wendel and the Euro Stoxx 50, since the CGIP/Marine-Wendel merger

Reinvested dividend performance from June 13, 2002 to March 7, 2018	Total returns for the period	Annualized return over the period
Wendel	680.5%	14.0%
Euro Stoxx 50	67.9%	3.4%

Source: Factset

Share references

Listing market: EUROLIST SRD, Compartment A (Blue Chips)

ISIN Code: FR0000121204 Bloomberg Code: MF FP

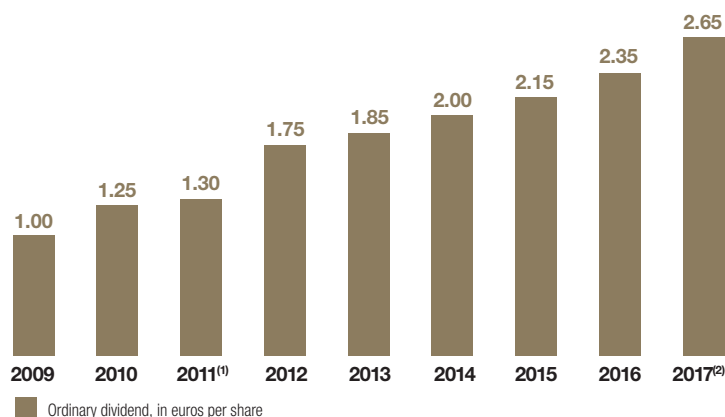
Reuters Code: MWDP. PA Abbreviation: MF

Indices: CAC AllShares, Euronext 100, SBF120, SBF250, STOXX® Europe, EURO STOXX®, STOXX® Europe Private Equity 20, STOXX® Europe 600, LPX 50, EN Family Business.

Quota: 1 share/PEA: Eligible/SRD: Eligible/par value: €4/Number of shares outstanding 46,253,210 as of December 31, 2017.

1.8.2 Dividends

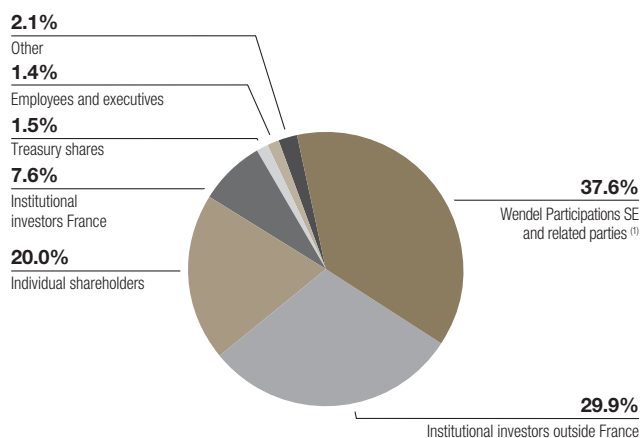
Ordinary dividend, in euros per share.



(1) The 2011 ordinary dividend included an exceptional distribution of 1 Legrand share for every 50 Wendel shares held.
(2) The 2017 dividend is subject to shareholder approval at the Annual Shareholder's Meeting on May 17, 2018.

1.8.3 Shareholders

As of December 31, 2017



(1) Pursuant to Article L.233-10 of the French Commercial Code, the figures include Wendel-Participations and its Chairman.

1.8.4 Shareholder relations

Wendel's constant and in-depth dialogue with all of its shareholders is an intrinsic component of our value-creation approach. A number of initiatives have been taken to meet the needs of individual and institutional investors and interact with them.

In 2017, the Wendel Group pursued its communications policy dedicated to the more than 27,564 individual shareholders who represent 20% of its capital.

The Shareholders Advisory Committee, set up in 2009, is consulted regarding all communications addressed to shareholders. Wendel values the committee's recommendations and advice highly, as they help shareholders understand our business better and help us provide an attractive, simplified presentation of our activities. The committee met three times in 2017 and one of its members was replaced. The Shareholders Advisory Committee comprises nine members.

To make it easier to access Company information, Wendel completely redesigned its website in 2015, opened a Twitter account, and modernized all of its communication tools. All of the resources for shareholders can be viewed on the "Individual shareholders" pages of Wendel's website, which was completely

reworked in 2016 to further improve access to information: letters to shareholders, press releases, the registration document, a calendar of key dates, and more.

The Group again took part in Actionaria, a trade show bringing companies and shareholders face to face, held in Paris in November 2017.

For institutional investors, Wendel has organized a series of roadshows every year since 2009. Some of these roadshows are intended specifically for bond investors. During these campaign periods, the Executive Board members and the CFO meet prominent investors and asset managers, shareholders and non-shareholders alike, who are interested in the Wendel Group. The rest of the year, Wendel takes part in various events organized by brokers who cover Wendel.

In 2017, the Investor Relations team, the members of the Executive Board, and the Chief Financial Officer participated in 28 different roadshows and investor conferences in France, the United Kingdom, Ireland, Germany, Switzerland, Italy, Spain, Portugal, Finland, Denmark, the United States, Canada, Japan, and Singapore, enabling them to meet more than 331 stock and bond investors.

2018 Calendar

Shareholders' meeting, publication of NAV, and trading update	Thursday May 17, 2018
Publication of first-half 2018 earnings (pre-market release)	Thursday, September 6, 2018
Investor Day, publication of NAV, and trading update (pre-market release)	Thursday November 29, 2018

Contacts

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Toll-free number (in France): 0 800 897 067

Christine Anglade Pirzadeh,

Director of Communications and Sustainable Development

E-mail: c.angladepirzadeh@wendelgroup.com

Olivier Allot,

Director of Financial Communication

E-mail: o.allot@wendelgroup.com

1.8.5 Trading in Wendel shares

Date	Average closing price 1 month	Intraday high	Intraday low	Average daily trading volume
January 2015	93.82	100.30	88.69	7,415,525
February 2015	104.22	109.40	99.25	7,251,542
March 2015	111.21	114.35	107.50	7,822,573
April 2015	112.86	117.00	107.75	7,598,007
May 2015	111.54	117.15	106.00	7,810,563
June 2015	112.13	116.70	106.60	8,677,478
July 2015	117.42	123.75	107.10	9,227,921
August 2015	118.01	124.95	103.50	7,558,028
September 2015	109.06	116.70	100.90	8,330,657
October 2015	107.65	111.95	103.30	7,080,894
November 2015	109.44	112.95	105.15	5,298,928
December 2015	107.81	114.45	102.30	7,400,277
January 2016	94.91	109.00	88.56	9,764,461
February 2016	85.20	92.49	78.14	7,276,765
March 2016	91.30	95.75	87.28	5,890,458
April 2016	97.77	102.65	91.78	6,369,823
May 2016	103.38	105.45	99.15	6,654,311
June 2016	96.98	104.10	86.40	7,707,213
July 2016	93.31	96.39	88.00	5,838,726
August 2016	97.85	102.45	93.34	4,831,619
September 2016	103.57	106.00	101.25	7,170,846
October 2016	104.44	106.40	102.80	6,677,389
November 2016	105.58	109.30	99.75	7,461,449
December 2016	113.48	115.45	108.25	8,407,028
January 2017	113.26	116.70	109.50	6,853,336
February 2017	108.25	112.65	103.95	6,968,084
March 2017	112.48	118.85	104.9	9,269,370
April 2017	122.52	129.45	118.9	9,273,248
May 2017	134.62	139.2	128.65	8,370,409
June 2017	135.8	140.55	129.55	9,390,658
July 2017	127.77	130.35	125.25	6,830,569
August 2017	130.05	133.45	127.2	6,672,377
September 2017	134.64	137.65	125.1	10,857,889
October 2017	140.13	144.85	137	8,159,108
November 2017	141.57	147.15	136.8	7,075,369
December 2017	142.83	145.4	139.35	8,209,169
January 2018	147.47	151.6	141	8,124,309
February 2018	141.56	152.6	135	10,015,849

Source: Euronext.

1.8.6 Documents available to shareholders and the public

In accordance with applicable law, the Company's by-laws, minutes of shareholders' meetings and certain other Company reports, as well as historical financial information and other documents, may be consulted at the Company's registered office, at 89, rue Taitbout, 75009 Paris (France).

Pursuant to Article 28 of EC regulation 809/2004, the following information is included by reference in this registration document:

- the key figures on page 2 as well as the consolidated financial statements and corresponding audit report on pages 221-315 of the 2015 registration document filed with the AMF on April 8, 2016 under number D. 16-0308;
- the key figures on page 14 as well as the consolidated financial statements and corresponding audit report on pages 235-327 of the 2016 registration document filed with the AMF on April 12, 2017 under number D. 17-0376.

The unincluded parts of these documents either do not apply to investors or are covered in a section of this registration document.

In addition, all financial news and all information documents published by Wendel are accessible on the Company's website: www.wendelgroup.com.

Main press releases published by the Company in 2017:

November 30, 2017: Record net asset value per share: €181.3 up 30.0% over the last 12 months

November 16, 2017: André François-Poncet appointed Chairman of Wendel's Executive Board as of January 1, 2018

November 10, 2017: Wendel cancels 2% of its share capital as part of its share buyback program

November 02, 2017: Constantia Flexibles completes sale of Labels division to Multi-Color

October 13, 2017: IHS to expand its operating footprint in the Middle East through the acquisition of 1,600 towers in Kuwait from Zain

October 02, 2017: Stahl completes acquisition of the BASF leather chemicals assets

September 18, 2017: Wendel undertook to tender its 27.8% stake in exceet Group SE into the voluntary public takeover offer announced today

September 07, 2017: Results of first-half 2017: Wendel's principal assets performed well. Continued reorientation toward unlisted assets.

September 07, 2017: Wendel organizes a management transition and confirms its strategic orientations

July 18, 2017: Cromology amends its banking terms, with the approval of nearly all of its lenders

July 17, 2017: Constantia Flexibles sells its Labels business to Multi-Color for an enterprise value of €1.15 billion

June 02, 2017: Wendel announces the completion of the sale of 3.6% of Saint-Gobain's share capital

June 01, 2017: Wendel pursues its divestment of Saint-Gobain

May 23, 2017: Combined Ordinary and Extraordinary Annual General meeting 2017 - All resolutions are adopted

May 18, 2017: Information published on the occasion of the 2017 Annual meeting of shareholders

May 12, 2017: Laurent Burelle to leave Wendel's Supervisory Board after the May 18, 2017 shareholders' meeting

April 20, 2017: Allied Universal completes repricing of its First Lien Term Loan facility

April 13, 2017: Availability of the 2016 registration document

March 23, 2017: BASF Leather Chemicals business to become part of the Stahl Group

March 23, 2017: 2016 Full-Year Results

March 03, 2017: Bureau Veritas acquires Schutter Group as part of its global agri-food strategy

March 02, 2017: CSP Technologies completes repricing of its Term Loan B facility

March 01, 2017: Constantia Flexibles acquires Italy's leading dairy lidding company

February 27, 2017: Wendel is in the new Euronext® Family Business index

February 06, 2017: Allied Universal picks up Security Services Division of Yale Enforcement

February 01, 2017: Simplification of IHS's capital structure

February 01, 2017: Wendel has finalized the acquisition of 65% of the capital of Tsebo

January 19, 2017: Bureau Veritas acquires SIEMIC, a specialist in electronic equipment in Silicon Valley and Asia

January 04, 2017: Wendel welcomes Capital Group Private Markets as co-investor in Tsebo

CORPORATE GOVERNANCE, RISK FACTORS AND INTERNAL CONTROLS

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This “Corporate governance” section includes the report of the Chairman of the Supervisory Board on Corporate governance prepared pursuant to Articles L.225-68, paragraph 6, L.225-82-2 and L.225-100 of the French Commercial Code. The Chairman's report also includes information pertaining to Annual Meeting procedures and information that could have an impact in the event of a public exchange offer as set forth in Article L.225-37-5 of the French Commercial Code (Section 7.10). It also includes information regarding delegations of power and authority for capital increases (Section 7.6), the observations of the Supervisory Board (Section 8.8) and related-party agreements (Section 8.1). This report was issued by the Supervisory Board at its meeting of March 21, 2018, after review by the Governance Committee.

2.1 Corporate governance

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

2.1.1 The Executive Board and its operations

2.1.1.1 Composition of the Executive Board

The Executive Board is composed of a minimum of two and a maximum of seven members.

The Executive Board was composed of two members in 2017. Since April 7, 2009, they had been Frédéric Lemoine, Chairman, and Bernard Gautier. At its meetings of March 27, 2013 and October 20, 2016, the Supervisory Board renewed the terms of Messrs. Lemoine and Gautier as members of the Executive Board for four years. These appointments took effect on April 7, 2013 and on April 7, 2017. The Board reappointed Mr. Lemoine as Chairman of the Executive Board at those times.

During its September 6, 2017 meeting, the Supervisory Board decided to terminate Mr. Lemoine's position as Chairman of the Executive Board, effective December 31, 2017. Mr. Lemoine will remain a director of Saint-Gobain, representing Wendel, until his term ends in 2020.

During its November 16, 2017 meeting, the Supervisory Board appointed André François-Poncet as Chairman of the Executive Board effective January 1, 2018 and for the remainder of Mr. Lemoine's term.

Executive Board members, with the exception of its Chairman, may have an employment contract with the Company that remains in force during and after the member's term on the Executive Board. This is the case for Mr. Gautier (see Section 2.1.7.8 “Position of

executive corporate officers with respect to Afep-Medef recommendations”). Conversely, Mr. Lemoine, the Chairman of the Executive Board, did not have an employment contract, in accordance with the Afep-Medef Code. The same applies to Mr. François-Poncet.

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

Christine Anglade Pirzadeh, Director of Communications and Sustainable Development, has been Secretary of the Executive Board since June 2013.

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

To the best of the Company's knowledge, as of the date of issue of this document, no member of the Executive Board has in the past five years: (i) been convicted for fraud or formally accused or publicly sanctioned by the judiciary or government agencies; (ii) been involved in bankruptcy, the sequestration of assets or liquidation; (iii) been prevented by a court from acting as a member of a corporate, executive or supervisory body of an issuer or being involved in the management or the running of the business of an issuer.

Conflicts of interest, family ties and service contracts

Frédéric Lemoine, Bernard Gautier and André François-Poncet held and hold directorships in some of the Group's subsidiaries and associated companies.

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

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

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

Restrictions on the sale of shares held by the members of the Executive Board are described in Section 2.1.6.6.



Frédéric LEMOINE

Chairman of the Executive Board

Date first appointed to the Executive Board: April 7, 2009

Date term ends: December 31, 2017

Born on June 27, 1965

French nationality

Business address:

89, rue Taitbout

75009 Paris,

France

Career path:

Frédéric Lemoine is a graduate of the HEC business school (1986) and of the Institut d'études politiques de Paris (1987). He is an alumnus of the École Nationale d'Administration (Victor Hugo class) and an Inspecteur des finances. In 1992-1993, he was head of the Institut du Cœur of Ho Chi Minh-City, Vietnam for a year, and from 2004 to 2011 he was General Secretary of the Fondation Alain Carpentier, which supported this hospital. From 1995 to 1997, he was deputy chief of staff of the Minister of Labor and Social Affairs (Jacques Barrot), in charge of coordinating reform of the national health insurance system and hospital reform. At the same time he was a chargé de mission with the Secretary of State for Healthcare and the National Health Insurance system (Hervé Gaymard). From 1997 to 2002, he was Delegated CEO, then CFO under Serge Kampf and the Executive Board of Capgemini, before being named Group VP in charge of finance of Capgemini Ernst & Young. From May 2002 to June 2004, he was the deputy General Secretary of French President Jacques Chirac, in charge of economic and financial affairs and other areas.

From October 2004 to May 2008, he was a Senior Advisor to McKinsey. From March 2005 to April 2009, he was Chairman of the Supervisory Board of Areva.

He is also a member of the Board of Directors of Insead and a member of the Board of Chairman of the Executive Board Directors of the Centre Pompidou-Metz.

He is an Officer of the National Order of Merit and a Knight of the National Order of the Legion of Honor.

Appointments as of December 31, 2017:

Wendel Group:

Listed companies:

Director of Saint-Gobain

Unlisted companies:

Other appointments: none

Appointments expired in the last five years:

Vice-Chairman of the Board of Directors of Bureau Veritas (since March 8, 2017)

Chairman of the Supervisory Board of Constantia Flexibles and of the Board of Directors of Constantia Lux Parent SA

Chairman of the Board of Directors of Trief Corporation SA and permanent representative of Trief Corporation SA on the Boards of some of its Luxembourg subsidiaries

Chairman of the Supervisory Board of Oranje-Nassau Groep BV

Director of Winvest Conseil SA

Chairman of the Board of Directors of Bureau Veritas (2013-17)

Chairman of the Board of Directors of Bureau Veritas (2009-13)

Director of Legrand (2009-13)

Number of Wendel shares held as of December 31, 2017: 111,437

**Bernard GAUTIER****Member of the Executive Board**

Date first appointed to the Executive Board: May 31, 2005

Current term expires on: April 7, 2021

Born on June 6, 1959

French nationality

Business address:
89, rue Taitbout
75009 Paris,
France

Career path:

He is an alumnus of the École supérieure d'électricité. After serving as Chairman in 1981 of the National Confederation of Junior Companies, he began his career by creating a media company, AG Euromedia. From 1983 to 1989, he was a consultant and then a director of studies at Arthur Andersen (which later became Accenture) in the industry media-press and services sectors. He joined Bain & Co. strategy consultants, where he became a Partner in 1995 and then a Senior Partner in 1999, responsible for Telecom, Technologies and Media in Europe and a member of the International Board of Directors, with major industrial groups and the largest investors in Europe as clients. He acquired direct investment experience with venture capital fund Atlas Venture, where he was Senior Partner and manager of the Paris office from 2000 to 2003. He joined Wendel in 2003 and was appointed a member of the Executive Board in 2005.

Appointments as of December 31, 2017:*Wendel Group:**Unlisted companies:*

Director of Stahl Parent BV, Stahl Group SA, Stahl Lux 2 SA, Stichting Administratiekantoor II, Stahl Group II, and member of the Management Board of Materis Luxembourg Sàrl

Director of Trief Corporation SA

director and Chairman of Winvest International SA Sicar, of Oranje-Nassau Développement SA Sicar, of Global Performance 17 SA Sicar and Expansion 17 SA Sicar and of Winvest Conseil SA

Director of Wendel Japan KK and of IHS holding Ltd

Chairman of CSP Technologies Parent SA

Vice-Chairman of Constantia Flexibles GmbH

Director of Constantia Lux Parent SA and of Materis SAS

Chairman of Sofisamc

Appointments expired in the last five years:

Director of Saint-Gobain (2017)

Manager of CSP Technologies Sàrl (2015)

Manager of Materis Parent Director of Communication Media Partner (2013)

Number of Wendel shares held as of December 31, 2017: 162,084

**André FRANÇOIS-PONCET****Member of the Executive Board**

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

Current term expires on: April 7, 2021

Born on June 6, 1959

French nationality

Business address:
89, rue Taitbout
75009 Paris,
France

Career path:

André François-Poncet is a graduate of HEC business school and has an MBA from Harvard Business School. He began his career in 1984 with Morgan Stanley, first in New York and then London and finally Paris where he was in charge of setting up the Morgan Stanley Paris office. After 16 years with Morgan Stanley, he joined BC Partners (Paris and London) in 2000, as a Managing Partner until December 2014 and then as a Senior Advisor until December 2015. He was a Partner at CIAM from 2016 to 2017, and then became Chairman of Wendel's Executive Board in January 2018.

Appointments as of April 12, 2018:*Wendel Group:*

Vice-Chairman of the Board of Directors of Bureau Veritas

Chairman of Trief Corporation SA

Director of Winvest Conseil SA

Other:

Director of AXA (*listed company*)

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

Member of the Board of the Club des Trente

Appointments expired in the last five years:

Partner of CIAM

Chairman and Chief Executive Officer of LMBO Europe SA

Number of Wendel shares held as of April 12, 2018: 0

2.1.1.2 Executive Board operations

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

The Executive Board met 21 times in 2017.

During each of its meetings, it discussed the following issues:

- investment and divestment opportunities, including:
 - finalization of the acquisition of Tsebo,
 - co-investment by Capital Group in Tsebo,
 - sale of a 3.6% stake in Saint-Gobain,
 - sale of exceet under a takeover bid by Active Ownership Capital,
 - numerous investment opportunities;
- the Group's financial position;
- subsidiaries and investments and their acquisitions and divestments, such as:
 - the acquisitions of Bureau Veritas, Constantia, Allied Universal and Stahl, and in particular the acquisition of BASF's leather division,
 - the sale of Constantia Flexibles' Labels division.

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

- the Company's overall strategy and positioning;
- account closings and periodic financial information;
- share and bond repurchases;
- a 2% capital reduction in October;
- financial communication issues:
 - net asset value,
 - roadshows,
 - Investor Day;
- internal organization and labor issues:
 - organization of teams,
 - ethics and the Company's compliance program,
 - sustainable development,
 - training plans,
 - compensation policy,
 - allocation of stock options and performance shares and the capital increase reserved for employee members of the Group savings plan, subject to approval by shareholders at their Annual Meeting,
 - insurance and pension plans;
- Group governance and the preparation of the Executive Board's quarterly reports to the Supervisory Board;
- support for the Wendel International Center for Family Enterprise (at Insead Business School) and for the Centre Pompidou-Metz;
- preparation of the Annual Shareholders' Meeting.

2.1.2 The Supervisory Board and its operations

2.1.2.1 Composition of the Supervisory Board

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

The members of the Supervisory Board are appointed by the shareholders, voting in their Ordinary Meeting. The term of their appointment is four years. They can be re-appointed. However, to avoid having to reappoint the entire Supervisory Board at once, reappointments were staggered beginning in 2005, following the switchover to a dual governance structure and in accordance with Afep-Medef recommendation no. 14 as amended.

In its meeting of March 27, 2013, the Supervisory Board appointed François de Wendel as Chairman and Dominique Hériard Dubreuil as Vice-Chairwoman of the Supervisory Board. Ms. Hériard Dubreuil is also Chairwoman of the Governance Committee. The Vice-Chairwoman fulfills the same functions and enjoys the same prerogatives as the Chairman if the Chairman is unable to carry out his responsibilities or temporarily delegates his powers to the Vice-Chairwoman.

At the Supervisory Board Meeting on March 21, 2018, François de Wendel stated his intention to step down as Chairman of the Supervisory Board as of the close of the Shareholders' Meeting to be held on May 17, 2018, which he will chair. The Supervisory Board therefore elected Nicolas ver Hulst to be the new Chairman of the Supervisory Board starting on May 17, 2018 at the close of the Shareholders' Meeting.

The Supervisory Board also appointed Gervais Pellissier, an independent Supervisory Board member, as Vice-Chairman of the Supervisory Board starting at the close of the Shareholders' Meeting, to replace Dominique Hériard Dubreuil who did not wish to renew her term.

François de Wendel will remain a member of the Supervisory Board until his term of office ends at the close of the Shareholders' Meeting to be held in 2020.

In 2017 the Supervisory Board was composed of 11 members appointed by shareholders at their Annual Meeting. In accordance with France's job protection act of June 14, 2013, and with the amendment to the Company's by-laws approved by shareholders at their Annual Meeting of June 6, 2014, the Company's Works Council appointed a 12th Supervisory Board member representing employees. This new member has been attending Supervisory Board Meetings since December 3, 2014. Consequently, since December 2014, only one Works Council member has attended Supervisory Board Meetings, in a consultative role.

The expiry dates for the terms of each member as of December 31, 2017 were as follows:

- at the close of the 2018 Shareholders' Meeting:
 - Dominique Hériard Dubreuil,
 - Guylaine Saucier;
- in November 2018, Fabienne Porquier;
- at the close of the 2019 Shareholders' Meeting:
 - Jacqueline Tammenoms Bakker,
 - Gervais Pellissier,
 - Humbert de Wendel;
- at the close of the 2020 Shareholders' Meeting:
 - François de Wendel;
- at the close of the 2021 Shareholders' Meeting:
 - Bénédicte Coste,
 - Priscilla de Moustier,
 - Édouard de l'Espée;
 - Nicholas Ferguson,
 - Nicolas ver Hulst.

Guylaine Saucier, whose term expires at the close of the Shareholders' Meeting of May 17, 2018, has agreed to seek renewal of her term. Dominique Hériard Dubreuil has expressed her wish to step down from the Supervisory Board when her term expires at the Shareholders' Meeting of May 17, 2018.

Since 2014, the Company has met the legal requirement that at least 40% of its Supervisory Board members are women, as the ratio has stood at 45% (i.e. five of its 11 members).

As of the publication of this registration document, Wendel's Supervisory Board had five women: Dominique Hériard Dubreuil, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Governance Committee, Guylaine Saucier, Chairwoman of the Audit Committee, and Jacqueline Tammenoms Bakker, as well as Bénédicte Coste and Priscilla de Moustier. In addition, two of the women on Wendel's Supervisory Board have non-French nationalities (one Canadian and one Dutch).

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

The number of Supervisory Board members more than 70 years old may not, after each year's Ordinary Annual Meeting, exceed one-third of current Board members. Should this proportion be exceeded, the term of the oldest member of the Supervisory Board,

except for the Chairman, will end at the close of the following Ordinary Shareholders' Meeting.

In addition to the independent Supervisory Board members of Canadian and Dutch nationalities, Board's independent members also include a man of British nationality, Nicholas Ferguson.

Supervisory Board members in office at April 12, 2018

Name	Sex	Age	Nationality	Position on the Supervisory Board	Date first appointed to the Supervisory Board	Date current term ends	Number of Wendel SE shares held on Dec. 31, 2017	Committee member	Independent as defined in the Afep-Medef Code
François de Wendel	M	69	French	Chairman	May 31, 2005	2020 AGM	77,693	-	
Dominique Hériard Dubreil	F	71	French	Vice-Chairwoman	June 4, 2010	2018 AGM	1,500	GC and AC	•
Bénédicte Coste	F	60	French	Member	May 28, 2013	2021 AGM	1,060	AC	
Edouard de l'Espée	M	69	French	Member	Sept. 6, 2004	2021 AGM	5,000	AC	
Nicholas Ferguson	M	69	British	Member	May 18, 2017	2021 AGM	500	GC	•
Nicolas ver Hulst	M	64	French	Member	May 18, 2017	2021 AGM	500	GC	
Priscilla de Moustier	F	65	French	Member	May 28, 2013	2021 AGM	140,463	GC	
Gervais Pellissier	M	66	French	Member	June 5, 2015	2019 AGM	500	AC	•
Fabienne Porquier	F	54	French	Member representing employees	Oct. 1, 2015	Nov. 20, 2018	737	-	
Guylaine Saucier	F	71	Canadian	Member	June 4, 2010	2018 AGM	500	AC and GC	•
Jacqueline Tammenoms Bakker	F	64	Dutch	Member	June 5, 2015	2019 AGM	500	GC	•
Humbert de Wendel	M	61	French	Member	May 30, 2011	2019 AGM	225,054	AC	

AGM = Annual General Meeting of Shareholders; GC = Governance Committee; AC = Audit Committee

2.1.2.2 Corporate management expertise and experience of Supervisory Board members, appointments held during the previous five years



François de WENDEL

Chairman of Wendel's Supervisory Board

Date appointed to first term: May 31, 2005

Current term expires on: Annual Meeting to be held in 2020

Born on January 13, 1949

French nationality

Business address:

89, rue Taitbout
75009 Paris,
France

Career path:

Graduate of the Institut d'études politiques in Paris, master's degree in economics from the University of Paris and an MBA from Harvard University.

He began his career with a number of senior management roles at Carnaud and Carnaud Metalbox. In 1992, he joined the Pechiney Group where he was CEO of Aluminium de Grèce. From 1998 to 2005, he held executive management roles at Crown Cork, firstly as Senior Vice-President in charge of procurement for Europe, then as Executive Vice-President in charge of the Food Europe Africa & Middle East division.

Appointments as of December 31, 2017:

Wendel Group:

Chairman and CEO of Wendel-Participations SE* (unlisted company)

Other appointments:

Member of the Supervisory Board of Massilly Holding (unlisted company)

Appointments expired in the last five years:

Director of Burelle SA and member of its Audit Committee (listed company) (2015)

Vice-Chairman of the Supervisory Board of Wendel (2013)

Number of Wendel shares held as of December 31, 2017: 77,693



Dominique HERIARD DUBREUIL

Vice-Chairwoman of Wendel's Supervisory Board

Chairwoman of the Governance Committee

Member of the Audit Committee

Independent member

Date appointed to first term: June 4, 2010

Current term expires on: Annual Meeting to be held in 2018

Born on July 6, 1946

French nationality

Business address:

Rémy Cointreau,
21, boulevard Haussmann
75009 Paris,
France

Career path:

Alumna of Assas law school (Paris) and the Institut des relations publiques.

Dominique Hériard Dubreuil worked in international public relations from 1970 to 1988, first at Havas Conseil, then at Ogilvy & Mather, Hill & Knowlton and McCann-Erikson, before creating her own agency, Infoplan, in 1978.

In 1990, she was named CEO of Rémy Martin, then in 1998 Chairman & CEO of Rémy Cointreau and was Chairman of the Board of Directors until 2012. She is currently a director of Rémy Cointreau.

Appointments as of December 31, 2017:

Principal positions:

Member of the Supervisory Board of Andromède (unlisted company)

Chairwoman of E. Rémy Martin & C° (unlisted company)

Chairwoman of Cointreau (unlisted company)

Chairwoman of Fondation Rémy Cointreau

Director of Rémy Cointreau (listed company)

Other appointments:

Director of Bolloré (listed company)

Director of Fondation de France

Director of Fondation de la 2e chance

Director of the Federation of Wine and Spirits Exporters (FEVS)

Appointments expired in the last five years:

Member of the Supervisory Board of Vivendi (listed company)

Chairwoman of the Board of Directors of Rémy Cointreau

Member of Medef's Executive Board and director of Afep
Chairwoman of Vinexpo Overseas and
Member of the Supervisory Board of Vinexpo SAS (unlisted companies)

Director of Inra

CEO of Andromède

Director of Comité Colbert

Number of Wendel shares held as of December 31, 2017: 1,500

**Bénédictte COSTE****Member of Wendel's Supervisory Board****Member of the Audit Committee**

Date appointed to first term: May 28, 2013

Current term expires on: Annual Meeting to be held in 2021

Born on August 2, 1957

French nationality

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

Career path:

Bénédictte Coste is a graduate of HEC (major in finance) and holds a degree in law, which she pursued after obtaining a two-year technical degree (BTS) in the analysis of agricultural enterprises. She began her career in the finance division of Elf Aquitaine where she managed a portfolio in the Markets & Portfolio department from 1980 to 1984. In 1986, she started a portfolio management business first as an independent, then created Financière Lamartine SA, a portfolio management company, which obtained approval from the French market regulatory authority (COB) in 1990 (authorization no. GP 9063 on July 27, 1990). Financière Lamartine is specialized in discretionary management for private clients. Ms. Coste is a member of the Bank and Asset Management Group at the HEC Association. She was President of AFER, the French savings and retirement association, from April 2004 to November 2007.

Appointments as of December 31, 2017:*Main position:*

Chairwoman and CEO of Financière Lamartine

Wendel Group:

Director of Wendel-Participations SE (unlisted company)

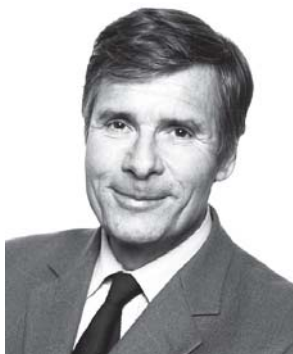
Other:

Chairwoman of Association samarienne de défense contre les éoliennes industrielles

Manager of SCEA Domaine de Tailly (farm)

Manager of Groupement forestier de la Faude

Appointments expired in the last five years: none**Number of Wendel shares held as of December 31, 2017:** 1,060

**Édouard de l'ESPÉE****Member of Wendel's Supervisory Board****Member of the Audit Committee**

Date appointed to first term: September 6, 2004

Current term expires on: Annual Meeting to be held in 2021

Born on September 5, 1948

French nationality

Business address:

ICC,

20 route de Pré-Bois

CH-1215 Geneva 15,

Switzerland

Career path:

Graduate of the École supérieure de commerce de Paris.

Édouard de L'Espée began his career in 1972 as a financial analyst in Geneva, then as a bond specialist and portfolio manager at Banque Rothschild in Paris. From 1979 to 1985, he was in charge of centralized asset management at Banque Cantrade Ormond Burrus, Geneva. In 1986, he took part in creating and developing an independent portfolio management company in London. He co-founded of Praetor Gestion (Luxembourg) in 1987 (and has managed its bond funds since then), Concorde Bank Ltd (Barbados) in 1988 and Calypso Asset Management (Geneva) in 1999. In 2008, he merged Calypso with Compagnie Financière Aval (Geneva) and became its Executive Director. He has been a member of the Swiss Financial Analysts Association since 1984.

Appointments as of December 31, 2017:*Main position (unlisted company):*

Executive Director of Compagnie Financière Aval

Wendel Group:

Director of Wendel-Participations SE (unlisted company)

Other appointments (unlisted companies):

Director of Pro-Luxe SA

Appointments expired in the last five years:

Chairman of Praetor Sicav (2014)

Director of Praetor Advisory company (2014)

Chairman of Praetor Global Fund (2013)

Number of Wendel shares held as of December 31, 2017: 5,000

**Nicholas FERGUSON****Member of Wendel's Supervisory Board****Member of the Governance Committee****Independent member**

Date appointed to first term: May 18, 2017

Current term expires on: Annual Meeting to be held in 2021

Born on October 24, 1948

British nationality

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

Career path:

Nicholas Ferguson holds an economics degree from the University of Edinburgh and an MBA from Harvard Business School. He is the Chairman of Savills plc., Africa Logistics Properties, and the *Argyll & Bute Economic Forum*. He is also a Director of Maris Capital.

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

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

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

Appointments as of December 31, 2017:Chairman of Savills plc (*listed company*)

Chairman of Alta

Chairman of Nyland

Director of Maris Capital

Chairman of ALP

Non-profit organizations

Chairman of Argyll & Bute Economic Forum

Director of Environmental Defence Fund Europe

Director of Arcadia Trust

Chairman of Kilfinan Group

Chairman of Kilfinan Trust

Appointments expired in the last five years:

Chairman of Sky plc

Chairman of SVG Capital

Number of Wendel shares held as of December 31, 2017: 500

**Nicolas ver HULST****Member of Wendel's Supervisory Board****Member of the Governance Committee**

Date appointed to first term: May 18, 2017

Current term expires on: Annual Meeting to be held in 2021

Born on August 21, 1953

French nationality

Address:
20 Cité Malesherbes
75009 Paris**Career path:**

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

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

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

From 1989 to 2017, he held management positions at Alpha Associés Conseil, initially as an Executive Board member, then as CEO, and from 2007 as Chairman. His term of office at Alpha Group ended on June 30, 2017.

Appointments as of December 31, 2017:*Wendel Group**Director of Wendel-Participations SE (unlisted company)**Alpha Group*

Chairman of the Board of Directors of BR Gaming

Chief Executive Officer of Glacies Holding

Director of Frial

Director of Next Radio TV (listed company)

Director of Cyrillus-Vertbaudet

Member of the Supervisory Board of Financière Ramses (a Feu Vert company)

Appointments expired in the last five years:

Chairman of the Supervisory Board of Babilou Group

Member of the Executive Board of Alpha Associés Conseil

Chairman of the Strategy Committee of MK Direct 2

Member of the Strategy Committee of Metallum Holding

Number of Wendel shares held as of December 31, 2017: 500

**Priscilla de MOUSTIER****Member of Wendel's Supervisory Board****Member of the Governance Committee**

Date appointed to first term: May 28, 2013

Current term expires on: Annual Meeting to be held in 2021

Born on May 15, 1952

French nationality

Address:
94, rue du Bac
75007 Paris,
France**Career path:**

Priscilla de Moustier holds an MBA from Insead and a degree in mathematics and economics from the Institut d'études politiques de Paris.

After negotiating the sale of turnkey manufacturing facilities for Creusot-Loire Entreprises and working as a consultant at McKinsey, Ms. de Moustier joined Berger-Levrault, where she was responsible for new project development in the Metz technology park. Since 1997, she has supervised Wendel's involvement in the university teaching chair and subsequently the Wendel center at Insead. She also represents Wendel-Participations in the Family Business Network.

Appointments as of December 31, 2017:*Wendel Group:*

Director of Wendel-Participations SE (unlisted company)

Other appointments (unlisted companies):

Chairwoman of the Supervisory Board of Oxus Holding Vice-President of the French chapter of the Family Business Network

Director of FBN International

Chairwoman of Fondation Acted

Director of Acted

Director of Somala (Marais de Larchant SA)

Appointments expired in the last five years: none**Number of Wendel shares held as of December 31, 2017:** 140,463

**Gervais PELLISSIER****Member of Wendel's Supervisory Board****Member of the Audit Committee****Independent member**

Date appointed to first term: June 5, 2015

Current term expires on: Annual Meeting to be held in 2019

Born on May 14, 1959

French nationality

Business address:

Orange,
78, rue Olivier-de-Serres
75015 Paris,
France**Career path:**

Gervais Pellissier is a graduate of HEC business school in France, as well as Berkeley in California and the University of Cologne in Germany. He joined Bull in 1983 and held positions of increasing responsibility in finance and management control in France, Africa, South America, and Eastern Europe.

In 1994, he was appointed Chief Financial Officer of the Services and Systems Integration division, and then of the IT Outsourcing division. He became Director of Management Control at Bull and in 1998, its Chief Financial Officer.

From April 1, 2004 to February 1, 2005, Mr. Pellissier was the Associate Manager guiding the Board of Directors and Associate Chief Executive Officer of Bull.

He served as Vice-Chairman of Bull's Board of Directors from February 2005 to mid-2008.

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

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

From March 2009 to March 2010, he served as the Acting Deputy Chief Executive Officer in charge of Finance and Information Systems.

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

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

Appointments as of December 31, 2017:

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

EE Ltd. (United Kingdom) – director since April 1, 2010

Jazztel plc (United Kingdom) – director since July 1, 2015

Orange Espagne (Spain) – director since June 26, 2006

Mobistar (Belgium) – director since September 1, 2014 (listed company)

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

Orange Horizons – director since October 19, 2014

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

Appointments expired in the last five years:

Dailymotion – director until June 30, 2015

Médi Télécom (Morocco) – director since October 10, 2014

Sonae.com (Portugal) – director until March 18, 2014

Orange Studio – director until September 24, 2013

Voyages Fram – director until February 20, 2013

Number of Wendel shares held as of December 31, 2017: 500



Fabienne PORQUIER

**Member of Wendel's Supervisory Board,
representing employees**

Date appointed to first term by the Works Council:
October 1, 2015

Current term expires on: November 20, 2018

Born on December 29, 1963

French nationality

Business address:
89, rue Taitbout
75009 Paris,
France

Career path:

Ms. Porquier holds a post-graduate degree in Business Administration from the IAE in Poitiers and a Master's in Applied Foreign Languages (English and Spanish).

She began her career in human resources at Aérospatiale, before joining the Human Resources department at Umicore France in 1990, where she spent nearly 13 years working successively first as the manager of personnel administration and then as payroll manager at the head office in Bagnolet.

She joined Wendel in 2003, initially in charge of payroll and personnel administration. Since 2012 she has been in charge of managing employee share-ownership plans and employee savings plans. She also provides support to foreign offices for all HR-related issues and helps implement the Company's compensation policy.

Appointments as of December 31, 2017:

Human resources manager in charge of employee share-ownership and employee savings plans at Wendel (listed company)

Number of Wendel shares held as of December 31, 2017: 737

**Guylaine SAUCIER****Member of Wendel's Supervisory Board****Chairwoman of the Audit Committee****Member of the Governance Committee****Independent member**

Date appointed to first term: June 4, 2010

Current term expires on: Annual Meeting to be held in 2018

Born on June 10, 1946

Canadian nationality

Business address:

1000, rue de la Gauchetière-Ouest

Bureau 2500,

Montreal QcH3BOA2

Canada

Career path:

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

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

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

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

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

On May 18, 2004, she was named a "Fellow" of the Institute of Corporate directors, and on February 4, 2005, received the 25th McGill University Management Achievement Award. On September 23, 2010, she was made Honorary Corporate Director by the College des Administrateurs de Sociétés.

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

Appointments as of December 31, 2017 (listed companies):

Member of the Board of Directors of Junex Inc. (Quebec)

Member of the Board of Directors of Tarkett

Appointments expired in the last five years:

Member of the Board of Directors of Scor (2016)

Member of the Supervisory Board of Areva (since 2006) and Chairwoman of the Audit Committee (until January 8, 2015)

Member of the Board of Directors of the Bank of Montreal, Member of the Audit Committee and member of the Risk Management Committee (1992-2013)

Member of the Board of Directors of Danone and Chairwoman of the Audit Committee (2009-12)

Number of Wendel shares held as of December 31, 2017: 500



Jacqueline TAMMENOMS BAKKER

Member of Wendel's Supervisory Board

Member of the Governance Committee

Independent member

Date appointed to first term: June 5, 2015

Current term expires on: Annual Meeting to be held in 2019

Born on December 17, 1953

Dutch nationality

Business address:
33 Thurloe Court
London SW3 6SB,
United Kingdom

Career path:

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

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

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

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

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

Appointments as of December 31, 2017 (listed companies):

Member of the Supervisory Board of Unibail Rodamco

Member of the Supervisory Board of CNH Industrial

Member of the Supervisory Board of TomTom

Appointments as of December 31, 2017 (non-profit organizations):

Chairwoman of the Board of the Van Leer Group Foundation

Member of the Advisory Board of Bath School of Management

Appointments expired in the last five years:

Member of the Board of Nexus Institute

Member of the Supervisory Board of Tesco plc (2009-15)

Member of the Supervisory Board of Vivendi, Chairwoman of the Human Resources Committee (2010-14)

Member of the Supervisory Board of the Netherlands' Land Registry Ordinance Survey (2008-12)

Number of Wendel shares held as of December 31, 2017: 500

**Humbert de WENDEL****Member of Wendel's Supervisory Board****Member of the Audit Committee**

Date appointed to first term: May 30, 2011

Current term expires on: Annual Meeting to be held in 2019

Born on April 20, 1956

French nationality

Business address:
 Total Finance Corp. Services Ltd,
 10 Upper Bank Street
 Canary Wharf,
 London E14 5BF,
 United Kingdom

Career path:

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

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

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

Appointments as of December 31, 2017:*Wendel Group:*

Director of Wendel-Participations SE (unlisted company)

Other:

Manager of OGQ-L Sarl

Appointments expired in the last five years:*Other appointments within the Total Group:**- unlisted French companies:*

Chairman, CEO, and director of SofaxBanque (2014)

Chairman, CEO, and director of Total Capital (2014)

Chairman, CEO, and director of Total Capital International (2014)

Chairman of Total Finance Exploitation (2014)

Chairman of Total Treasury (2014)

Director of Société Financière d'Auteuil (2014)

Director of Elf Aquitaine (2014)

Permanent representative of Total SA on the Board of Eurotradia International (2014)

- unlisted non-French companies:

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

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

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

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

Director of Total Upstream UK Ltd (2016)

- listed non-French companies:

Director of Sunpower Corp (USA) (2016)

Other appointments not related to the Total Group:

Manager of Omnium Lorrain (non-trading company) (2014)

Manager of Financière Berlitz SC (2014)

Manager of Invalides-Constantine SCI (2014)

Number of Wendel shares held as of December 31, 2017: 225,054

Supervisory Board members whose term ended in 2017**Laurent BURELLE****Member of Wendel's Supervisory Board****Independent member**

Date appointed to first term: May 28, 2013

Term expired on: Annual Meeting held in 2017

Born on October 6, 1949

French nationality

Business address:

Compagnie Plastic Omnium,
1, allée Pierre-Burelle
92593 Levallois-Perret Cedex**Career path:**

Mr. Burelle is a graduate of the Swiss Federal Institute of Technology in Zurich (ETH) and holds an MSc in Chemical Engineering from the Massachusetts Institute of Technology (MIT).

Compagnie Plastic Omnium: Manufacturing engineer, Assistant to the Langres factory manager (1975), CEO of Plastic Omnium Iberica (1977), Chairman and CEO of Plastic Omnium Spain (1980) and then of Compania Plastic Omnium Spain (1981), Head of the Service department of Compagnie Plastic Omnium (1981-1988), Vice-Chairman and CEO (1987-2001), Chairman and CEO (since 2001).

Appointments as of May 18, 2017:

Principal positions: Chairman and CEO of Compagnie Plastic Omnium SA (listed company)

Director and Deputy CEO of Burelle SA since 1986 (listed company)

Appointments in the Plastic Omnium Group:*France:*

director of Burelle Participations SA Chairman and member of the Supervisory Committee of Sofiparc SAS Chairman of Plastic Omnium Auto Exteriors SAS Chairman of Plastic Omnium Auto Inergy SAS

Belgium:

director-Delegate of Sogec 2 SA Manager of Compagnie Financière de la Cascade SRL

China:

Chairman of Plastic Omnium Holding Co. Ltd (Shanghai)

Spain:

Chairman and director-Delegate of Compania Plastic Omnium SA

United States:

Chairman of Plastic Omnium Inc.

Other appointments:

Director of Pernod Ricard SA (listed company), Director of Lyonnaise de Banque, Member of the Supervisory Board of Labruyère Eberlé SAS, Director of Afep Vice-Chairman of Institut de l'entreprise (non-profit organization), Director of Fondation Jacques Chirac (non-profit organization), Director of Lyon-Turin Transalpine Railway Link Committee (non-profit organization)

Appointments expired in the last five years:*France:*

Chairman of Plastic Omnium Auto SAS (2013) Chairman and member of the Supervisory Committee of Plastic Omnium Environnement SAS (2015)

United Kingdom:

Chairman of Plastic Omnium Ltd. (2013)

United States:

Chairman of Plastic Omnium Automotive Services Inc. (2012),

Director of Inergy Automotive Systems LLC (2012)

Netherlands: Chairman of Plastic Omnium International BV (2015)

Switzerland: Director of Signal AG (2014)

Germany:

Manager of Plastic Omnium GmbH (2014)

Number of Wendel shares held as of May 18, 2017: 3,500

**Christian van ZELLER d'OOSTHOVE****Member of Wendel's Supervisory Board****Member of the Governance Committee**

Date appointed to first term: June 6, 2014

Term ended on: resigned on May 18, 2017

Born on December 24, 1946

French nationality

Business address:

12 Gorodetskogo, Apt. 12

Kiev 81001,

Ukraine

Career path:

Graduate of Essec business school, a Master's degree with thesis in private law from Sorbonne University in Paris, and an MBA from Columbia University in New York.

Mr. van Zeller d'Oosthove began his career in 1972 at France's School of Public-Sector Management (CESMAP), then served as General Secretary and Chief Financial Officer of a Crédit Lyonnais subsidiary from 1974 to 1975. He was the authorized representative of Institut de développement industriel (IDI) from 1975 to 1981 before being appointed Chief Financial Officer of Imprimerie Moderne de Paris. In 1983 he moved to Elf-Erap where he remained for seven years as General Secretary and Chief Financial Officer. In 1990 Mr. van Zeller d'Oosthove joined CCF-Electra as Managing Director. He was later promoted to CCF's international business development team where he analyzed investment banking opportunities in emerging markets such as India, Tunisia, Egypt, and Morocco from 1994 to 1997.

Since October 1997, he has been a consultant at Greg First Ltd., where he works for the European Commission on privatization and restructuring projects in Central Asia. He also advises French bank Société Générale's private equity fund on opportunities in Central Europe and North Africa. In 2005 he took part in creating an investment fund in North Africa, from which he withdrew in 2012.

Appointments as of May 18, 2017:*Main position (unlisted company):*

International Consultant, Greg First Ltd

Wendel Group

Director of Wendel-Participations SE (unlisted company)

Other appointments: none**Appointments expired in the last five years:** none**Number of Wendel shares held as of May 18, 2018:** 500

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

To the best of the Company's knowledge, as of the date of issue of this document, no member of the Supervisory Board has in the past five years: (i) been convicted for fraud or formally accused or publicly sanctioned by the judiciary or government agencies; (ii) been involved in bankruptcy, the sequestration of assets or liquidation; (iii) been prevented by a court from acting as a member of a corporate, executive or supervisory body of an issuer or being involved in the management or the running of the business of an issuer.

Conflicts of interest, family ties and service contracts

Bénédicte Coste, Priscilla de Moustier, Édouard de l'Espée, Christian d'Oosthove, Nicolas ver Hulst, François de Wendel, and Humbert de Wendel are members of the Wendel family. They are also directors of Wendel-Participations SE, the Company's main shareholder, which represents the interests of Wendel family members.

To the best of the Company's knowledge, as of the date of issue of this document, there is no existing or potential conflict of interest between the private interests or other obligations of the members of the Supervisory Board and their obligations with regard to the Company that has not been handled in accordance with the conflict-of-interest management procedure specified in the internal regulations of the Supervisory Board and described in Section 2.1.6.5.

To the best of the Company's knowledge, one Supervisory Board member works for a Group that has been selected as the client or supplier of a Wendel Group company. The Governance Committee and the Supervisory Board reviewed this situation on January 30, 2018 and January 31, 2018, respectively (see the section below entitled "Independence of Supervisory Board members").

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

Restrictions on the sale of shares held by the members of the Supervisory Board are described in Section 2.1.6.6.

Independence of Supervisory Board members

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

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

At their meetings on January 30 and 31, 2018, the Governance Committee and the Supervisory Board reviewed the independence of each member based on the following criteria, in accordance with recommendation 9.4 of the Afep-Medef Code, as to whether they:

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

The Supervisory Board applies the proposed independence criteria.

The independence of one of the Board's independent members – Gervais Pellissier – has been reviewed in detail.

IHS, a company in Wendel's portfolio, signed outsourcing agreements with Orange for towers in Cameroon and Côte d'Ivoire. Gervais Pellissier, an independent member of Wendel's Supervisory Board, is Deputy Chief Executive Officer of Orange and head of operations in Europe ex-France:

- Wendel has a stake of only 21.4% in IHS and holds, in association with its co-investors, 28.8% of IHS' voting rights;
- Mr. Pellissier does not manage Orange's operations in Africa, which is where IHS operates;
- the revenue that IHS generates from Orange is not material compared to IHS' total sales.

The Supervisory Board therefore confirmed that Gervais Pellissier meets the criteria for an independent member.

Consequently, the Supervisory Board deemed that as of January 31, 2018, five of the eleven members, or 45%, meet the independence criteria of the Afep-Medef Code as amended: Dominique Hériard Dubreuil, Guylaine Saucier, Jacqueline Tammenoms Bakker, Nicholas Ferguson, and Gervais Pellissier. The composition of the Supervisory Board therefore complies with recommendation 9.2 of the amended Afep-Medef Code, which advocates that at least one-third of the Board members of controlled companies be independent.

Guylaine Saucier, an independent Supervisory Board member whose term expires at the Shareholders' Meeting of May 17, 2018 has agreed to seek renewal of her term. Dominique Hériard Dubreuil has expressed her wish to step down from the Supervisory Board when her term expires.

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

2.1.2.3 Preparation and organization of the Board's proceedings

The Supervisory Board's internal regulations set down the rights and responsibilities of the members of the Board, state the criteria for evaluating independence, and describe the composition and the remit of the Board and its committees. They also lay out rules of ethical conduct, and especially the rules for trading shares of Wendel or its listed subsidiaries or investments (see Section 2.1.6 "Compliance issues involving the Group's governing and supervisory bodies").

The main provisions of the Board's internal regulations are detailed below. The Supervisory Board updated the regulations on November 29, 2017 to account for recent changes in French law.

The members of the Supervisory Board agree to comply with all legal and regulatory obligations as well as all requirements set forth in the Company's by-laws, the Board's internal regulations, the Company's Market Confidentiality and Ethics Code, and the Company's Ethics Code.

New Supervisory Board members undergo a special training session ("Induction Day") during which they meet the Company's senior management.

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

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

Notices of meeting are sent by post or e-mail and, whenever possible, one week in advance. Should a Supervisory Board Meeting need to be called urgently, it may be convened without advance notice and be held by telephone or videoconference. Two Supervisory Board Meetings were held by conference call in 2017.

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

The Supervisory Board meets regularly. A record of attendance is kept. The Supervisory Board met ten times in 2017. The average attendance rate was 96% and the meetings lasted an average of three hours and 30 minutes.

Six Supervisory Board Meetings were held without the Executive Board present for part of the meeting, as a result of the management transition.

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

François de Wendel	100%
Dominique Hériard Dubreuil	100%
Bénédicte Coste	100%
Édouard de l'Espée;	89%
Nicholas Ferguson (starting in the second half of 2017)	100%
Nicolas ver Hulst (starting in the second half of 2017)	100%
Priscilla de Moustier	100%
Gervais Pellissier	89%
Fabienne Porquier	100%
Guylaine Saucier	100%
Jacqueline Tammenoms Bakker	89%
Humbert de Wendel	100%

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

Considerable care is taken to provide Supervisory Board members with comprehensive, high-quality information in preparation for meetings and to transmit these information packages promptly. The Board Secretary prepares minutes of each meeting. The minutes are distributed prior to the following meeting and any changes are sent subsequently. Minutes of a Supervisory Board Meeting are approved at the start of the Board's following meeting, then entered into the register. Board members also receive all information published by the Company (press releases) at the time of its release. The most significant press articles are sent to them by e-mail and the main analyst studies are given to them at the following Board Meeting.

2.1.2.4 Responsibilities of the Supervisory Board

As specified in the Supervisory Board's internal regulations, the members of the Supervisory Board individually and collectively represent all shareholders. The Board must conduct its business in the shared interest of the Company. The Supervisory Board is a collegial body; its members make decisions collectively.

The main items discussed at Supervisory Board Meetings in 2017 and in early 2018 were as follows:

Strategy and operations:

- company strategy and positioning;
- proposed investments and divestments;
- quarterly reports of the Executive Board on the situation of the Company and the Group;

- financial condition;
- net asset value;
- parent company and consolidated financial statements at December 31, 2016 and June 30, 2017 and Statutory Auditors' reports;
- dividend;
- presentation of the management report;
- audit Committee reports;
- quarterly financial information;
- management forecasts;
- financing and bond issues;
- share buybacks and capital reductions;
- financial communications.

Corporate governance:

- governance Committee reports;
- executive Board term renewals and compensation, and the appointment of a new Chairman of the Executive Board;
- grant of stock options and performance shares to Executive Board members and recognition of whether or not performance conditions have been met;
- review of the Company's compliance with the Afep-Medef Code;
- supervisory Board's operation and proceedings and a review of the Board's internal regulations;
- report of the Supervisory Board on Corporate governance and internal controls;
- changes in co-investment principles;
- resolutions submitted by the Executive Board to shareholders at their Annual Meeting;

- changes in the composition of the Board and its committees;
- compensation for the Chairman of the Supervisory Board;
- equal representation and equal salary treatment for men and women;
- capital increase reserved for members of the Group savings plan.

2.1.2.5 Evaluation of the Supervisory Board and its committees

Recommendation 9 of the amended Afep-Medef Code advises the Board to “evaluate its capacity to meet shareholder expectations (...) by periodically reviewing its composition, organization and operations (...)”. Specifically, it suggests that the Board discuss its

operations once a year and perform a formal evaluation at least once every three years. This evaluation should be overseen by the Governance Committee, potentially with the assistance of an outside consultant.

The Supervisory Board brought in an outside consultant to assist with the 2017 evaluation. The main conclusions of the evaluation report, which was presented to the Supervisory Board on January 31, 2018, are as follows:

- the Supervisory Board should play a greater role in determining the Company's strategy;
- site visits and meetings with company managers should be repeated;
- a succession plan should be drafted.

2.1.3 Corporate governance statement

In 2008 the Company adopted the Afep-Medef corporate governance code for listed companies, which was revised in November 2016. This Code is available on the Medef website (in French): www.consultation.codeafepmedef.fr

In accordance with AMF recommendation 2012-14 on Corporate governance and executive compensation, the following table summarizes the recommendations in the Code that the Company does not apply.

Proportion of independent members on the Audit Committee	Three of the Audit Committee's six members are independent, which is less than the 2/3 independent members recommended by the Code. As Wendel is controlled by a majority shareholder, however, it is sufficient for 1/3 of its Supervisory Board members to be independent. The Audit Committee meets this criterion. Moreover, other factors - such as that the Chairwoman is an independent member, that the Audit Committee's members have in-depth involvement and knowledge of the Company, that external experts are regularly called upon, and that meetings are held frequently - outweigh the arithmetic approach to the composition of the Audit Committee.
Appointment of a Supervisory Board member representing employees to the Governance Committee	Any such appointment in a company with a small number of employees could lead to a conflict of interest.
No variability of director's fees based on attendance	The Supervisory Board did not feel it was necessary to create an attendance-based variable portion of director's fees, because the attendance rates of Board and Committee Meetings was already high in 2016.
Succession plan	This item is on the Governance Committee's agenda for 2018.

2.1.4 Supervisory Board Committees

For the Board to discharge its responsibilities under optimal conditions, its internal regulations stipulate that discussions on certain topics should be prepared in advance by standing committees. There are two such committees: the Audit Committee

and the Governance Committee. The responsibilities of each committee are specified in the internal regulations of the Supervisory Board.

2.1.4.1 The Audit Committee

Composition of the Audit Committee

The Audit Committee has six members:

- Guylaine Saucier, Chairwoman;
- Dominique Hériard Dubreuil, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Governance Committee;
- Bénédicte Coste;
- Édouard de l'Espée;
- Gervais Pellissier;
- Humbert de Wendel.

The Chairman of the Supervisory Board was invited to attend each Audit Committee Meeting.

All Audit Committee members have the financial and accounting expertise necessary to be a member of the committee, insofar as they occupy or have occupied senior executive positions in several industrial or financial companies, as prescribed by recommendation 16.1 of the amended Afep-Medef Code. Guylaine Saucier is a Fellow of the Order of Certified Public Accountants of Quebec, Dominique Hériard Dubreuil was Chairwoman and CEO of Rémy Cointreau, Bénédicte Coste is the Chairwoman and CEO of an asset management firm, Edouard de l'Espée is the Executive Director of an asset management firm, Gervais Pellissier is the Deputy CEO and former CFO of Orange and the former CFO of Bull, and Humbert de Wendel was the Corporate Treasurer of Total.

Ms. Saucier, Ms. Hériard Dubreuil, and Mr. Pellissier are the committee's independent members, *i.e.* three members out of six.

The composition of the Audit Committee does not strictly comply with recommendation 15.1 of the amended Afep-Medef Code, which suggests that at least two-thirds of the members be independent (see the summary of Afep-Medef recommendations in Section 2.1.3).

Responsibilities of the Audit Committee

Pursuant to recommendation 15.2 of the amended Afep-Medef Code, French decree no. 2008-1278 of December 8, 2008 pertaining to the Statutory Auditors, the AMF's final report on Audit Committees published in July 2010, and AMF Recommendation 2010-19, Wendel's Audit Committee is principally responsible for monitoring:

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

- the independence of the Statutory Auditors.

More specifically, and pursuant to Article 17.1 of the internal regulations of the Supervisory Board, the main tasks of Wendel's Audit Committee are to:

- ensure that the accounting policies chosen are appropriate and properly applied in the preparation of parent company and consolidated financial statements;
- ensure the appropriate accounting methods are used for any significant or complex transaction realized by the Company;
- ensure that the processes used to produce financial information are rigorous enough to guarantee the sincerity of this information;
- ensure that a procedure exists to identify and analyze risks that may have material impact on accounting and financial information, and in particular on the Company's assets, and make sure that appropriate action plans are in place for any identified weaknesses;
- serve as liaison with the Statutory Auditors and consult them regularly;
- review all accounting and financial documents to be issued by the Company before they are published (in particular the periodic calculation of net asset value);
- inform the Supervisory Board of any observations it considers relevant from an accounting and financial point of view, in particular when the semi-annual and annual parent company and consolidated financial statements are finalized;
- oversee the Statutory Auditor selection process and submit its findings to the Supervisory Board, and issue a recommendation on the Statutory Auditors for shareholder approval at the Annual Meeting;
- review the audit and consulting fees paid by the Group and Group-controlled companies to the Statutory Auditors and their networks and submit a report thereon to the Supervisory Board;
- examine any work that is accessory to or directly complementary to the audit of the financial statements (work directly related to the audit);
- review the Company's earnings releases;
- review any issues within its remit raised by the Supervisory Board.

Organization and procedures

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

Accordingly, documents are addressed to committee members sufficiently in advance of each meeting. The Company's Chief Financial Officer presents the subjects on the agenda to committee members as well as any risks the Company faces and any off-balance-sheet commitments. The Statutory Auditors are invited to each meeting. The Audit Committee may interview the members of the Finance department as well as the Statutory Auditors in the absence of the Company's management.

Information on specific aspects of the Company's accounting, financial and operating processes are provided to Audit Committee members on request.

The committee may also hire experts to perform specific tasks falling within the scope of its responsibilities. An independent appraiser makes and submits its own valuation.

No members of the Company's Executive Board are present during the committee's deliberations. The Chairwoman of the Audit Committee presents a report at the next Supervisory Board Meeting. The minutes of each Audit Committee Meeting are approved at the next Committee Meeting.

The Audit Committee met six times in 2017, with an attendance rate of 97%. The meetings lasted an average of three hours each.

The Secretary of the Audit Committee is Caroline Bertin Delacour, General Secretary.

The Audit Committee examined the following topics in 2017:

- 2016 parent company and consolidated financial statements;
- first-half 2017 consolidated financial statements;
- impairment tests;
- net asset value and its calculation method;
- indebtedness of Wendel and the consolidated Group;
- the Statutory Auditors' reports;
- approval of non-audit assignments for the Statutory Auditors, and monitoring of their work;
- Wendel's liquidity and debt situation and that of its subsidiaries;
- monitoring of Company risks and control measures applied thereto;
- review of risks at subsidiaries;
- internal audit plans and summaries;
- outstanding disputes;
- liability guarantees;
- the accounting treatment of certain transactions;
- validation of the quantitative factors used to determine the extent to which the Executive Board has met its objectives;
- the Group's tax situation;
- the status of the Group's IT systems;
- report of the Chairman of the Supervisory Board on risk management and internal control;
- validation of the performance conditions for Executive Board members' stock options and performance shares;
- review of the Statutory Auditors' statement of independence and fees;
- review of the committee's operations and the parts of the Board's internal regulations that concern the Audit Committee.

2.1.4.2 The Governance Committee

Composition of the Governance Committee

The Governance Committee, which includes the functions of an Appointments Committee and a Compensation Committee, has five members:

- Dominique Hériard Dubreuil, Chairwoman of the Governance Committee and Vice-Chairwoman of the Supervisory Board (until May 17, 2018);
- Nicholas Ferguson (since July 5, 2017);
- Nicolas ver Hulst (since July 5, 2017);
- Priscilla de Moustier;
- Guylaine Saucier, Chairwoman of the Audit Committee;
- Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee (from May 17, 2018).

The Chairman of the Supervisory Board was invited to attend each Governance Committee Meeting.

Four of the Governance Committee's six members, or two-thirds, are independent: Dominique Hériard Dubreuil, Chairwoman, Guylaine Saucier, Jacqueline Tammenoms Bakker, and Nicholas Ferguson.

The composition of the Governance Committee complies with recommendations 16.1 and 17.1 of the amended Afep-Medef Code, which prescribes a majority of independent members and an independent Chairman.

Dominique Hériard Dubreuil's term will end at the 2018 Shareholders' Meeting; Jacqueline Tammenoms Bakker will take over as Chairwoman of the Governance Committee following a unanimous decision by the Board.

Responsibilities of the Governance Committee

According to Article 17.2 of the internal regulations of the Supervisory Board, the responsibilities of the Governance Committee are as follows:

- propose candidates for Supervisory Board appointment after reviewing all factors that must be taken into account: desired balance on the Board given the composition of, and changes in, the Company's shareholding; legitimate number of independent members; promotion of gender equality;
- propose new members of the Executive Board or the renewal of the Executive Board to the Supervisory Board;
- propose the current and deferred (termination benefits) compensation of Executive Board members, whether fixed or variable, including benefits in kind and the granting of stock options or performance shares;
- examine Executive Board proposals involving stock options, the granting of performance shares, and other bonus programs for Company employees;
- propose to the Supervisory Board the general principles of the co-investment policy for Executive Board members and the management team, for decision by the Board, and examine the terms and conditions proposed by the Executive Board;
- propose the compensation package for the Chairman of the Supervisory Board;
- propose the methods for apportionment of director's fees among the members of the Supervisory Board;
- express an opinion on any question related to the governance of the Company or the functioning of its governing bodies;
- guide the evaluation of the Supervisory Board's composition and proceedings;
- review any question concerning business ethics raised by the Supervisory Board.

Organization and procedures

The Governance Committee met eight times in 2017. Average attendance at the meetings was 98%. The meetings lasted on average three hours and 20 minutes.

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

The agenda and other necessary documents and reports are sent to committee members about one week prior to each Committee Meeting. The Chairwoman of the Governance Committee presents a report at the following Supervisory Board Meeting. The minutes of each Governance Committee Meeting are approved at the following Committee Meeting.

The Secretary of the Governance Committee is Caroline Bertin Delacour, General Secretary.

The following topics were addressed during Governance Committee Meetings in 2017:

- Executive Board term renewals and compensation;
- the management transition and appointment of a new Chairman of the Executive Board;
- the Company's compliance with the Afep-Medef Code, especially regarding Board member independence;
- report of the Chairman of the Supervisory Board on Corporate governance;
- preparations for the Annual Shareholders' Meeting: a review of the presentation on governance;
- the granting of stock options and performance shares to Executive Board members and validation of performance conditions;
- changes in co-investment principles;
- capital increase for the Group savings plan and shares owned by the Executive Board;
- an evaluation of the Supervisory Board's operations and proceedings, overseen by the Chairwoman of the Governance Committee and carried out with the help of an independent consulting firm;
- the composition and process for renewing the appointments of Board members;
- compensation package for the Chairman of the Supervisory Board;
- review of proposed candidates for the Board;
- review of answers to questions posed by the French High Committee on Corporate governance;
- review of Wendel's compliance policies.

2.1.5 Division of powers between the Executive and Supervisory Boards

At the Annual Shareholders' Meeting of May 31, 2005, Wendel adopted a dual governance structure with an Executive Board and a Supervisory Board. The Company made this change with the aim of improving its governance, by setting out a clear division of responsibilities between the executives and the shareholders and between the Company's management and its supervision.

Pursuant to Article 21 of the by-laws, the Executive Board manages the Company on a collegial basis under the oversight of the Supervisory Board. With authorization from the Supervisory Board, Executive Board members may divide management tasks among themselves. However, this division of tasks may under no

circumstances have the effect of nullifying the collegial manner in which the Executive Board manages the Company.

The Executive Board has the broadest powers to act on the Company's behalf under all circumstances. It exercises these powers within the limits of the Company's purpose and as long as they have not been expressly attributed to shareholders or the Supervisory Board. The Chairman of the Executive Board and, if applicable, the Executive Board member or members designated as CEO by the Supervisory Board, represent the Company in its relations with outside parties. The Company is bound even by actions of the Chairman or CEOs that do not comply with the Company's purpose, unless the Company can prove that the third party knew, or that given the circumstances, must have known, that the action was outside of the scope of the Company's purpose.

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

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

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

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

The Executive Board shall execute all decisions made at these meetings.

The Supervisory Board exercises ongoing oversight of the Executive Board's management of the Company, pursuant to Article L.225-68 of the French Commercial Code and Article 14 of

its internal regulations. Throughout the year, it performs the checks and controls it deems appropriate and may request any document it considers necessary to fulfill its duties. The Supervisory Board may mandate one or more of its members to carry out one or more assignments of its choosing. In the circumstances it deems necessary, the Supervisory Board may call a General Shareholders' Meeting. In this case, it sets the meeting's agenda.

At least once every *quarter*, the Executive Board presents to the Supervisory Board a detailed report on the Company's situation and outlook. In particular, it reports on the performance and the development strategy of the companies in its portfolio (including their sales and financial position), planned or completed financial transactions and any other transactions likely to significantly impact the Company.

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

The Executive Board finalizes and presents to the Supervisory Board the net asset value (NAV) per share, which measures the Company's creation of value (see Section 4.3). As often as necessary, it also reports to the Supervisory Board on the Company's balance sheet and the type and maturity of its bank and bond debt.

The Supervisory Board is kept regularly informed of the risks the Company assumes and the measures the Executive Board takes to address them (see Sections 2.2 and 2.3 and Note 15.1 to the consolidated financial statements). It is also informed about changes in the share capital and voting rights, as well as the Company's proposed acquisitions or divestments.

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

a) under current legal and regulatory provisions and the decisions of the Supervisory Board of December 1, 2010 and November 30, 2017 for:

- divestment of real property of more than €10 million per transaction,
- divestment of financial investments of more than €100 million per transaction,
- granting of security interests, guarantees, endorsements and collateral of more than €100 million per transaction,
- any contract subject to Article L.225-86 of the French Commercial Code;

b) under Wendel's by-laws for:

- any transaction, including the acquisition or divestment by the Company (or an intermediate holding company) of more than €100 million,
- any decision binding the Company or its subsidiaries, *i.e.* any decision that, according to the interpretation of the Supervisory Board, involves a significant change to the Wendel Group's strategy or image,
- any proposal to shareholders to change the by-laws,
- any transaction that may lead, immediately or at a later date, to a capital increase or reduction of capital through the issuance of securities or cancellation of shares,
- any proposal to shareholders regarding the appropriation of earnings or the distribution of dividends, as well as any interim dividend,

- any merger or spin-off that the Company would be party to,
- any proposal to shareholders regarding a share buyback program,
- any proposal to shareholders regarding the appointment or re-appointment of the Statutory Auditors.

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

The Supervisory Board defines the terms and conditions of the Executive Board Chairman's compensation as well as the form in which it is paid (current or deferred, fixed or variable). It approves the Executive Board Chairman's proposal for Bernard Gautier's compensation. It sets stock-option and performance share grants allocated to Executive Board members, as well as the relevant performance and holding conditions.

Finally, the Supervisory Board sets the general principles of the co-investment policy for the members of the Executive Board and the management team and authorizes the co-investment of Executive Board members (see Note 4.1 to the consolidated financial statements). In all cases, the Supervisory Board acts on the recommendation of the Governance Committee. It is the Executive Board's responsibility to set employee stock option and performance share grants, the grant dates, and the details of the plans.

2.1.6 Compliance issues involving the Group's governing and supervisory bodies

Recommendation 19 of the amended Afep-Medef Code and AMF Recommendation 2010-07 of November 3, 2010 set out a series of obligations applicable to members of governing bodies.

To fulfill these obligations, the Executive Board created a Market Confidentiality and Ethics Code on December 1, 2009, applicable to its members, to the members of the Supervisory Board and to the Company's employees. The Executive Board reviewed the Code in 2017.

Wendel's Market Confidentiality and Ethics Code defines the responsibilities of the Ethics Officer. Since July 24, 2009, the role of Ethics Officer has been filled by Caroline Bertin Delacour, Wendel's General Secretary.

The Executive Board also adopted a Code of Ethics and rolled out a Wendel compliance program through targeted policies (see Section 3.1.1). The compliance program applies to corporate officers.

2.1.6.1 Related-party agreements

Agreements between the Company and a member of the Executive or Supervisory Board, either directly or indirectly, must be approved in advance by the Supervisory Board. The same requirement applies to agreements between the Company and a shareholder holding more than 10% of the voting rights as well as to agreements between the Company and a third party, should they have executives in common. The Chairman of the Supervisory Board reports all authorized agreements to the Statutory Auditors and submits them to shareholders for approval at their Annual meeting. The Statutory Auditors present a special report to shareholders during the meeting, which the shareholders vote on. This procedure does not apply to ordinary agreements executed at standard terms, nor to agreements between a company and its wholly-owned subsidiary. Agreements already authorized and entered into, and whose execution is ongoing, are reviewed every year by the Supervisory Board and communicated to the Statutory Auditors.

2.1.6.2 Registered shares

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

2.1.6.3 Blackout periods

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

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

When members of governing and supervisory bodies are in possession of privileged information, they must refrain from carrying out, directly or indirectly, on their own behalf or on behalf of another party, any transaction involving the Company's shares or any other of its listed securities.

This same restriction on trading is required during certain so-called "blackout" periods during which the Company publishes its annual and semi-annual financial statements, quarterly revenue, and net asset value (NAV, see Section 4.3). These periods are as follows: for annual and semi-annual financial statements, from 30 days before to the day after their publication; for quarterly revenue and NAV, from 15 days before to the day after their publication.

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

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

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

When necessary, members of the Company's governing and supervisory bodies are included on the lists of insiders drawn up by the Company's Ethics Officer. These lists are made available to the AMF and kept for at least five years from the date they were drawn up or updated.

2.1.6.4 Transactions carried out by executives

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

2.1.6.5 Conflicts of interest

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

Each Executive Board member is required to disclose to the Ethics Officer any situation of conflict of interest, even potential situations, and refrain from participating in votes or discussions related to those situations (see "Conflicts of interest, family ties and service contracts" in Section 2.1.1.1).

In 2012, the Supervisory Board strengthened the procedures in its internal regulations aimed at preventing conflicts of interest. The regulations now specify that the members of the Supervisory Board have an obligation to maintain confidentiality and to be loyal to the Company. Each Board member prepares a statement, addressed to the Company's Ethics Officer (i) when he or she assumes the office of Board member, (ii) at any time, at the initiative of the member or upon the request of the Ethics Officer and (iii) in any event within ten business days of any event rendering all or part of the previous statement inaccurate. In the event of conflict of interest, even a potential one, the Board member abstains from participating in debate and does not take part in the corresponding vote. He or she does not receive the information related to the agenda item giving rise to the conflict of interest. Any Board decision relating to a conflict of interest is explained in the minutes of the meeting.

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

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

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

- in accordance with the by-laws of the Company, each member of the Supervisory Board must hold 500 fully paid-up shares;
- the members of the Executive Board are obligated to hold shares obtained through the exercise of their stock options or the vesting of their performance shares;
- Executive Board members may not exercise their options or sell the corresponding shares during the 30-day period preceding the publication of annual or semi-annual financial statements, or on the day following this publication, in accordance with the Company's Market Confidentiality and Ethics Code and with recommendation 24.3.3 of the amended Afep-Medef Code;
- certain abstention obligations imposed by Wendel's Market Confidentiality and Ethics Code;
- certain corporate officers have entered into collective lock-up commitments under Article 885 I bis and 787 B of the French Tax Code, described in Section 7.9.1 of this registration document.
- Executive Board members are required to hold 25,000 Wendel shares at all times; this retention requirement may be waived or modified by the Supervisory Board, based on a recommendation by the Governance Committee, in exceptional circumstances; André François-Poncet shall hold at least 25,000 shares obtained from the exercise of stock options or the vesting of performance shares.

2.1.7 Compensation of corporate officers

Sections 2.1.7.1 and 2.1.7.2 comprise the report on the principles and criteria for setting, allocating, and granting compensation to Executive Board and Supervisory Board members for their positions on the Boards, as required by Article L.225-82-2 of the French Commercial Code. This report is attached to the management report.

2.1.7.1 Compensation policy for Executive Board members

Executive Board members' compensation is approved by the Supervisory Board on the Governance Committee's recommendation and after the Audit Committee has verified the financial items.

The Supervisory Board follows the recommendations in the Afep-Medef Code for setting the compensation and benefits to be paid to corporate officers.

Since January 1, 2018, the Executive Board has consisted of André François-Poncet, Chairman of the Executive Board, and Bernard Gautier, Member of the Executive Board.

Executive Board members' compensation is designed so as to be:

- competitive compared with rival European investment companies;
- consistent with Wendel's long-term investment strategy;
- aligned with the interests of shareholders;
- subject to demanding performance conditions.

The principles used to develop the compensation policy for Executive Board members are:

- an overall assessment of the compensation paid to each Executive Board member; this assessment is carried out by the Governance Committee and Supervisory Board who review each element of their compensation both individually and relative to the other elements, so as to strike the right balance among them;
- compensation in line with market practices, assessed according to the business context using the investment company industry as a benchmark;
- compensation based on performance, so as to ensure that Executive Board members' interests are aligned with those of shareholders;
- a transparent compensation policy with regard to the information provided to shareholders: to meet new legal requirements, shareholders will be informed of the attainment rates of the quantitative and qualitative elements of the Executive Board's variable compensation for 2017 and 2018.

The compensation paid to the members of the Executive Board includes:

- a fixed portion, from which director's fees paid with respect to their appointments within the Group are deducted;
- a variable portion, according to specific objectives based on quantitative and qualitative criteria;
- stock options and/or performance shares.

Executive Board members do not receive any deferred bonuses or supplementary pension benefits.

Employment contract

André François-Poncet, the Chairman of the Executive Board, does not have an employment contract, in accordance with the recommendations of the Afep-Medef Code.

Bernard Gautier, the other Executive Board member, has had an employment contract since he joined the Company in 2003. Changes to this employment contract constitute regulated agreements under Article L.225-86 of the French Commercial Code.

The compensation policy described below applies to the 2018 fiscal year.

The Supervisory Board ensures that the various elements of the Executive Board's compensation are balanced.

The proportions of both the long-term compensation (stock options and performance shares) and the performance-based compensation (variable compensation, stock options, and performance shares) were increased for 2018.

Fixed compensation

The fixed compensation of Executive Board members is set by the Supervisory Board upon examination by and recommendation from the Governance Committee, based on the Board members' performance and on comparative studies carried out by independent consultants.

For 2018, the new Chairman of the Executive Board's fixed compensation will be €1,150,000 and that of the other Executive Board member will remain unchanged at €840,000.

Annual variable compensation

Annual variable compensation is set based on qualitative and quantitative objectives designed to dynamically support the Group's business goals. The 2018 attainment rates are given below.

The upper limit for variable compensation is 115% of fixed compensation, as in 2017.

The Supervisory Board decided to keep four objectives for 2018 – three quantitative, accounting for 20%-25% each and one qualitative, accounting for up to 35%:

- the first concerns Bureau Veritas, with specific performance criteria related to its organic growth and operating profit;
- the second looks at the development over the year of four unlisted companies in the portfolio, each with an equal weight, based on the same indicators as those for the first objective;
- the third concerns net debt, which should not exceed €2.5 billion;
- the fourth is the qualitative objective, set by the Supervisory Board every year. It relates to several priorities for the year including the effective implementation of the CSR and compliance program at the Group level; this criterion accounts for 25% of this objective in 2018.

These four objectives are also used to determine part of the variable compensation for over 20 members of the management team.

The Audit Committee verifies the quantitative figures.

Grants of stock options and performance shares

The Group uses Wendel stock options and performance shares, as well as co-investments, to align the interests of the Executive Board with Wendel's long-term performance.

The co-investment allocation for Executive Board members will be decreased for 2018-2021 and the potential for stock options and performance shares increased so as to better align their interests with those of Wendel shareholders.

The Supervisory Board, on the recommendation of the Governance Committee, sets the number of stock options and performance shares to be granted to the Executive Board, as well as the corresponding performance and presence criteria and holding period.

Grants of stock options and performance shares are intended to encourage achievement of the Group's medium- and long-term goals and the resulting creation of value for shareholders

The long-term compensation policy for executive corporate officers includes the following features: particular attention to aligning executives' interests with those of shareholders, as performance share grants depend entirely on Wendel's total shareholder return measured over a period of three years using both an absolute and a relative metric.

Every year, shareholders at their Annual meeting set the maximum amounts for grants of stock options and performance shares. This limit has been 1% of share capital since 2015. Shareholders will be asked to approve this same maximum amount of 1% of share capital for 2018.

For the Executive Board, this would include 0.124% of share capital for stock options and 0.105% for performance shares.

The subscription or purchase price for stock options is based on the average share price in the 20 trading days preceding the grant date, with no discount.

The presence condition is two years both for stock options and performance shares.

Stock options are subject to a performance condition related to the level of the ordinary dividend. To be able to exercise the first half of the stock options granted in year n , the dividend paid in year $n+1$ must be equal to or greater than the dividend paid in year n . To be able to exercise the second half of the stock options granted in year n , the dividend paid in year $n+2$ must be equal to or greater than the dividend paid in year $n+1$.

Performance shares are subject to three performance conditions measured over three years. There are three conditions, each weighting for one third of the granting.

The first condition measures the absolute performance of Wendel's annualized TSR over three years; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis.

The second condition measures the relative performance of Wendel's TSR over three years with the performance of the SBF 120 performance; if Wendel's TSR is at least 9 points higher than that of SBF 120, then the performance condition is fully met; if Wendel's TSR is equal to SBF 120 TSR, then the performance condition is 60% met; if Wendel's TSR is at least 3 points lower than that of SBF 120, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis.

The third condition measures the relative performance of Wendel's TSR over three years with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis.

In accordance with the law and as recommended in the Afep-Medef Code of Corporate governance, Executive Board members have been required, since 2009, to hold Company shares at all times. The Supervisory Board has set the number of such shares at 25,000, including 500 from each of the Company's performance share and stock option plans.

The new Chairman of the Executive Board is not required to purchase Wendel shares in the market, but he must hold the 25,000 shares he will eventually acquire through performance share grants and the exercise of stock options.

The Executive Board members have undertaken to not hedge their risk on the shares they must hold until the end of their term of office with the Company.

Benefits in kind

Since the Chairman of the Executive Board does not have an employment contract, an unemployment insurance policy has been taken out in his name with GSC (a specialized provider of unemployment insurance for business owners and corporate officers).

The Chairman of the Executive Board do not have the use of a company car.

Appointment of a new Executive Board member

If a new Executive Board member is appointed from outside the Company, the Supervisory Board, on the recommendation of the Governance Committee, may decide to pay a hiring bonus to the new Executive Board member as compensation for any benefits he or she may lose by leaving his or her prior position.

The principles and criteria set forth in the Company's current compensation policy would apply to this new Executive Board member.

Termination benefits

The following commitments towards André François-Poncet and Bernard Gautier were previously approved by the Supervisory Board and were published on the Company's website.

The commitments towards Bernard Gautier were mentioned in the Statutory Auditors' special report on related-party agreements and commitments, approved by Wendel's shareholders at the Annual meeting of June 4, 2010. The commitments towards André François-Poncet were mentioned in the Statutory Auditors' special report on related-party agreements and commitments that will be submitted to Wendel shareholder approval at the Annual meeting of May 17, 2018.

The Supervisory Board reiterated its authorization regarding these termination benefits when it renewed the Executive Board members' terms at its meetings of March 27, 2013 and March 22, 2017. Shareholders approved these related-party agreements at their Annual meetings of May 28, 2013 and May 18, 2017. The Supervisory Board approved the termination benefits for the new Executive Board member at its meetings of November 16 and 29, 2017.

The Supervisory Board has made the following commitments towards **André François-Poncet**:

■ Removal in 2018:

In the event Mr. François-Poncet is removed from office in 2018 for reasons other than failure, he will be entitled to a payment equal to 12 months of his fixed compensation.

This payment will be subject to the following two performance conditions: (i) the dividend paid on 2017 earnings must be greater than or equal to the dividend paid on 2016 earnings; and (ii) Wendel's net debt must be less than €2.5 billion.

■ Removal in 2019:

In the event Mr. François-Poncet is removed from office in 2019 for reasons other than failure, he will be entitled to a severance payment equal to his fixed monthly compensation at the time of his removal times the number of months he was in office.

This payment will be subject to the following two performance conditions: (i) the dividend paid on 2017 earnings must be greater than or equal to the dividend paid on 2016 earnings; and (ii) Mr. François-Poncet must have obtained at least 25% of his maximum variable compensation for 2018 or a new system of manager participation in Wendel's performance must have been implemented as of January 1, 2019.

■ Removal from 2020 onward:

In the event Mr. François-Poncet is removed from office in 2020 or thereafter for reasons other than failure, he will be entitled to a severance payment equal to his fixed monthly compensation at the time of his removal times the number of months he was in office, limited to 24 months of fixed compensation.

This payment will be subject to the following two performance conditions: the year of his removal being designated year n, (i) the dividend paid on the earnings of year n-2 must be greater than or equal to the dividend paid on the earnings of year n-3 and (ii) Mr. François-Poncet must have obtained at least 37% of his maximum variable compensation for one of the two previous years (n-1 or n-2).

■ Resignation or removal in the event Wendel-Participations loses control of Wendel:

In the event Mr. François-Poncet resigns or is removed from office after Wendel-Participations loses control of Wendel as measured by its voting rights, he will be entitled to 36 months of his fixed compensation, as it stands at the time of his departure.

This payment will be subject to the following performance conditions: the dividend paid for each of the years prior to the year in which he resigns or is removed must be greater than or equal to the dividend paid on 2016 earnings.

■ For the purposes of the preceding:

- "Removal" includes non-renewal of Mr. François-Poncet's appointment, a substantial change in his responsibilities or significant divergence with regard to strategy;
- in the event of "failure", defined as serious misconduct (in accordance with the definition of the Social Law Chamber of the French Supreme Court) unanimously recognized by the members of the Supervisory Board, no payment will be due, unless the removal procedure is initiated more than two months after one of the members of the Board becomes aware of the events motivating the removal;
- the notion of "dividend", as used in the performance conditions means the ordinary dividend in each case, and excludes any special dividend.

In the event **Bernard Gautier's** employment contract should be terminated, he would be entitled to one year's fixed compensation and target variable compensation as approved by the Supervisory Board (corresponding to the average of the yearly compensation allocated with respect to the last three fiscal years for which the financial statements have been approved); if this amount exceeds the maximum benefit authorized by the collective bargaining agreement, the excess amount would be paid only if Mr. Gautier has been paid, for two of the three years prior to termination, variable compensation equal to at least 50% of his target variable compensation in relation to those three years.

This benefit would be paid in the event the employment contract were terminated by mutual agreement, dismissal (except for serious misconduct) or resignation, if such resignation follows his removal from office or the non-renewal of his term as corporate officer, a material change in his responsibilities, a change of control or a significant change in strategy.

In the event Bernard Gautier were no longer to be a member of the Executive Board, he would receive a termination benefit equal to one year of total fixed compensation and target variable compensation, as approved by the Supervisory Board (corresponding to the average of the yearly compensation allocated with respect to the last three fiscal years for which the financial statements have been approved), subject to the following performance conditions:

- 50% of the amount of the benefit would be paid only if, for two of the three years preceding the termination for which the financial statements have been approved, variable compensation equal to at least 50% of his target variable compensation in relation to those three years has been paid;
- 50% of the amount of the benefit would be paid only if NAV per share at the end of the term of office (Actual NAV) is greater than or equal to 90% of the average NAV per share for the preceding six months (Reference NAV). If Actual NAV is between 90% and 60% of the Reference NAV, the corresponding portion of the benefit would be reduced by 2.5 times the difference (thus, if Actual NAV is 20% lower than Reference NAV, the payment would be reduced by half - $20\% \times 2.5 = 50\%$). If Actual NAV is lower than 60% of the Reference NAV, this portion of the termination benefit would be zero.

This benefit would be paid in the event of his removal from office or non-renewal of his term of office as an Executive Board member, of his resignation from the Executive Board if such resignation follows dismissal or termination of employment by mutual agreement, a material change in his responsibilities, a change of control or of a significant change in strategy.

In the event that Mr. Gautier fully achieves or exceeds the above performance objectives, the total amount of the termination benefits paid to him, including any benefits under the collective bargaining agreement applicable to his employment contract, may not exceed two years' gross fixed and target variable compensation.

Departure of an Executive Board member

In the event of the departure of an Executive Board member, his fixed compensation would be paid on a pro rata basis. The amount of his variable compensation would be determined by the Supervisory Board, on the recommendation of the Governance Committee, based on the Company's circumstances and interests.

If the departing Executive Board member meets the performance condition, the Supervisory Board may, on the recommendation of the Governance Committee, decide to grant him the benefit of some or all of his unvested stock options and/or performance shares.

2.1.7.2 Compensation policy for Supervisory Board members

The annual amount of director's fees had remained unchanged at €750,000 since that level was set by shareholders during their June 4, 2010 Annual meeting. But at their meeting on May 18, 2017, shareholders increased the annual amount of director's fees to €900,000, and the Supervisory Board decided on March 21, 2018 to allocate the director's fees as follows for 2018:

- basic director's fee: €50,000;
- double director's fee for the Chairman of the Supervisory Board and of each Supervisory Board committee: €100,000;
- additional fee for committee membership: €20,000.

The Supervisory Board Chairman's full-year compensation is €70,000, unchanged since he took up his term in April 2013.

The new Supervisory Board Chairman's full-year compensation will be €250,000, starting when he is officially appointed on May 17, 2018.

His compensation is reviewed every year by the Supervisory Board and the Governance Committee.

2.1.7.3 Summary of compensation, stock options and performance shares granted to each executive corporate officer

The compensation owed or granted to Executive Board members for 2017 will be submitted for shareholder approval at the Annual meeting on May 17, 2018, in accordance with Article L.225-100 of the French Commercial Code (the elements of compensation that will be voted on "after the fact" are described in Section 2.1.7.11 below).

In accordance with Article L.225-82-2 of the French Commercial Code, shareholders must approve the variable compensation paid to the Chairman of the Executive Board, who does not have an employment contract. The 2017 variable compensation will be put to a shareholder vote at their meeting of May 17, 2018.

Frederic Lemoine's term as Chairman of the Executive Board ended on December 31, 2017.

Table 1 under the Afep-Medef Code

	2017	2016
Frédéric Lemoine		
Chairman of the Executive Board until December 31, 2017		
Total compensation due for the year (detailed in table 2)	2,632,827	2,260,012
Number of options granted during the year⁽¹⁾	n/a	0
Valuation of options granted during the year (detailed in table 4)	n/a	0
Number of performance shares granted during the year⁽¹⁾	n/a	34,572
Valuation of performance shares granted during the year (detailed in table 6)	n/a	1,707,857
Total: compensation due for the year and valuation of stock options and performance shares granted during the year ⁽²⁾	2,632,827	3,967,869
Bernard Gautier		
Member of the Executive Board		
Total compensation due for the year (detailed in table 2)	1,749,590	1,506,684
Number of options granted during the year	33,968	0
Valuation of options granted during the year ⁽³⁾	737,106	0
Number of performance shares granted during the year	11,323	23,048
Valuation of performance shares granted during the year ⁽²⁾ (detailed in table 6)	812,991	1,138,571
Total: compensation due for the year and valuation of stock options and performance shares granted during the year	3,299,687	2,645,255

The options and performance shares in this table have been measured at their "fair value" from an accounting standpoint, calculated at the time they were granted and in accordance with IFRS. They correspond neither to amounts actually received nor to the real amounts that could be obtained if the presence and performance conditions enabling their beneficiaries to receive income were fulfilled.

- (1) 50,952 stock options and 16,984 performance shares granted to Frédéric Lemoine in July 2017; they were canceled since his position was terminated on December 31, 2017.
- (2) If shareholders approve Frédéric Lemoine's variable compensation at their Annual Meeting.
- (3) The stock options and performance shares granted in 2017 were valued at €21.70 and €71.80, respectively. The performance shares granted in 2016 were valued at €49.40 (no stock options were granted in 2016). The increase in the valuation is due to an increase in the underlying share price.

2.1.7.4 Summary of the compensation of each executive corporate officer

The Supervisory Board and the Governance Committee decided to do the following in 2017:

- increase by 5% the fixed compensation of Frédéric Lemoine and Bernard Gautier, which had not changed since 2009, to €1,260,000 for Mr. Lemoine and €840,000 for Mr. Gautier;
- change Executive Board members' variable compensation to 115% of fixed compensation, with no possibility of exceeding this limit. As before, the variable compensation is not guaranteed.

Variable compensation is paid after the Annual Shareholders' Meeting in the year following the year for which it is due. The objectives used to determine the variable compensation for 2017 are both quantitative (75%) and qualitative (25%).

The Supervisory Board, on the Governance Committee's recommendation, set the following four objectives for 2017, each with a 25% weighting:

- the first objective concerning Bureau Veritas, a significant holding measured by organic growth and adjusted operating income, was 100% achieved.
- the second objective concerning unlisted companies not covered by the first objective, measured by NAV at historical multiples, was 100% reached.
- the third objective concerning the Company's net debt, which must be less than €2.5 billion, was 100% reached.
- the fourth objective, which is a qualitative objective that the Supervisory Board selects each year, was 68.52% reached.

The Governance Committee concluded that the objectives of the two Executive Board members were 92.13% met in 2017. The Governance Committee therefore proposed to the Supervisory Board that for 2017, Frédéric Lemoine be attributed 92.13% of his maximum variable compensation, or €1,334,964. The Supervisory Board approved this compensation.

Because the Executive Board members work closely together, their objectives are not assessed individually but collectively. Therefore Mr. François-Poncet suggested that for 2017, Mr. Gautier receive 92.13% of his maximum variable compensation, or €889,976. The Supervisory Board approved this compensation on the recommendation of the Governance Committee.

Table 2 under the Afep-Medef Code

The amounts paid for 2017 equal the amounts actually received by each corporate officer. The amounts due correspond, in accordance with the AMF definition, to “compensation granted to the executive corporate officer during the year, irrespective of the date of payment”.

The differences between the amounts paid and the amounts due result from the lag between the date on which director’s fees and variable compensation are paid and the years to which they apply. These amounts include all compensation paid by Group companies during the year.

	2017		2016	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Frédéric Lemoine				
Chairman of the Executive Board				
Total fixed compensation	1,260,000	1,260,000	1,200,000	1,200,000
<i>of which director’s fees⁽¹⁾</i>	195,510	264,674	253,615	239,465
Variable compensation	1,334,964	1,022,760	1,022,760	1,050,120
Other compensation ⁽²⁾	25,259	24,953	24,844	24,556
Benefits in kind ⁽⁴⁾	12,604	12,604	12,408	12,408
TOTAL	2,632,827	2,320,317	2,260,012	2,287,084

(1) Frédéric Lemoine received director’s fees from Bureau Veritas, Saint-Gobain, Trief Corporation SA, and Winvest Conseil SA.

(2) Frédéric Lemoine benefited from the agreements in force at Wendel, including the collective performance bonus plan and the Group savings and pension plans, in the same manner as any Wendel employee.

In 2017 he received a gross collective performance bonus for 2016 of half of the annual reference amount determined by French Social Security (“plafond annuel de la sécurité sociale”) for 2016, i.e. €19,308.

Given the progression in NAV in 2017, in 2018 he will receive a gross collective performance bonus for 2017 equal to half the

annual reference amount determined by French Social Security (“plafond annuel de la sécurité sociale”) for 2017, i.e. €19,614.

His subscription to the 2017 capital increase reserved for employees who are members of the Group savings plan was matched by an increased contribution of €5,645.34.

(3) Since Frédéric Lemoine did not have an employment contract, he had unemployment insurance provided by GSC (a specialized provider of unemployment insurance for business owners and corporate officers) since October 1, 2009.

He had use of a company car, which he used exclusively for business purposes.

He also received health and death & disability insurance under the same terms and conditions as Wendel management employees.

Conditions for the termination of Frédéric Lemoine's term as Chairman of the Executive Board on December 31, 2017

Termination benefits

On November 29, 2017, Wendel's Supervisory Board determined that the two performance conditions for Frédéric Lemoine's severance payment had been met.

His severance payment can be up to two years' compensation based on his final fixed and variable compensation (with objectives achieved).

The Supervisory Board set the performance conditions on February 11, 2010 and they were published on February 16, 2010. The Board then reiterated these conditions when it renewed Mr. Lemoine's term on March 27, 2013 and again on March 22, 2017. Shareholders approved these performance conditions at their Annual Meetings of May 28, 2013 and May 18, 2017.

The first condition is related to achieving at least 50% of the objectives for his variable compensation in two of the three fiscal years preceding his departure (see Section 2.1.7.11).

The Supervisory Board determined that the first condition had been met: the objectives were 87.51% achieved in 2015 and

85.23% achieved in 2016. The amount to be paid under this condition is €2.709 million.

The second condition is related to Wendel's net asset value per share at the end of Mr. Lemoine's term. If this net asset value is over 90% of the net asset value per share over the preceding 12 months, then Mr. Lemoine is entitled to the full amount to be paid under this condition (see Section 2.1.7.11).

The Supervisory Board determined that the second performance condition had been met: Wendel's net asset value per share was €181.3 on November 17, 2017, which corresponds to 114.2% of the average over the preceding 12 months (€158.8). The amount to be paid under this condition is €2.709 million.

2016 performance shares

On September 6, 2017, the Supervisory Board decided that the presence condition under Mr. Lemoine's performance share plans had been met at the end of his term, after 18 months. Therefore the presence condition for the 34,572 performance shares granted on July 7, 2016 was deemed fulfilled. The performance conditions for these shares remain applicable and they will vest according to the schedule established when they were granted.

The stock options and performance shares granted on July 7, 2017 were canceled.

	2017		2016	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Bernard Gautier member of the Executive Board				
Total fixed compensation	840,000	840,000	800,000	800,000
<i>of which director's fees⁽¹⁾</i>	131,175	176,545	173,241	188,595
Variable compensation	889,976	681,840	681,840	700,080
Other compensation ⁽²⁾	19,614	19,308	24,844	24,556
Benefits in kind	-	-	-	-
TOTAL	1,749,590	1,541,148	1,506,684	1,524,636

The compensation paid to Bernard Gautier is entirely under his employment contract.

(1) Bernard Gautier received director's fees from Saint-Gobain, Trief Corporation SA, Winvest Conseil SA, Winvest International SA Sicar, Oranje-Nassau Développement SA Sicar, Expansion 17 SA Sicar, and Global Performance 17 SA Sicar.

(2) Mr. Gautier benefits from the agreements in force at Wendel:

In 2017 he received a gross collective performance bonus for 2016 of half of the annual reference amount determined by French Social Security ("plafond annuel de la sécurité sociale") for 2016, i.e. €19,308.

Given the progression in NAV in 2017, in 2018 he will receive a gross collective performance bonus for 2017 equal to half the annual reference amount determined by French Social Security ("plafond annuel de la sécurité sociale") for 2017, i.e. €19,614.

2.1.7.5 Subscription-type and purchase-type stock options granted to executive corporate officers

Executive Board members were granted stock options in 2017 of an amount determined by the Supervisory Board on the recommendation of the Governance Committee and within the limits set by shareholders at their Annual meeting, as presented in the table below.

The stock options granted to Frédéric Lemoine in July 2017 were canceled since his position was terminated on December 31, 2017.

These stock options have the following features:

- a presence condition: the options are subject to a two-year vesting period during which the beneficiary must remain employed or appointed by Wendel; subject to achievement of the performance condition, the first half of the options may be exercised after one

year and all of the options may be exercised after two years; the Supervisory Board can waive this presence condition;

- a performance condition: the number of options ultimately exercisable is subject to the average closing share price over the 50 days preceding the Annual meeting increasing by 5% p.a. as follows: half of the options vest if the average closing share price over the 50 days preceding the 2018 Annual meeting is at least 5% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting; all the options vest if the increase in the average closing share price over the 50 days preceding the 2019 Annual meeting is at least 10.25% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting.
- a holding period condition: the members of the Executive Board must hold at least 500 shares obtained through the exercise of options granted in 2017, as part of their obligation to hold 25,000 shares of the Company in registered form until the end of their term of office with the Company.

Table 4 under the Afep-Medef Code

	Plan no. and date	Type of option (purchase or subscription)	Option valuation according to the method used for the consolidated financial statements	Number of options granted during the year	Strike price	Exercise period	Performance conditions
Frédéric Lemoine	Plan W-10	Purchase	€21.70	50,952 ⁽¹⁾	€134.43	2018-2027	
	Date: July 7, 2017						See above
Bernard Gautier	Plan W-10	Purchase	€21.70	33,968	€134.43	2018-2027	
	Date: July 7, 2017						See above
TOTAL				84,920			

(1) Options canceled as of December 31, 2017.

Options were valued by an independent expert using a Monte Carlo mathematical pricing model. The model takes into account various events that might take place while the options are valid, including various points in time at which the pre-determined requirements for both performance and presence within the Company are tested. Based on this model, each option was worth €21.70 as of the grant date (July 7, 2017), as indicated in the table above. This value reflects the particularly restrictive assumptions that are made to ensure that the Executive Board's interests are aligned with the Company's objectives. On the other hand, this valuation does not reflect the blackout periods or other periods during which possession of privileged information would prevent the beneficiaries from exercising their options and selling the corresponding shares. These factors should reduce the value of these options. In any event, this value is theoretical: the Company has paid no cash amount to the beneficiaries with regard to these options.

A total of 79,175 stock options were granted in 2017 to the ten non-corporate-officer employees who received the highest number of stock options that year.

Fulfillment of performance conditions for options granted to Executive Board members:

- options granted on July 15, 2015: the performance condition for the number of options that can be exercised is an increase in NAV of 10.25% (including dividends) from 2015 to 2017. This performance condition was fulfilled so all options granted on July 15, 2015 were vested.

The exercise price for the stock options is based on the average of the share price in the 20 trading days preceding the grant date, with no discount.

2.1.7.6 Options exercised by executive corporate officers during the year

Table 5 under the Afep-Medef Code

	Plan no. and date	Type of option (purchase or subscription)	Number of options exercised during the year	Strike price
Frédéric Lemoine	Plan W-6	Purchase	50,318	€82,90
	Date: July 1, 2013			
	Plan W-8	Purchase	51,747	€112,39
	Date: July 15, 2015			
Bernard Gautier	Plan W-1-1	Subscription	37,500	€132,96
	Date: June 4, 2007			
	Plan W-4	Purchase	64,000	€80,91
	Date: July 7, 2011			
TOTAL			203,565	

Table 8 under the Afep-Medef Code - Summary of all stock subscription or purchase option plans to date

Wendel Plans													
	Plan no. 1			Plan no. 2		Plan no. 3	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9	Plan no. 10
Date of Annual shareholders' meeting	June 4, 2007			June 5, 2009		June 4, 2010	May 30, 2011	June 4, 2012	May 28, 2013	June 6, 2014	June 5, 2015	June 1, 2016	May 18, 2017
Plan	W1-1	W1-2	W1-3	W2-1	W2-2	W-3	W-4	W-5	W-6	W-7	W-8	W-9	W-10
Date of the Board of Directors or Executive Board meeting	June 4, 2007	July 15, 2008	April 2, 2009	July 16, 2009	Feb. 8, 2010	June 4, 2010	July 7, 2011	July 5, 2012	July 1, 2013	July 8, 2014	July 15, 2015	July 7, 2016	July 7, 2017
Type of option	Sub scription	Sub scription	Sub scription	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Initial total number of shares that can be subscribed or purchased	837,500	890,600	271,000	391,200	7,000	353,177	404,400	227,270	252,182	231,834	268,314	68,814	235,895
of which:													
Number initially granted to corporate officers:													
Frédéric Lemoine	-	-	-	120,000	-	105,000	96,000	54,542	53,518	52,632	51,747	0	50,952
Bernard Gautier	150,000	150,000	-	80,000	-	70,000	64,000	36,361	35,677	35,088	34,500	0	33,968
Start date for exercise of the options	June 4, 2012	July 15, 2013	April 2, 2014	July 16, 2010 ⁽²⁾	Feb. 8, 2011	June 4, 2011	July 7, 2012	July 5, 2013	July 1, 2014	July 8, 2015	July 15, 2016	July 7, 2017	July 9, 2018
Option expiration date	June 4, 2017	July 15, 2018	April 2, 2019	July 16, 2019	Feb. 8, 2020	June 4, 2020	July 7, 2021	July 5, 2022	July 1, 2023	July 8, 2024	July 15, 2025	July 6, 2026	July 6, 2027
Subscription or purchase price per share	€132.96	€67.50	€18.96	€22.58	€41.73	€44.32	€80.91	€54.93	€82.90	€107.30	€112.39	€94.38	€134.43
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Performance conditions ⁽¹⁾	For every one	For every one	For every one	For corporate officers	-	For every one	For every one	For every one	For every one	For every one	For every one	For every one	For every one
Cumulative number of shares subscribed or purchased as of Dec. 31, 2017	78,350	91,889	186,050	372,961	7,000	324,577	332,442	170,894	152,058	0	111,256	8,318	0
Cumulative number of canceled or expired options	759,150	790,335	64,000	6,667	0	6,900	9,350	500	0	231,834	16,005	5,265	52,062
Number of options remaining to be subscribed to or purchased as of Dec. 31, 2017 ⁽³⁾	0	8,376	20,950	11,572	0	21,700	62,608	55,876	100,124	0	141,053	55,231	183,833
NUMBER OF OPTIONS REMAINING TO BE EXERCISED BY CORPORATE OFFICERS:⁽³⁾													
Frédéric Lemoine	-	-	-	0	-	0	0	0	0	0	0	-	0
Bernard Gautier	0	0	-	0	-	0	0	0	35,677	0	34,500	-	33,968

(1) All performance conditions are tied to an increase in NAV, except in 2017.

(2) For corporate officers, the starting date for exercise of the options is July 16, 2012.

(3) Maximum number, subject to the realization of performance objectives.

2.1.7.7 Performance shares awarded to executive corporate officers during the year

Executive Board members were granted performance shares in 2017 of an amount determined by the Supervisory Board on the recommendation of the Governance Committee and within the limits set by shareholders at their Annual meeting, as presented in the table below.

The performance shares granted to Frédéric Lemoine in July 2017 were canceled since his position was terminated on December 31, 2017.

These performance shares have the following features:

- a presence condition: the performance shares are subject to a two-year vesting period during which the beneficiary must remain employed or appointed by Wendel; subject to achievement of the performance condition, all performance shares vest and may be sold after the two-year period expires; the Supervisory Board can waive this presence condition;

- a performance condition: the number of performance shares ultimately vested is subject to the average closing share price over the 50 days preceding the Annual meeting increasing by 5% p.a. over two years as follows: half of the performance shares vest at the end of the two-year period if the average closing share price over the 50 days preceding the 2018 Annual meeting is at least 5% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting; all the performance shares vest if the increase in the average closing share price over the 50 days preceding the 2019 Annual meeting is at least 10.25% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting.
- a holding period condition: the members of the Executive Board must hold at least 500 shares obtained under the 2017 plan, as part of their obligation to hold 25,000 shares of the Company in registered form until the end of their term of office with the Company.

Table 6 under the Afep-Medef Code

	Plan no. and date	Number of performance shares granted during the year	Performance share valuation according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Frédéric Lemoine	Plan 9-1	16,984 ⁽¹⁾	€71.80	July 8, 2019	July 8, 2019	
	Date: July 7, 2017					See above
Bernard Gautier	Plan 9-1	11,323	€71.80	July 8, 2019	July 8, 2019	
	Date: July 7, 2017					See above
TOTAL		28,307				

(1) Performance shares canceled as of December 31, 2017.

Performance shares were valued by an independent expert using a Monte Carlo mathematical pricing model. The model takes into account various events that might take place while the performance shares are valid, including various points in time at which the pre-determined requirements for both performance and presence within the Company are tested. Based on this model, each performance share was worth €71.80 as of the grant date (July 7, 2017), as indicated in the table above. This value reflects the particularly restrictive assumptions that are made to ensure that the Executive Board's interests are aligned with the Company's objectives. In any event, this value is theoretical: the Company has paid no cash amount to the beneficiaries with regard to these options.

A total of 26,391 performance shares were granted in 2017 to the ten non-corporate-officer employees who received the highest number of performance shares that year.

Fulfillment of performance conditions for performance shares granted to Executive Board members:

- performance shares granted on July 15, 2015: the performance condition for the vesting of these shares was an increase in NAV of 10.25% (including dividends) from 2015 to 2017. This performance condition was fulfilled so all performance shares granted on July 15, 2015 were vested.

- performance shares granted on July 7, 2016: the performance condition for the vesting of these shares was an increase in NAV of 5% (including dividends) from 2016 to 2017. This performance condition was fulfilled, so half of the performance shares will vest at the end of the two-year period, provided that the presence condition is met.

The Supervisory Board waived the presence condition for Frédéric Lemoine for the performance shares granted to him in 2016. His shares will therefore vest in July 2018 if the performance condition is met.

2.1.7.8 Performance shares awarded to executive corporate officers that became available during the year

Table 7 under the Afep-Medef Code - Performance shares that became available during the year

	Plan no. and date	Number of shares that became available during the year	Acquisition terms
Frédéric Lemoine	Plan 7-1 Date: July 15, 2015	17,249	See above
Bernard Gautier	Plan 7-1 Date: July 15, 2015	11,500	See above
TOTAL		28,749	

Table 9 under the Afep-Medef Code - Summary of all performance share grants to date

Situation as of Dec. 31, 2017	Plan 5-1	Plan 6-1	Plan 7-1	Plan 8-1	Plan 9-1
Date of Annual shareholders' meeting	May 28, 2013	June 6, 2014	June 5, 2015	June 1, 2016	May 18, 2017
Number of authorized shares as % of capital	0.30%	0.30%	0.3333%	0.3333%	0.3333%
share grants as % of capital	0.13%	0.14%	0.147%	0.286%	0.167%
Date of Executive Board meeting	July 1, 2013	July 8, 2014	July 15, 2015	July 7, 2016	July 7, 2017
Number of performance shares granted	64,595	68,928	70,268	137,122	78,632
of which, shares granted to corporate officers:					
Frédéric Lemoine	17,838	17,544	17,249	34,572	16,984
Bernard Gautier	11,892	11,696	11,500	23,048	11,323
shares to be issued/existing shares	Existing	Existing	Existing	Existing	Existing
Vesting date	July 1, 2015	July 8, 2016	July 17, 2017	July 9, 2018	July 8, 2019
End of holding period	July 1, 2017	July 8, 2018	July 15, 2019	July 9, 2018	July 8, 2019
Performance conditions	Yes	Yes	Yes	Yes	Yes
share value at grant date	€82.90	€107.30	€112.39	€94.38	€134.43
share value at vesting date	€111.00	-	€127.95	-	-
Number of shares vested	64,595	0	65,363	0	0
Cumulative number of canceled or expired shares	0	68,928	4,905	5,005	17,354
Number of shares not yet vested	0	0	0	132,117	61,278

2.1.7.9 Position of executive corporate officers with respect to Afep-Medef recommendations

Table 11 under the Afep-Medef Code

The position of corporate officers complies in every respect with Afep-Medef recommendations.

	Employment contract		Supplementary pension plan		Payments or benefits due or likely to be due upon departure or a change in responsibility		Non-compete clause payments	
	Yes	No	Yes	No	Yes	No	Yes	No
Frédéric Lemoine								
Chairman of the Executive Board (April 7, 2009 - December 31, 2017)		X		X	X			X
André François-Poncet								
Chairman of the Executive Board (January 1, 2018 - April 7, 2021)		X		X	X			X
Bernard Gautier								
Executive Board member (April 7, 2009 - April 7, 2013; April 7, 2013 - April 7, 2017)	X			X	X			X

Employment contract

See Section 2.1.7.1, "Compensation policy for Executive Board members."

Termination benefits

See Section 2.1.7.1, "Executive Board compensation policy," Section 2.1.7.3, "Summary of compensation, stock options and performance shares granted to each executive corporate officer," and Section 2.1.7.4, "Summary of each executive corporate officer's compensation."

2.1.7.10 Director's fees and other compensation received by non-executive corporate officers

The shareholders had set the annual amount of director's fees at €750,000 during their June 4, 2010 Annual meeting. But at their meeting on May 18, 2017, shareholders increased the annual amount of director's fees to €900,000.

Director's fees for the first half of 2017 were as follows:

- basic director's fee: €35,000;
- double director's fee for the Chairman of the Supervisory Board and of each Supervisory Board committee: €70,000;

- additional fee for committee membership: €15,000.

director's fees in the second half of 2017 were as follows:

- basic director's fee: €42,000;
- double director's fee for the Chairman of the Supervisory Board and of each Supervisory Board committee: €84,000;
- additional fee for committee membership: €18,000.

The Supervisory Board has not considered it necessary, given the attendance rates indicated in Section 2.1.2.3., to modulate director's fees based on attendance (see Section 2.1.3, "Corporate governance statement").

Finally, members of the Board may be reimbursed for their travel expenses. The expense reimbursement policy for Supervisory Board members was approved by the Supervisory Board at its December 1, 2010, meeting, on the recommendation of the Governance Committee.

The director's fees and other compensation received by the non-executive corporate officers in relation to their positions at Wendel and all companies in the Group are presented in the following table.

Table 3 under the Afep-Medef Code

Director's fees and other compensation received by non-executive, non-employee corporate officers⁽¹⁾

Non-executive corporate officers	Amounts paid in 2017	Amounts paid in 2016
François de Wendel		
Director's fees	77,000	70,000
Wendel-Participations director's fees	18,832	18,832
Compensation as Chairman of the Supervisory Board	70,000	70,000
TOTAL	165,832	158,832
Dominique Hériard Dubreuil		
Director's fees	93,500	85,000
Laurent Burelle		
Director's fees (H1 2017)	17,500	35,000
Bénédicte Coste		
Director's fees	55,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	64,416	59,416
Édouard de l'Espée;		
Director's fees	55,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	64,416	59,416
Nicholas Ferguson		
Director's fees (H2 2017)	30,000	0
Nicolas ver Hulst		
Director's fees (H2 2017)	30,000	
Wendel-Participations director's fees	9,416	
TOTAL	39,416	0
Priscilla de Moustier		
Director's fees	55,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	64,416	59,416
Christian d'Oosthove		
Director's fees (H1 2017)	25,000	50,000
Wendel-Participations fees	9,416	9,416
TOTAL	34,416	59,416
Gervais Pellissier		
Director's fees	55,000	50,000
Guylaine Saucier		
Director's fees	93,500	85,000
Jacqueline Tammenoms Bakker		
Director's fees	55,000	50,000
Humbert de Wendel		
Director's fees	55,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	64,416	59,416
TOTAL	841,828	760,912
Of which Wendel director's fees and compensation of the Supervisory Board Chairman	766,500	695,000

(1) The Supervisory Board member who is an employee does not receive director's fees for his position on the Board, and the above table does not include the compensation paid to him by the Company.

2.1.7.11 Breakdown of compensation paid or granted to Executive Board members and the Chairman of the Supervisory Board for 2017 and submitted to a shareholder vote

In accordance with Article L.225-100 of the French Commercial Code, the following elements of the compensation paid or granted to Executive Board members and the Chairman of the Supervisory Board for the fiscal year under review must be submitted to a vote of shareholders:

- fixed compensation;
- variable compensation for the year, including any multi-year variable portion, together with the objectives contributing to the determination of that variable compensation;

- exceptional compensation;
- stock options, performance shares, and any other form of long-term compensation;
- hiring bonuses and termination benefits;
- supplementary pension plans;
- any other benefits.

At the May 17, 2018 Annual meeting, shareholders will be asked to vote on the following compensation paid or granted to Executive Board members and the Chairman of the Supervisory Board for the 2017 fiscal year. This will be covered in the meeting's eleventh, twelfth, and thirteenth resolutions (see Section 8.10).

Breakdown of compensation paid or granted to Frédéric Lemoine, Chairman of the Executive Board until December 31, 2017, for the 2017 fiscal year, to be submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€1,260,000	
director's fees	€195,510 of this amount	The Supervisory Board approved this compensation, which includes director's fees, on October 20, 2016.
Gross variable compensation for the year	€1,334,964	If all the quantitative (75%) and qualitative (25%) objectives are achieved, the variable compensation will total 115% of fixed compensation. The quantitative objectives are: performance of one or more long-term holdings; development over the year of unlisted companies in the portfolio; and debt level. The qualitative objective is selected by the Supervisory Board each year (see Section 2.1.7.4). On March 21, 2018, upon the recommendation of the Governance Committee, the Supervisory Board set Mr. Lemoine's variable compensation at 92.13% of his maximum variable compensation (115% of his fixed compensation), or €1,334,964. Frédéric Lemoine's variable compensation is subject to shareholder approval at the Annual meeting.
Performance shares	n/a	16,984 performance shares with a total value of €1,219,451.20 were granted to Frédéric Lemoine on July 7, 2017. These performance shares were canceled since his position was terminated on December 31, 2017.
Stock options	n/a	50,952 stock options with a total value of €1,105,658.40 were granted to Frédéric Lemoine on July 7, 2017. These stock options were canceled since his position was terminated on December 31, 2017.
Other benefits	€37,557	Matching contributions under the Group savings plan, collective performance bonus, and unemployment benefits
Termination benefits	€5,418,000	If Mr. Lemoine's term as Executive Board Chairman were to be terminated, he would be entitled to a benefit of a maximum of two years' total fixed compensation and target compensation. This payment is subject to two performance conditions: 50% of the benefit would be paid only if he received for two of the three fiscal years prior to departure, including the year in progress, variable compensation equal to at least 50% of his target variable compensation as approved by the Supervisory Board for those three fiscal years; and 50% of the benefit would be paid only if NAV per share at the end of the term of office (Actual NAV) is greater than or equal to 90% of the average NAV per share for the preceding 12 months (Reference NAV). If Actual NAV is between 90% and 60% of the Reference NAV, the corresponding portion of the amount paid would be reduced by 2.5 times the difference. If Actual NAV is lower than 60% of the Reference NAV, this portion of the benefit would be zero (see Section 2.1.7.1). The Supervisory Board confirmed that the performance conditions have been fulfilled, and therefore approved Mr. Lemoine's severance payment, made at end December 2017.

Mr. Lemoine is not entitled to any of the following benefits: multi-year variable compensation, exceptional compensation, a non-compete clause payment, or a supplementary pension plan.

Breakdown of compensation paid or granted to Executive Board member Bernard Gautier for the 2017 fiscal year, to be submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€840,000	The Supervisory Board approved this compensation, which includes director's fees, on October 20, 2016, on the recommendation of the Executive Board Chairman.
director's fees	€131,175 of this amount	
Gross variable compensation for the year	€889,976	If all the quantitative (75%) and qualitative (25%) objectives are achieved, the variable compensation will total 115% of fixed compensation. The quantitative objectives are: performance of one or more long-term holdings; development over the year of unlisted companies in the portfolio; and debt level. The qualitative objective is selected by the Supervisory Board each year (see Section 2.1.7.4). On March 21, 2018, upon the proposal of the Executive Board Chairman and the recommendation of the Governance Committee, the Supervisory Board set variable compensation at 92.13% of his maximum variable compensation (115% of his fixed compensation), or €889,976.
Performance shares	11,323 performance shares valued at €812,991	Under the authorization granted by shareholders at the May 18, 2017 Annual meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 7, 2017 to grant performance shares to Executive Board members. Subject to and without prejudice to the presence condition, vesting of the performance shares is subject to a performance condition. The number of performance shares ultimately vested is subject to the average closing share price over the 50 days preceding the Annual meeting increasing by 5% p.a. over two years as follows: half of the performance shares vest at the end of the two-year period if the average closing share price over the 50 days preceding the 2018 Annual meeting is at least 5% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting; all the performance shares vest if the increase in the average closing share price over the 50 days preceding the 2019 Annual meeting is at least 10.25% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting.
Stock options	33,968 stock options valued at €737,106	Under the authorization granted by shareholders at the May 18, 2017 Annual meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 7, 2017 to grant stock options to Executive Board members. Subject to and without prejudice to the presence condition, the number of options ultimately exercisable is subject to the average closing share price over the 50 days preceding the Annual meeting increasing by 5% p.a. as follows: half of the options vest if the average closing share price over the 50 days preceding the 2018 Annual meeting is at least 5% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting; all the options vest if the increase in the average closing share price over the 50 days preceding the 2019 Annual meeting is at least 10.25% greater than the average closing share price over the 50 days preceding the 2017 Annual meeting.
Other benefits	€19,308	Collective performance bonus
Termination benefits	None owed or paid	In the event Bernard Gautier's employment contract should be terminated, he would be entitled to one year's fixed compensation and target variable compensation (corresponding to the average of the yearly compensation allocated with respect to the last three fiscal years for which the financial statements have been approved); if this amount exceeds the maximum benefit authorized by the collective bargaining agreement, the excess amount would be paid only if Mr. Gautier has been paid, for two of the three years prior to termination, variable compensation equal to at least 50% of his target variable compensation in relation to those three years. In the event of the termination of his term on the Executive Board, Bernard Gautier will receive compensation equal to one year of fixed and target variable compensation (corresponding to the average annual compensation allocated for the last three periods for which the financial statements have been approved), subject to the following performance conditions: 50% of the amount of the benefit would be paid only if he received, for two of the three fiscal years for which the financial statements have been approved before the departure, variable compensation equal to at least 50% of the target variable compensation as approved by the Supervisory Board for those three fiscal years; and 50% of the amount of the benefit would be paid only if NAV per share at the end of the term of office (Actual NAV) is greater than or equal to 90% of the average NAV per share for the preceding 6 months (Reference NAV). If Actual NAV is between 90% and 60% of the Reference NAV, the corresponding portion of the benefit would be reduced by 2.5 times the difference. If Actual NAV is lower than 60% of the Reference NAV, this portion of the benefit would be zero. Mr. Gautier's total termination benefits may not exceed two years' gross fixed and target variable compensation (see Section 2.1.7.1).

Mr. Gautier is not entitled to any of the following benefits: multi-year variable compensation, exceptional compensation, a non-compete clause payment, or a supplementary pension plan.

Breakdown of compensation paid or granted to François de Wendel, Chairman of the Supervisory Board, for the 2017 fiscal year and submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€70,000	The Governance Committee reviewed the compensation for the Chairman of the Supervisory Board on May 17, 2017 and decided to leave it unchanged.
Director's fees	€77,000	The amount of director's fees was increased by shareholders at their meeting on May 18, 2017 (see Section 2.1.7.10).

Mr. de Wendel is not entitled to any of the following benefits: variable compensation, multi-year variable compensation, exceptional compensation, stock options, performance shares, benefits of any kind, a severance package, a non-compete clause payment, or a supplementary pension plan.

2.2 Risk factors

Wendel regularly evaluates its own risk factors and those of its consolidated subsidiaries, operating subsidiaries, and holding companies. The risk management process is described in Section 2.3 below, "Risk management and internal control systems."

The risk factors presented in this section are those that could have a material effect on the business operations, financial situation or

future performance of the Company or of the companies that were fully consolidated during the fiscal year under review and as of the date of this registration document. This section is not intended to provide a full discussion of all of the Group's risk factors.

Risk factors concerning Bureau Veritas, a fully consolidated company, are described in its registration document.

2.2.1 Financial risks

Information on liquidity, interest-rate, currency and equity risks of Wendel and its controlled subsidiaries can be found in Note 5,

"Managing financial risks," to the consolidated financial statements, given in this registration document.

2.2.2 Operational risks

Wendel, Trief, and Oranje-Nassau

Risks related to the equity-investment operations of Wendel, Trief, Oranje-Nassau, and their holding companies are described below.

Winvest Conseil SA, a subsidiary of Trief Corporation SA, is subject to the EU's Alternative Investment Fund Managers Directive (AIFM) and has therefore set up a risk management process designed to identify, measure, mitigate, and monitor all risks related to the acquisition and ownership of equity investments in unlisted companies. This risk management process is aligned with and supplements that of Wendel, which is described in section 2.3.

As part of a divestment, Wendel may grant earnouts or liability guarantees.

Risk management

Wendel's due diligence processes are thorough and must meet predetermined investment criteria. Identified risks can, on a case-by-case basis, be covered by a guarantee from the seller. These due diligence processes are updated regularly and include considerations related to CSR and digitalization.

Wendel aims to limit the amount and duration of any earnout clauses and liability guarantees granted during divestments.

2.2.2.1 Risks related to due diligence on planned investments and divestments

Description

Equity investments involve a risk at the time an ownership stake is taken in a company, in that the Company's value might be overestimated. The valuation applied to a target company is based in particular on operating, environmental, financial, accounting, social, legal, and tax data communicated during due diligence, and this information might not be entirely accurate or complete.

2.2.2.2 Risks related to legislative and regulatory changes

Description

Legal considerations related to acquisitions and divestments are often complex, because existing or upcoming legislative and regulatory requirements must be met with respect to foreign legal systems, which may be uncertain, and because specific organizational structures must be implemented depending on the characteristics of each investment.

Moreover, unfavorable changes in tax legislation could make Wendel's investment transactions less attractive.

Recently-passed laws on compliance and the cross-border application of foreign regulations also require Wendel and its portfolio companies to be more vigilant.

Risk management

During an acquisition or divestment, Wendel's Investment Unit, in association with staff from the legal, tax, and finance departments, work with experienced consultants in the local markets to ensure that the new structure complies with all applicable legal, regulatory, and tax requirements.

Wendel and its portfolio companies are gradually rolling out compliance programs that they deem effective and suitable to their specific operations.

2.2.2.3 Risks related to valuing portfolio companies

Description

Once they have joined the portfolio, the companies in which Wendel has invested must be evaluated periodically. These periodic valuations are used to calculate net asset value (NAV) per share, but they do not necessarily reflect ultimate divestment value. Unlisted controlled companies are less liquid and often smaller than listed companies. High volatility in the financial markets could cause NAV to fluctuate significantly. There is no guarantee that portfolio companies can be sold at a value at least equal to that used to calculate Wendel's NAV. The sale of equity investments can be facilitated or hindered by market conditions.

Risk management

Wendel's NAV is calculated five times a year, using a precise, stable methodology (see Section 4.3). It is finalized by the Executive Board, reviewed by the Audit Committee, and examined by the Supervisory Board (see Section 2.1.4.1). An independent appraiser makes and submits its own valuation. When appropriate, the methodology could be adjusted to obtain a better estimation of the fair value.

2.2.2.4 Risks related to the portfolio's regional and sectorial exposure

Description

A high level of concentration in specific regions and sectors can create significant financial risks for the portfolio in the event of a downturn in those regions or sectors. Wendel has been taking steps to diversify its asset allocation since 2013.

However, by increasing the regional diversification of its assets, Wendel has also increased its exposure to currency risk and to certain specific risks, such as in Africa.

Wendel deems its investment in Bureau Veritas to be a high-quality asset. This holding accounted for 26.3% of the Company's net asset value at March 7, 2018. Any significant decrease in Bureau Veritas' share price would have a considerable impact on Wendel's net asset value.

Risk management

Wendel seeks to reduce its sensitivity to valuation risks of the companies in its portfolio by diversifying its assets, both sectorally and geographically. In this regard, Wendel invested in two African companies in 2013: the IHS Group, which operates in telecom infrastructure; and Saham Group, which operates in several industries including healthcare and insurance. In 2015, Wendel completed two acquisitions in the packaging industry, one in the United States and one in Austria, with these companies operating in very different market segments. In 2016, Wendel increased its presence in the United States with the purchase of a stake in Allied Universal, and in South Africa with the acquisition of Tsebo, a pan-African leader in corporate services. Tsebo operates in several African countries, thereby reducing country risk. Wendel also supports its portfolio companies' international expansion, in particular by opening offices outside France.

2.2.2.5 Risks related to the robustness of portfolio companies' business models

Description

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

This assessment looks at the following factors:

- key personnel (see below);
- financing: risk related to a company's leverage, cash flow stability, and ability to pay off its debts (see Section 2.2.1, "Financial risks");
- customers and key accounts: risks related to the failure to meet budgets, the potential impact that market trends could have on operating margins, competitive pressure, rapid growth, and execution;
- technology: risk related to disruption by innovative alternative technologies.

Risk management

Wendel assesses these risks before it invests in a company, by estimating their probability and impact. Critical risks exceeding a given limit may be mitigated by identifying and implementing corrective measures. After an investment is made, critical risks are managed by ensuring that the corrective measures are effective and, if necessary, by implementing new risk-reduction measures.

2.2.2.6 Risks related to dependence on key Wendel and subsidiary personnel

Description

The departure of key personnel could have a negative impact on Wendel's investment activity.

One of the critical risks when Wendel invests in a company relates to making an accurate assessment of the skills and stability of the company's management and Board of Directors.

The departure of key personnel at Wendel could have a negative impact on Wendel's investment activity.

The departure of a member of the management team of a portfolio company could also have a negative impact on that company's strategy and business development, given the active partnerships that Wendel forms with portfolio companies' management teams.

Risk management

Aligning the interests of shareholders, Wendel's management, and the management of its portfolio companies not only creates value, but can also sharply reduce the risk of dependence on key personnel. This alignment involves close communication with the management teams of portfolio companies, as well as co-investments.

The collegial nature of Wendel's processes for making investment and divestment decisions and for monitoring portfolio companies limits the impact that the departure of key personnel would have.

2.2.2.6 Compliance-related risks

Description

The recent evolution of the legal and regulatory environment in the compliance field could lead to hold liability of Wendel. For instance, the French anti bribery Law (known as "Sapin 2") provides for the liability of the parent company in case of violation; moreover, Wendel must ensure that its compliance program is well implemented at its level as at the group's level: abidance to International Sanctions programs, abidance to French and foreign anti bribery and anti money laundering laws, abidance to the European Regulation on personal data protection (GDPR),

abidance to Market Abuse Regulation, abidance to French environmental and social regulation ("Grenelle 2").

Such disputes could also damage Wendel's reputation.

Risk management

Wendel rolls out its compliance program with its employees and portfolio companies through specific policies, appropriate for the company's risks and through mandatory trainings.

Before investing in a company, Wendel carefully assesses the risks related to the company's operations. Wendel may also carry out in-depth assessments of specific risks. For instance, the Company has carried out integrity due diligence on entities in "high-risk" countries. Such assessments will be enhanced as Wendel rolls out its compliance program.

2.2.2.7 Risks of portfolio companies

Bureau Veritas

The main risks identified by Bureau Veritas are: changes in the macroeconomic environment; geopolitical risks; risks related to providing services to governments within the food and commodities businesses; competitive pressure and innovation; the possibility of the loss, suspension, or inability to renew necessary permits; risks related to acquisitions; risks related to outsourcing and subcontracting; the emergence of new technologies; risks related to IT systems, data protection, and cybersecurity; risks related to human resources and worker health and safety; ethical risks; risks related to international sanctions; risks related to the production of fake certificates; image and reputational risk; legal risks; and financial and market risks.

The Bureau Veritas management team is in charge of managing these risks. Bureau Veritas describes these risk factors in more detail in its registration document, available on its website (www.bureauveritas.fr) and on that of the AMF (www.amf-france.org).

Cromology

The main risks identified by Cromology are: changes to the macroeconomic environment; rises in certain raw material costs; intense competition and pricing pressure; industrial and environmental risks; liquidity risk arising from the financing structure of this investment (see the section on liquidity risk management in the consolidated financial statements); and the risk of customer claims.

The Cromology management team is in charge of managing these risks.

Stahl

The main risks identified by Stahl are: changes to the macroeconomic and financial environment; competitive pressure; a rise in raw material prices; the concentration of chemical suppliers; sectoral innovation; industrial risks; environmental risks (certain materials used or products manufactured could be discovered to be hazardous to human health or the environment); the risk of departure of key people; currency risk (see the section on currency risk management in the consolidated financial statements); and liquidity risk arising from the financing structure for this investment (see the section on liquidity risk management in the consolidated financial statements).

In 2017, Stahl acquired BASF's Leather Chemicals business. The identified risks related to these acquisitions are: the risk of negative synergies; the risk of a decline in business activity; and risks associated with staff integration.

The Stahl management team is in charge of managing these risks.

Mecatherm

The main risks identified by Mecatherm are: changes in the global macroeconomic climate, financial environment, and regulations; competitive pressure; risks related to the positioning of the company's products in the market; changes in the business environment, including significant mergers among its customers; compliance risks related to export contracts; and pressure on the company's cash flow as orders are booked irregularly throughout the year.

Operating risks also come from IT system upgrades and business transformation projects at production units, and more broadly from the introduction of a new supply chain.

The Mecatherm management team is in charge of managing these risks.

Nippon Oil Pump

The main risks identified for Nippon Oil Pump are: changes in the macroeconomic climate; currency risk; changes in the market for machine tools; increases in raw materials prices (especially iron and copper); the late or disrupted delivery of supplies; counterfeit risk; delays in getting new products to market; and difficulty retaining key staff.

The Nippon Oil Pump management team is in charge of managing these risks.

Constantia Flexibles

The main risks identified for Constantia Flexibles are: the volatility of commodity prices; environmental risks; hiring and retaining talented employees; finding the right balance between product pricing and maintaining long-term relationships with key customers; possible interruptions to production processes; machine breakdowns and quality requirements; and IT risks. The packaging industry is subject to a number of regulatory requirements that expose the company to product liability-related risks. The company's R&D activities could pose risks related to meeting deadlines and market needs. Due to the nature of its business, the company is exposed to currency risk and country risk (political and macroeconomic). Acquisitions and disposals could also have a material impact on the company's cash flow and pose risks related to the integration of newly-acquired companies.

The Constantia Flexibles management team is in charge of managing these risks. These risks are described in detail in the company's annual financial report, which is available on its website, www.cflex.com.

CSP Technologies

The main risks identified for CSP Technologies are: volatility in exchange rates and raw materials prices, especially polyethylene and other polymer resins; the risk of losing important customers; the risk that the company's products and customers could be replaced by new technology; the risk of losing market share to new or more price-aggressive competitors; and the ability to effectively integrate new acquisitions or production processes.

The CSP Technologies management team is in charge of managing these risks.

Tsebo

The main risks identified by Tsebo are: political, macroeconomic, and labour-related risks; pressure on margins due to wage and food-price inflation; maintaining its rating by South Africa's Black Economic Empowerment program; corruption; risks related to repatriating payments made in certain countries; currency devaluation; the risk of losing key personnel, especially given the size and dispersion of Tsebo's staff; and risks related to rapid growth, and integrating acquisitions (leveraging synergies).

The Tsebo management team is in charge of managing these risks.

IHS

The main risks identified by IHS are: geopolitical and macroeconomic risks, corruption, regulatory and exchange-rate risks, non-payment by certain customers, consolidation of telecom operators, risks related to new acquisitions and the risk related to recruiting and retaining qualified employees.

In addition, during the course of 2017, the Nigerian foreign exchange market was changed. In April 2017, the Nigerian central bank issued a circular which led to the introduction of a new foreign exchange window, called the Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX). This FX window was designed to facilitate the access to hard currencies for economic players operating in Nigeria. In this context, IHS Management's analysis concluded that the NAFEX rate should be applied in translating foreign currency transactions at its Nigerian subsidiaries starting from December 31, 2017. This change in rate had a negative impact on IHS's balance sheet and financial expenses. It will also probably have an unfavorable impact on the company's accounting profitability and cash flow in 2018.

Wendel has been informed that certain accounts belonging to IHS Nigeria Limited, INT Towers Limited, and IHS Towers NG Limited domiciled in Nigerian banks have been blocked at the end of 2017. These measures relate to certain "post no debit" instructions received by some of IHS's banks in Nigeria from the Nigeria Economic and Financial Crimes Commission (EFCC).

IHS has indicated that, to its knowledge, no formal allegation or investigation has been notified to them as part of the EFCC's inquiries, and that it will continue to fully co-operate with the EFCC's information requests, while working constructively with them to understand the basis of their actions in respect of IHS's accounts.

As of December 31, 2017, the amount held in those bank accounts that are affected was \$106.8 million out of total cash and cash equivalents held by IHS of \$753 million.

While IHS' management currently expects that the "post no debit" instructions on the affected accounts will be released once the EFCC's enquiries are completed, it is not possible at this time to predict the matter's likely duration or outcome. All necessary governance measures are being taken by the IHS's Board of Directors to closely monitor this matter.

As of December 31, 2017 IHS's net debt totaled \$1,334.7 million.

See Note 10.1 to the consolidated financial statements.

The IHS management team is in charge of managing these risks

Former subsidiaries and activities

In the past, Wendel has held subsidiaries or conducted commercial or industrial activities, either directly or indirectly. In this regard, it risks being held responsible for personal injury, property damage, compliance with environmental or competitive regulations, etc.

2.2.3 Regulation

The Wendel Group

As an investment Company, Wendel SE is not subject to any specific regulations.

Wendel invests in its unlisted equity investments via venture capital investment funds (*sociétés d'investissement en capital à risque - SICAR*) in Luxembourg. These funds are regulated by the country's financial regulator, the Commission de surveillance du secteur financier (CSSF), and are considered as alternative investment funds under the Luxembourg Act of July 12, 2013, which transposed the AIFM Directive into the country's domestic law. The funds are managed by a Luxembourg management Company, Winvest Conseil SA, which was approved as an alternative investment funds manager by the CSSF on June 4, 2015. Winvest

Conseil SA manages the portfolio, and is responsible for risk management, the central administration of the SICARs, and for marketing their units. It also undertakes compliance and internal audit activities for the companies included within its remit. It has implemented detailed procedures and is subject to strict obligations, whose performance is closely monitored by the CSSF.

Wendel North America, which studies investment opportunities in North America, registered with the Securities and Exchange Commission (SEC) as an Investment Advisor in May 2017.

The tax rules applicable to Wendel could change adversely.

Each of the Group's companies carries out its business in compliance with its own regulatory environment, which differs according to the industry and the country in which it operates.

Bureau Veritas

Bureau Veritas operates in a highly regulated environment. To exercise a significant portion of its activities, Bureau Veritas must first obtain authorization from local, regional or international public authorities or professional organizations. Each division in the Bureau Veritas Group has a specific structure devoted to centralized monitoring and management of these authorizations, which are subject to regular audits conducted by the relevant authorities.

For more information on regulations applicable to Bureau Veritas, please refer to the company's registration document. It is available on the websites of Bureau Veritas (www.bureauveritas.fr) and the AMF (www.amf-france.org).

Stahl

Stahl operates in 24 countries. Its manufacturing sites are located in eleven countries: Singapore, China, France, India, Netherlands, Brazil, Spain, Mexico, Italy, Germany, and the United States. Stahl has obtained or has applied for the authorizations necessary to operate in these countries. These authorizations relate to safety, health and the environment. In other countries, Stahl exercises commercial or storage activities.

To the best of Stahl's knowledge, no regulatory change is likely to have a material effect on its business.

Cromology

Cromology's business is not subject to any specific regulations apart from those applicable to paints, such as the EU REACH regulation, regulations on volatile organic compounds in paints, regulations on certain raw materials important to paint formulation, and regulations on paint-related waste.

Mecatherm

All of Mecatherm's manufacturing sites are in France, with the primary one in the Alsace region. Regulations applying to Mecatherm do not have a significant impact on its business.

Nippon Oil Pump

Nippon Oil Pump has two manufacturing sites in Japan, an assembly plant in Germany, and distribution subsidiaries in China, Taiwan, and India. The company's operations are not subject to any specific set of regulations in Japan, Germany, and India. The company has obtained all necessary operating permits in China and Taiwan.

Constantia Flexibles

Constantia Flexibles has production plants in 18 countries on four continents. It has obtained all the required permits and is not aware of any regulatory changes that could affect those permits.

The company serves customers in the food, pharmaceuticals, and healthcare industries. Both it and its customers are subject to numerous health, safety, and environmental regulations, which change frequently. There is a risk that new regulations could require the company to make further capital expenditures, increase its production costs, or prohibit it from using certain materials.

CSP Technologies

CSP Technologies' main customers operate in highly-regulated markets, especially in the medical and food industries. The company has received approval from the US Food & Drug Administration to operate in the food industry in the United States.

Tsebo

Tsebo's operations are not subject to any specific regulations. Nevertheless, the company must comply with the laws and standards of the economic activities in the countries where it operates, such as laws on carrying weapons (security) and hygiene standards (restaurants).

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To the best of the Company's knowledge, there is no foreseeable change in regulations or development in case law that could have a significant impact on the activities of Wendel's subsidiaries.

2.2.4 Disputes and litigation

The principal disputes and litigation involving the Company and its controlled subsidiaries are detailed in Note 15.1 to the consolidated financial statements.

To the best of the Company's knowledge, there is no other pending or foreseeable governmental, legal or arbitration proceeding involving the Company or any of its fully-integrated subsidiaries that may have or that has had, during the previous

fiscal year and as of the date of this registration document, a material adverse effect on the financial position or profitability of the Company and/or the Group.

Bureau Veritas' disputes and litigation are discussed in its registration document.

2.2.5 Insurance

Wendel

As part of its risk management policy, Wendel has taken out policies with leading insurance companies, and regularly issues requests for proposals so as to improve its coverage while taking advantage the best market prices. The following principal risks are now covered:

- damage to property (buildings and/or tenant's liability risk) and contents: the policy covers physical damage to property up to €50 million;
- information technology risks: this policy covers up to €1.2 million;
- general liability: this policy covers bodily injury, property damage and other losses to third parties up to €10 million;
- automobile fleet: this policy provides €1 million of coverage for property damage;
- non-owned auto: this policy insures the use of a personal vehicle for occasional travel that is required for Wendel business. It provides unlimited coverage for bodily injury and up to €100 million for property damage and economic loss;
- Company employees who travel are also covered by various assistance contracts and insurance policies. The Company has implemented a risk awareness and prevention program for the risks related to certain countries;
- professional liability: this policy covers litigation risks up to €25 million in the event of professional error or an act deemed as such, committed by the Company or one of its agents or employees with third parties. The policy includes professional liability insurance for Wendel's international operations;

- liability of executives and corporate officers: this policy covers the Company's corporate officers, its representatives on the governing bodies of subsidiary and affiliated companies, and persons considered executives de facto or de jure, who might be held responsible for a professional error in connection with their duties of management, supervision or administration. Coverage is available under this policy up to €100 million. The policy includes general liability insurance for Wendel employees working at its international sites.

Bureau Veritas

In 2017, the Bureau Veritas Group continued to centralize and optimize its insurance policies.

The centralized insurance policies are:

- a professional and general liability program covering all of the company's businesses, except for Aeronautics and the Construction division's French operations. This program supplements local insurance programs;
- general liability insurance for corporate officers;
- professional liability insurance for the aeronautics business;
- the Group is setting up an international insurance program for property damage and related financial losses. The program started being rolled out country-by-country on January 1, 2014.

Other risks are insured locally, such as for automobile accidents, workplace accidents, and risks related to the Construction division in France, for example.

Stahl

Stahl has taken out the following centralized insurance policies:

- direct property damage and business interruption;
- product liability insurance, including a guarantee for third parties in the event of a product recall;
- general liability insurance for corporate officers;
- transportation insurance.

Cromology

Cromology has taken out the following insurance policies:

- general liability insurance;
- ten-year general liability insurance and ten-year liability insurance for applicators;
- insurance for property damage and business interruption;
- environmental liability insurance;
- general liability insurance for corporate officers;
- a fraud policy;
- an “employer” policy (employee relations);
- a business travel accident policy.

Mecatherm

Mecatherm has taken out the following insurance policies:

- general liability insurance;
- general liability insurance for corporate officers;
- multi-risk industrial insurance, including business interruption;
- merchandise transport, assembly, and testing insurance, including in factories;
- “business class” insurance for traveling employees;
- car fleet insurance and insurance for business use of personal vehicles.

Nippon Oil Pump

Nippon Oil Pump has taken out the following insurance policies:

- general liability insurance for production plants and offices;
- general liability insurance for products and operations;
- injury and property damage insurance.

Constantia Flexibles

Constantia Flexibles has taken out the following insurance policies:

- general liability insurance for corporate officers;
- transportation and maritime transportation liability insurance;
- general product liability insurance;
- business travel and accident insurance for employees;
- accident insurance for damage to third parties;
- insurance against cyberattacks;
- fraud insurance;
- insurance for property damage, business interruption, and customer claims.

CSP Technologies

CSP Technologies has taken out the following insurance policies:

- general liability insurance;
- car fleet insurance;
- “employer” insurance;
- general liability insurance for executives;
- maritime transportation liability insurance;
- insurance for property damage;
- accident insurance for employees;
- international multi-risk insurance;
- pension fund liability insurance;
- fraud insurance.

TSEBO

Tsebo has taken out the following insurance policies:

- general liability insurance;
- insurance for property damage;
- general liability insurance for executives;
- employee accident and travel insurance;
- health insurance for expatriates;
- car fleet insurance;
- commercial fraud insurance.

2.3 Risk management and internal control systems

2.3.1 Introduction

The following sections provide more details on Wendel's internal control and risk management procedures. The Executive Board is responsible for gathering the necessary information from the relevant entities and managers and presenting the systems in place. Wendel's internal control policy forms part of the Company's broader Corporate governance rules, under which the Audit Committee is assigned with making sure that risk management and internal control systems are properly implemented and effective. The rules are intended to help the Supervisory Board ensure that the Company's internal controls are effective and that reliable information is provided to shareholders and financial markets.

Definitions and objectives of risk management and internal control

Wendel applies the AMF guidelines issued in July 2010, entitled "Reference framework for internal control and risk management systems," as well as the recommendations for implementing those guidelines, to develop its approach and procedures for internal control and risk management. These guidelines include the objectives and other elements of the reference framework.

Objectives of internal control

Wendel's internal control system consists of resources, behaviors, procedures, and initiatives tailored to the specifics of Wendel's business.

By making sure the system is implemented across all its operations, Wendel has put in place the necessary processes to manage all the risks it is exposed to.

The internal control system aims to ensure that the Company generates reliable and complete financial information, and that it has the right processes for managing its operations in accordance with applicable laws and regulations and with the management principles and strategy set by the Executive Board.

The internal control system therefore helps Wendel mitigate its risks, track down and prevent fraud and corruption, reach its objectives, and protect the value that it creates for shareholders and employees.

However, no such system can provide an absolute guarantee that all risks to which the Company is exposed are managed in their entirety, nor that the Company will reach its objectives.

Principles of internal control

Wendel's internal control system is based on the following fundamental principles, consistent with the Company's objectives:

- a carefully-selected and well-managed organization with competent, responsible men and women that draws on properly-designed IT systems, procedures, tools, and practices,
- regular, periodic assessments of the Company's main risks in order to identify, analyze, and manage those risks with respect to its objectives;
- appropriate internal control measures proportionate to the risks of each business process and designed to ensure that the right steps are taken to manage risks that could prevent the Company from reaching its objectives;
- the dissemination within the Company of relevant, reliable information that lets each employee carry out his or her duties;
- regular reviews of internal control practices.

Risk management

Risks represent the possibility that an event may occur whose consequences would adversely affect Wendel's employees, assets, environment, objectives, financial condition, or reputation.

Risk management is comprehensive and covers all of Wendel's activities, processes and assets. It includes a set of resources, behaviors, procedures, and initiatives tailored to Wendel's characteristics. They enable the Executive Board to maintain risks at a level that is acceptable to Wendel.

The Company's risk management system is designed to identify and analyze the main risks to which Wendel is exposed. The system helps:

- preserve Wendel's assets, reputation, and the value it has created;
- make Wendel's decision-making and other processes more secure so as to help Wendel achieve its objectives;
- foster consistency between Wendel's activities and its values;
- encourage Wendel's employees to adopt a shared view of the principal risks and raise their awareness about the risks inherent to their business activities.

Relationship between risk management and internal control

Wendel's risk management and internal control systems are complementary.

The Company's risk management system is designed to identify and analyze its main risks.

The risk management system includes controls within the internal control system that are designed to ensure risk management functions properly. Risks whose possible occurrence or magnitude exceeds limits that the Company deems acceptable are dealt with using the risk management system described here, and action plans are implemented if necessary. These action plans could involve setting up controls, transferring the potential financial consequences (such as through an insurance policy), and/or modifying the associated business processes.

Any controls that are set up form part of the Company's internal control system.

This ensures that the system can help the Company deal with the risks to which it is exposed. Similarly, the internal control system relies on the risk management system to identify the principal risks that must be controlled. The internal control system consequently helps protect the value that Wendel creates for its shareholders and employees.

These and any such internal control and risk management systems, no matter how well they are designed and implemented, cannot provide an absolute guarantee that risks will be totally eliminated and that the Company's objectives will be achieved.

Internal control scope

Wendel's risk management and internal control system, as described in this report, covers all operations carried out by Wendel SE as an investment company as well as all of its directly controlled holding, investment and advisory companies. The Wendel Group (Wendel SE and its fully consolidated subsidiaries) is a Group that: (i) is decentralized, including in the choice of organizational structure and in its risk management and internal control systems; (ii) includes listed and unlisted companies; and (iii) includes companies in different businesses and of varying sizes. As a result, the scope and characteristics of risk management and internal control can vary from one subsidiary to another. Each operating company and its executives are responsible for designing and implementing their own risk management and internal control systems, in line with the Group's philosophy and organization.

2.3.2 An appropriate organization with clearly-defined responsibilities and powers

Wendel's internal control system draws on the Company's operational organization and on functional divisions that are directly or indirectly dedicated to managing the risks to which the Company is exposed.

The system has a tight governance structure that ensures transparency and traceability in decision-making. It requires strong involvement of the manager of each functional area, who must take ownership of the Company's policies and procedures, help implement them and ensure they are followed, and supplement them when needed.

Persons involved in internal control at Wendel

The Supervisory Board and its committees

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel. Throughout the year, it performs the checks and controls that it deems appropriate and may request any document that it considers necessary to fulfill its duties.

The Supervisory Board regularly reviews the main risks to which the Group is exposed. It does so within the framework of its meetings, and in particular:

- when it examines the quarterly management reports prepared by the Executive Board on the economic and financial condition of each subsidiary or investment (business trends, margins and financial debt), as well as all events that could have a significant impact on the Group;
- as part of investment projects: the Executive Board explains to the Supervisory Board how the projects will be implemented, the risks and opportunities connected with each investment, based on various assumptions, as well as current and projected resources to protect against identified risks. The Supervisory Board's prior approval is required for all projects of more than €100 million or any decision requiring a long-term commitment on the part of Wendel or its subsidiaries.

In addition, the Executive Board regularly updates the Supervisory Board on changes in Wendel's net asset value (NAV), indebtedness and liquidity.

In accordance with Article L.823-19 of the French Commercial Code, the Supervisory Board's Audit Committee is responsible for ensuring the quality and reliability of financial statements and other published financial information, tracking the effectiveness of risk management and internal control procedures, interviewing the Statutory Auditors, in particular with no Wendel representatives present, and ensuring they remain independent. The Audit Committee's tasks are described in detail in Section 2.1.4.1 of the registration document.

The Governance Committee proposes to the Supervisory Board changes to its composition, the terms under which Executive Board members are to be compensated and those for allocating stock options or performance shares. It sees to it that compensation arrangements align the interests of the members of the Executive Board with those of Wendel. In addition, the Governance Committee proposes the co-investment policy intended for senior managers to the Supervisory Board. The Governance Committee's tasks are described in Section 2.1.4.2 of the registration document.

To accomplish its tasks, the Supervisory Board and its committees may call upon external experts, when they deem it necessary.

The Supervisory Board and its committees discuss their operating methods every year. The Supervisory Board regularly formalizes and summarizes its self-evaluation using a questionnaire completed by each of its members, in accordance with the Afep-Medef Code recommendations. An evaluation of the Supervisory Board's performance, composition, operations, and procedures was carried out in 2017 with the help of an outside consultant. The consultant reviewed the Board's documentation, developed a questionnaire (that was approved by the Board's Chairman), and interviewed Board members to get their feedback and suggestions. The consultant's findings, including positive points and areas of improvement, were presented and discussed at the Supervisory Board meeting on January 31, 2018. Progress on these issues will be monitored.

The by-laws and legal provisions governing the transactions for which the Supervisory Board's prior consent is necessary, as well as the thresholds set by the Supervisory Board regarding divestments, the sale of real estate, and the granting of endorsements and guarantees requiring the Supervisory Board's approval are described in Section 2.1.5 of the registration document. These rules are part of the internal control process. The division of roles between the Supervisory and Executive Boards is specified in the same section.

The rules by which the Supervisory Board and its committees operate (deriving from legislation, the by-laws, and the Afep-Medef Code) are set forth in the Supervisory Board's internal regulations and detailed in Section 2.1.2. The internal regulations are reviewed regularly to take into account any new laws and the latest best practices for Corporate governance. They were updated in November 2017.

Executive Board and its committees

The Executive Board has two members. It meets at least once every two weeks and as often as required by Wendel's interests. Its decisions are made collegially.

The Executive Board has organized Wendel's procedures by setting up four committees:

- an Investment Committee, which includes the Executive Board and five of the Managing Directors of the Investment Unit, and the Chief Financial Officer. It meets once a week to monitor the subsidiaries efficiently and identify and issue recommendations on potential investments or divestments Wendel undertakes;
- a Management Committee, which includes the Executive Board and the main operational managers and which is in charge of running the day-to-day business of Wendel and its holding companies, as well as financial, legal, general secretariat, and tax matters, human resources, and communications. It meets every two weeks;
- a Coordination Committee, which comprises all senior executives of Wendel and its advisory companies, including members of the above two committees. It takes stock of Wendel's position and the initiatives to be undertaken, and it reports on any difficulties or risks encountered. This committee meets every two weeks.
- an Ethics Committee, which was created in 2017 and comprises the Company's Executive Board members, Chief Financial Officer, and Ethics Officer. It is responsible for identifying information as insider information and deciding how it should be handled. This committee was set up as part of efforts to comply with the EU's market abuse regulation. Its composition and duties are set forth in an internal procedure for identifying insider information. This committee meets on an as-needed basis.

The Executive Board's monitoring of various risks to the Group is described below in the section titled "Periodic assessments of main risks."

Holding companies, investment companies and directly-controlled advisory companies

The governing bodies of the Group's holding companies, investment vehicles and advisory companies are directly or indirectly controlled by Wendel, making it possible to apply all the risk management and internal control principles described in this report to them.

Operating subsidiaries

Each operating subsidiary enjoys full management autonomy but reports to Wendel periodically on operational and financial matters. Wendel also takes part in the Corporate governance bodies of its subsidiaries and thus ensures that internal control and risk management procedures are properly applied in each of them.

Internal audit

Wendel created a Group Internal Audit department in 2016. This department is responsible for evaluating the internal control and risk management systems of Wendel, its holding, investment, and advisory companies, and its operating subsidiaries, as well as for regularly checking those systems and making recommendations for improving them. It is also responsible for coordinating continuous improvement efforts for internal control and risk management systems.

The Group Internal Audit department helps train and inform internal control managers, but is not directly involved in the implementation and day-to-day functioning of internal control and risk management systems. It carried out a limited number of audits in 2017, some with the help of outside consultants.

The department provides support to senior management that is independent of the operations and functions that it reviews.

Internal control environment

Reporting information within the framework of decision and control processes

The Supervisory Board and Audit Committee are regularly provided with necessary information on business matters, strategic planning, and the risks to which Wendel is exposed, within the framework of the regular meetings described in the section titled "Persons involved in internal control at Wendel" relating to the Supervisory Board and its committees.

Because Wendel's four Management Committees meet often, the Executive Board can organize appropriate dissemination of information within the Company. Consequently, the Executive Board and each department head can make decisions based on all the relevant information in Wendel's possession on its organization, strategic planning, financial position, and the business activities of its subsidiaries.

Dissemination of information on Wendel's organization and its employees' responsibilities

At Wendel, each person's responsibility for organizing, preparing and reporting information is clearly identified. Several procedures help ensure this:

- the Executive Board convenes meetings of all Wendel's employees whenever necessary, in addition to the committee meetings mentioned above and internal team meetings. Similarly, Group reflection and motivation seminars involving some or all employees

are held to take stock of Wendel's position and its environment, and to encourage each person to express his or her expectations about Wendel's operations;

- the dissemination of procedures and rules to all personnel - such as expense commitment procedures, the Market Confidentiality and Ethics Code (see below), the Ethics Code (see below), policies to fight money-laundering and corruption (see below), and the IT System charter - helps each employee to comply with the internal control procedures established by the Executive Board. Wendel has drafted a finance and business administration procedure for its advisory companies to make sure they also implement the Group's internal controls;
- an intranet is operational at Wendel: it serves to share useful information with all Wendel employees about Group events and organization. Among other things, the intranet includes a functional and hierarchical organization chart as well as the calendar of blackout periods.

Protection of confidential information

Wendel endeavors to preserve the utmost confidentiality when sharing sensitive information:

- the Market Confidentiality and Ethics Code was presented to all employees and is part of the internal regulations. It applies to all employees in France and abroad, and to members of the Executive and Supervisory Boards;
- IT access and security are managed very carefully and strengthened on an ongoing basis. Each workstation can be accessed only by the employee to whom it is assigned. Session access is controlled by a login and password combination. The access rights of each employee are limited to his or her responsibilities or department;
- Wendel has appointed a data protection/freedom of information correspondent whose role is to keep the list of Wendel IT processes up to date and to ensure that the French data protection/freedom of information act ("Informatique et libertés") is properly applied. In particular the correspondent is responsible for ensuring that employees' rights to access and restrict the use of their personal data are respected. In 2017 the Company inventoried its procedures for handling personal data and began the analysis necessary to bring its processes and applications into full compliance with the transparency, documentation, disclosure and consent requirements of the EU's General Data Protection Regulation (regulation 2016/679) by May 2018;
- a video-surveillance system has been implemented and security guards are assigned to the building at all times, securing all building access.

Compliance with laws and regulations and with ethical rules

Compliance with laws and regulations

The Legal, Human Resources, Sustainable Development, and Tax departments, along with the General Secretariat, ensure compliance with the laws and regulations in the countries where Wendel and its holding, investment, and advisory companies are located. They constantly monitor the legal and tax environment, so as to stay on top of changes in laws and regulations that might be applicable to them.

Market Confidentiality and Ethics

The Market Confidentiality and Ethics Code is part of Wendel's internal regulations and applies to employees of Wendel and its international offices, and to members of the Executive and Supervisory Boards.

This Code explains the rules of confidentiality for persons who are in possession of confidential or privileged information. It explains the obligation to abstain from stock-market transactions when in possession of privileged information and during blackout periods. Blackout periods are defined as extending from 30 days before until one day after the publication of annual and semi-annual earnings, as well as from 15 days before until one day after the publication of quarterly financial data and the NAV.

The Code defines illegal insider trading, misinformation and share price manipulation, and explains the applicable legal sanctions. It also sets up a number of measures for preventing such infractions. The Code also includes the provisions applicable to stock options and bonus shares and details the AMF disclosure obligations incumbent on executives and persons affiliated with them.

In addition to legal and regulatory obligations in this area, the Code includes certain more restrictive provisions in the interest of transparency and prudence. Specifically, it requires Executive and Supervisory Board members, employees and their relatives to register their Wendel shares and restricts transactions on derivatives or speculative transactions. The Code also defines conflict-of-interest situations. The Group Ethics Officer monitors adherence to the Code. The Code forbids employees and executives from holding, buying or selling shares of listed Group subsidiaries or associates at any time, except for shares that the Board members of those companies must own or dividends-in-kind paid to them in the form of shares of Wendel's subsidiaries or associates.

Pursuant to EU Regulation 596/2014 of April 16, 2014 on market abuse, and as part of its effort to prevent illegal insider activity, Wendel draws up a list of insiders every time sensitive information

emerges that will not be published immediately. These lists are made available to the AMF, which can request to see them. They are kept for at least five years after they are created or after their last update. The Compliance Officer is in charge of creating and updating the lists. Specific compliance rules applicable to the members of the Executive and Supervisory Boards are detailed in Section 2.1.6.

Staff who are the most exposed to these compliance issues underwent specific training on market ethics in June 2017.

Code of Ethics

The Executive Board of Wendel adopted a Code of Ethics in March 2015. This Code embodies the values of the Company and its employees and supplies the frame of reference for Wendel's role as a long-term investor. It applies to all employees and executives of the Company in all its offices, as well as to its holding companies. Wendel encourages the companies in which it invests to adopt similar standards.

The main issues covered by the Code are: anti-money laundering measures, compliance with economic sanctions, bribery prevention, fair competition, workplace equality, occupational health & safety, personal data protection, the preservation of operating resources, and being a responsible corporate citizen.

Compliance experts gave special training to Wendel managers in January 2016 as part of the implementation of the new Code of Ethics.

Wendel's General Secretary is responsible for overseeing compliance with the Code.

Anti-money-laundering and anti-corruption policies

Wendel has adopted a Group-wide anti-money-laundering policy, communicated to all employees, that specifies its procedures for preventing money laundering and managing the associated risks. The policy was updated in November 2017. In early 2018, employees underwent online training on anti-money-laundering measures.

Wendel has introduced several initiatives to comply with the new requirements under France's "Sapin II" law on transparency, combating bribery, and modernizing the economy, which went into effect on June 1, 2017. These initiatives include a documented assessment of its portfolio companies' compliance, especially unlisted companies. The Company also updated its anti-corruption and influence-peddling policy, spelling out the applicable rules and sanctions, and set up an alert system. All employees underwent mandatory online training on this issue; the most exposed employees also took an in-depth in-class training course.

Human resources policy

Wendel's human resources policy is designed to make sure the Company has employees with the skills and knowledge necessary to carry out their duties and help the Company reach its current and future objectives. Wendel's employees are aware of their responsibilities and limits, and are informed of and comply with the Company's rules. The main factors supporting this are discussed in the "Internal control environment" section, under "Dissemination of information on Wendel's organization and its employees' responsibilities."

Wendel conducts formal, annual performance reviews, through which it regularly examines the contribution of each employee, the scope of their position and the resources given to them for meeting their objectives. This information is centralized by the Human Resources department and can, where necessary, lead to recommendations for training, in order to allow all employees to improve their respective skillsets.

Information systems

The Company's IT systems are tailored to its current objectives and have been designed to support its future objectives. The systems' hardware and software employ advanced security mechanisms for protecting the data they store. Wendel has decided to use cloud-based systems to maximize data security. In 2017, the Company installed Microsoft's cloud-based messaging and account consolidation software. In 2018, all Microsoft Office 365 data will be migrated to the cloud (Office 365 is a suite of business software developed specifically for use in the cloud) as well as other accounting applications. Wendel also implemented software in 2017 to digitize the processing of supplier invoices and expense reports, as part of efforts to enhance data security and automate internal controls.

2.3.3 Periodic assessments of main risks

Wendel:

Note 15-1 to the consolidated financial statements and Section 2.2 detail the main risks Wendel encounters, owing to its businesses and the way the Group is organized, and how those risks are covered.

Wendel and its governing bodies are organized in such a way as to allow for active risk management and internal control. The Executive Board assigns and distributes risk monitoring responsibilities to various departments of Wendel in the following ways:

- the Investment Unit is in charge of monitoring subsidiary performance on a monthly basis, the operational risks specific to each equity investment and the acquisition and divestment process. It is also responsible for valuation risk on Wendel's assets;
- the Executive Board and the Investment Unit also ensure that the management team of each subsidiary and associated company is organized in such a way as to manage its risks properly and achieve its objectives;
- the Finance department monitors Wendel's financial risks (financial leverage, liquidity, interest rates, foreign exchange), cash management, and the quality of Wendel's financial counterparties, NAV, accounting regulations, the production of financial statements, the calculation of NAV, earnings forecasts, the estimates needed to prepare the financial statements and calculate NAV (together with other Wendel departments if necessary), and transaction security. Key indicators (changes in NAV, financial leverage, current and projected cash levels, and exposure to interest rates and exchange rates) are reviewed regularly so that the Executive Board can take measures insofar as possible to adjust Wendel's exposure to these risks if deemed necessary;
- the Group Internal Audit department is responsible for evaluating the internal control and risk management procedures of Wendel, its holding, investment, and advisory companies, and its operating subsidiaries;
- the Legal department is responsible for Wendel's legal security and ensuring that Wendel's transactions (financing, acquisitions, divestments, etc.) comply with all applicable laws and regulations and that the corresponding contracts are legally valid. More generally, the department is responsible for the proper execution of all transactions that Wendel undertakes as a long-term investor;
- the General Secretariat is responsible for ensuring that Wendel's holding companies adhere to company law and laws governing market trading and Corporate governance, and that Wendel adheres to regulations on compliance, ethics, disputes and litigation, data protection and freedom of information, general liability insurance for corporate officers, professional liability insurance, and intellectual property.
- the Tax department monitors tax regulations, ensures that Wendel's obligations vis-à-vis the tax authority are handled properly and guards against tax risks;

- the Communications and Sustainable Development department seeks to preserve Wendel's image and reputation and to stay abreast of environmental and social responsibility (ESR) obligations;
- the Financial Communications department ensures that the financial information communicated to investors and analysts is of high quality;
- the Operational Resources department is in charge of managing human resources risks, risks to people and equipment, and the prevention of IT risks (intrusion, data security and storage, business continuity, etc.).
- the international offices in London, Casablanca, Luxembourg, New York, Singapore, and Tokyo provide the Group with business and investment advice for their respective regions.

To the extent necessary, each department may be assisted by outside experts (lawyers, bankers, brokers, Auditors, consultants, etc.) with approval of the Executive Board.

The Executive Board oversees the monitoring of risk and, together with each department, decides on the procedures that will be used to cover them. This takes place in Management Committee and Executive Board meetings as described in the section on organization.

As indicated in the section on organization, the Executive Board presents the main risks that could significantly impact the value of Wendel's assets to the Supervisory Board, whenever required and as part of the quarterly business report.

In addition, in accordance with Article L.823-19 of the French Commercial Code, incorporated into the Supervisory Board's internal regulations, the Audit Committee is responsible for monitoring the effectiveness of the Company's internal control and

risk management systems. A map of the risks to which Wendel is exposed is prepared by Wendel's various departments, validated by the Executive Board and presented to the Audit Committee. This map relates primarily to the risks borne by Wendel and its holding companies. It is reviewed regularly, and was updated in May 2017.

For certain principal risks identified in the map - i.e. those whose occurrence and/or intensity are considered the highest - a detailed analysis is formalized by the departments involved. This analysis is presented to the Audit Committee. In addition, the Audit Committee examines risk management at certain subsidiaries and associated companies. The Chairwoman of the Audit Committee presents a summary of the Audit Committee's findings to the Supervisory Board.

Subsidiaries and associated companies

Subsidiaries manage their own risks, particularly operational risks, and take the necessary steps to understand and monitor them. It is for them to decide whether it is necessary to map these risks and to determine the action plans to be implemented each year.

Nevertheless, Wendel's presence in the governing bodies of its subsidiaries allows it to ensure that major risks are actively monitored.

Wendel also draws on its Internal Audit department as well as those of its subsidiaries (when they have them), and on subsidiaries' risk reports to assess their main risks and internal control procedures.

Wendel also takes into account the conclusions of the independent Auditors of its subsidiaries and associated companies. To improve communication, they are often part of the same networks as Wendel's Statutory Auditors.

2.3.4 Appropriate internal control processes

Wendel has set up processes to ensure that relevant, reliable information is communicated in a timely manner to all necessary employees so that they can perform their duties.

Operational and functional control activities

Investments and divestments

The Investment Committee meets weekly to examine progress made on planned acquisitions and divestments and to explore new opportunities. The committee includes the Executive Board, five Managing Directors of the Investment Unit and of international offices, and the Chief Financial Officer. The Executive Board selects a team comprising people with the requisite expertise to review each opportunity. A senior member of the team acts as coordinator

and is responsible for the investment/divestment recommendation. Once the analysis has been finalized, the companies involved have made an investment decision on the proposed transaction and the Executive Board has approved it, the transaction is presented to the Supervisory Board for authorization if the by-laws so require. The presentation includes an analysis of the impact of the transaction on Wendel's net income from operations, financial position and net asset value under various favorable and unfavorable assumptions, as well as an assessment of the identified risks. The team in charge of the transaction is then responsible for executing it, with the help of the Finance, Legal, and Tax departments, and that of top-level banks, strategy consultants, legal firms, and Auditors, to the extent necessary. Liability guarantees granted or received are presented to the Audit Committee and to the Supervisory Board.

Monitoring investments

Monitoring the existing portfolio involves:

- a monthly operational report from each subsidiary and associated company presenting trends in sales, profitability and financial debt. These indicators are compared with previous periods and with budgeted figures. For some subsidiaries, short-term cash management and projection tools have also been implemented;
- regular work sessions with the managers of each subsidiary and associated company. The agenda for these meetings includes, in addition to a review of the business, an in-depth analysis of one or more important topics (procurement policy, optimization of business assets, research and development, analysis of the position of major subsidiaries, existence and organization of internal control, coverage of financial risks, etc.);
- an annual budget meeting with each subsidiary and associate, updated at additional meetings when new projections become available;
- numerous discussions or meetings organized with members of the management of each subsidiary and associated company, if required.

The members of the Investment Committee present a summary of their work monitoring the subsidiaries and associates for which they are responsible and make recommendations in the event significant decisions concerning these investments need to be made. Moreover, in order to strengthen dialogue with the subsidiaries and better understand their operating environment and the concerns of their respective management teams, Wendel is systematically represented on the governing bodies of the subsidiaries and, in particular, on their Audit Committees. This presence on the governing bodies of the subsidiaries and associated companies gives Wendel and its representatives insight into whether risk management and internal control procedures are functioning properly.

Wendel's Supervisory Board is kept regularly informed of trends in the economic and financial situation of subsidiaries and associated companies at the numerous meetings described in the section titled "An appropriate organization with clearly-defined responsibilities and powers."

Senior executives of all subsidiaries and associated companies are chosen in agreement with Wendel. In addition, Wendel representatives take part in the governing bodies of each subsidiary or associated company, enabling it to closely monitor the compensation of their principal executives and ensure its incentive character. Wendel also thereby ensures that the interests of the executives are aligned with those of the company they manage.

Monitoring Wendel's financial position

Internal control procedures are designed to provide ongoing reasonable assurance that financial transactions are carried out under secure conditions and in accordance with objectives:

- trends in NAV, in financial leverage and in bank covenant compliance are regularly monitored;
- Wendel has been rated by Standard & Poor's since September 2002;
- the Executive Board regularly monitors the indebtedness, liquidity position and cash projections presented by the Chief Financial Officer and regularly presents the debt and liquidity positions to the Supervisory Board;
- the Executive Board reviews the monthly reporting of the cash position and cash investments of Wendel and its holding companies;
- Wendel and its holding companies have a budget process with formal procedures and responsibilities, including budget tracking.

The procedures for preparing financial statements and the financial information communicated outside the Group are detailed in the section titled "Control activities to ensure reliable accounting and financial information."

Arranging financing

Financing terms and their implementation are approved by the Executive Board after an in-depth review of various solutions and an analysis of Wendel's financial situation prepared by the Chief Financial Officer. After the Legal department reviews the related contracts and legal documentation, financing transactions are executed under delegations of power and/or signature authority given by the Executive Board Chairman to the Chief Financial Officer, the Director of Legal Affairs, or a member of the Management Committee. Depending on the transaction amounts and characteristics, the by-laws require bond issues or new loans to be authorized by the Supervisory Board.

Exposure to interest rates and exchange rates is analyzed regularly by the Chief Financial Officer. The Executive Board decides whether or not to adjust interest-rate and exchange-rate exposure, and if necessary, appropriate financial instruments are put in place.

Procedures for preventing fraud and monitoring commitments and expenditure

The procedures for authorizing expenditure commitments at Wendel and its holding companies cover all of Wendel's commitments as well as the signatures needed for bank transactions (*via* delegated signature authority).

- Estimates are submitted by several service providers. They are always negotiated under the supervision of the Management Committee member or members in charge.
- Expenditures are subject to a formal authorization procedure. Depending on the amount, they must be authorized by the Management Committee member in charge of the expenditure, by an Executive Board member, and/or by the Executive Board Chairman. Funding requests are compared with the budget, and invoices are approved after comparison with funding requests.
- Only the Finance department can issue checks and transfer orders, backed up by supporting documentation, and it informs the Chairman of the Executive Board when the amount exceeds a certain threshold.

In 2017, Wendel began digitizing this procedure in order to improve visibility on its commitments and better manage and track expenditures. This included setting up authorization thresholds and automatic alerts.

Moreover, Wendel's offices in France, Luxembourg, London, and Casablanca introduced a paperless system for processing expense reports and reimbursing employees. The system is scheduled to be rolled out in New York and Singapore in 2018.

For Wendel's advisory companies, the Chief Financial Officer has issued a procedure for managing their finances and business administration. The Finance department carries out a formal internal review of Wendel's advisory companies to make sure they adhere to the Group's internal control policy.

Preservation of IT data integrity

In order to prevent the risks of abuse of and intrusion into computers and IT systems, the IT department reports directly to the Managing Director in charge of operating resources, who regularly proposes and implements initiatives on data conservation and storage systems. The Company installed several cloud-based applications in 2017, including software to manage Board of Directors meetings, shareholder information, accounting and consolidation, and financial communications. The messaging system was also migrated to the cloud in late 2017; data migration will continue in 2018.

An IT continuity plan is in place and provides for fully redundant (or replicated) data in real time between the Group's two long-standing sites, Paris and Luxembourg. The two sites are linked via a private line. Access to messaging data, business line applications and all files is secure. Starting in March 2018, and as part of the Company's decision to migrate sensitive applications to the cloud, data redundancy and the high availability required will be managed by data centers run by Efisens, Wendel's IT services provider, and eventually in Microsoft data centers.

Control activities to ensure reliable accounting and financial information

The risks related to the preparation of Wendel's accounting and financial information mainly include the risk of error, risks inherent to the use of estimations (see Notes 1.9 and 1.10 to the consolidated financial statements), and risks arising from the valuations used to calculate NAV.

The internal control procedures designed to ensure that the annual (parent company and consolidated) and semi-annual financial statements present a true and fair view of the results of operations as well as Wendel's financial position and assets are as follows:

Procedures for the preparation and consolidation of the financial statements

Wendel applies International Financial Reporting Standards (IFRS) for its consolidated financial statements. The principal rules applicable are described in the annual financial report and are distributed to subsidiaries as part of the process for reporting and for preparing the financial statements. Because of the diversity of the subsidiaries' activities, Wendel leaves it up to each subsidiary to propose the accounting processes appropriate for its business. The Finance department and the head of consolidation at Wendel ensure uniformity of treatment within the Group, in particular by examining accounting principles in the financial statements of each subsidiary.

In addition, Wendel's Finance department ensures the proper reporting of full accounting and financial information from the subsidiaries to Wendel using the following procedures:

- in coordination with the Finance department of each subsidiary, a schedule is set for the submission of financial statements with the supplementary information required for preparing Wendel's consolidated financial statements;
- Wendel's CFO or his staff meet with the Finance department of each subsidiary to prepare the closing and to review the highlights of the period as well as any significant or exceptional transactions;
- accounting information from subsidiaries is reviewed in detail and consistency checked with the financial information compiled by the investment team from subsidiaries' monthly activity reports.

The Chief Financial Officer is a member of the Management Committee and the Coordination Committee (see section titled "Persons involved in internal control at Wendel"), which enables him to review all events likely to have an impact on the Group's consolidated financial statements, the parent company financial statements, or on the financial statements of holding companies. The Chief Financial Officer reports directly to the Executive Board and is thus fully independent of other Wendel departments.

Procedures for auditing of the financial statements

At the controlled subsidiary level:

- to ensure better upward reporting to Wendel's Statutory Auditors, the Group engages the same auditing firms for all subsidiaries, to the extent possible. Selection criteria for the Statutory Auditors includes their ability to audit all directly- and indirectly-held subsidiaries throughout the world and to obtain audit results and any observed anomalies from the subsidiaries' Auditors;
- a representative of the Finance department attends end-of-audit or Audit Committee meetings of subsidiaries under exclusive control and receives details of audit and internal control observations raised by the subsidiaries' Auditors during the course of their audit;
- one or more representatives of Wendel attend Board of Directors/Supervisory Board meetings and/or Audit Committee meetings of subsidiaries and associated companies.

At the Wendel level:

- the Group CFO is responsible for accounting policies and ensuring compliance with accounting rules. If required, he has the authority to commission audits and informs the Executive Board of the results of any such audits. He regularly holds pre-closing meetings with the Statutory Auditors to ensure that issues raised in previous financial periods have been resolved and to explain how they were resolved. He also discusses transactions carried out during the financial period in question and the planned accounting treatment;
- the Executive Board is in constant contact with the Chief Financial Officer during the preparation of the financial statements. In particular, he is informed of the financial and accounting impact of any significant event, as well as estimates and judgments that have a significant impact on the financial statements. The Statutory

Auditors and the Executive Board meet when subjects arise whose accounting interpretation is complex or whose impact on the financial statements is significant. The Chief Financial Officer also reviews all of Wendel's financial communication and is informed of any subject that is likely to have an impact on it;

- the Audit Committee: this committee's remit, mode of operation and activity during the fiscal year are presented in detail in Section 2.1.4. The committee can decide to seek independent expert advice to confirm its views on the Wendel's financial position. It also interviews the Statutory Auditors regularly to solicit their opinion about the reliability of the parent company and consolidated financial statements. Finally, the Audit Committee ensures that accounting methods are applied consistently from one year to the next, or that any changes to accounting methods are well founded.

Procedures for calculating NAV

NAV is calculated by the Finance department and finalized by the Executive Board under the procedure described in Section 4.3.2. The Statutory Auditors verify that the methodology used for calculating NAV complies with the Group's methodology and confirm consistency with accounting data.

Internal control procedures related to financial information

Once the parent company and consolidated statements have been finalized and net asset value calculated, the Audit Committee is asked to issue an opinion on this information before it is submitted to the Supervisory Board. These documents are also submitted to the Statutory Auditors for review (who also audit Wendel's full-year parent company and consolidated financial statements).

2.3.5 Review of the internal control system

The processes implemented at Wendel allow the Company to regularly verify their effectiveness and take any steps necessary to improve them.

In addition to the controls carried out continuously by all managers, internal controls are reviewed from two complementary perspectives:

Audit of internal control practices

This audit includes checks of the internal control system and helps with risk management at entities in the scope of consolidation.

A comprehensive review of the internal control system is carried out using detailed self-evaluation questionnaires.

Since 2007, Wendel has carried out a number of reviews relating to internal control, relying on the framework set down by the AMF in its January 21, 2007 recommendation and on its application guide updated in July 2010.

The reviews are based on a self-evaluation questionnaire that reflects all control principles and objectives provided for in the AMF's reference framework while adapting them to Wendel's specific features and activities, i.e. by identifying the specific areas of risk, such as financial risks.

Wendel completes the questionnaire once a year and distributes it to its principal, fully-consolidated operating subsidiaries. Each year the questionnaire is reviewed and revised, if necessary, the replies are updated, and the suggested improvements are followed up on.

The questionnaire has three parts:

1) General principles of risk management and internal control:

- organization and operating methods,
- internal dissemination of information,
- risk management,
- control activities,
- internal control oversight;

2) Accounting and financial organization oversight:

- general organization,
- resource management,
- understanding and proper use of accounting rules,
- organization and security of IT systems,
- role of senior executives and the Company's governing bodies in relation to finalizing the financial statements;

3) Preparation of accounting and financial information

This questionnaire covers all accounting cycles. The subsidiaries have deployed the questionnaire in their main divisions.

The Audit Committees of subsidiaries subject to controls (for those that have Audit Committees) examine and analyze the replies given in the questionnaires. The data gathered make it possible to prepare and track improvement plans for the control points that require it.

In agreement with Wendel, NOP focused its review on risk management and internal control issues that it feels are most important and relevant to its operations and organization. Information about Tsebo, a subsidiary acquired in 2017, was obtained from a simplified version of the questionnaire that includes all the key topics in the AMF's reference framework (this was the first year that Tsebo took part in the self-evaluation process). The findings of the questionnaires were given to Wendel's Audit Committee, and a summary of the replies were used in preparing this report. Wendel also reviewed the internal control governance systems related to generating financial information at associates that are not fully consolidated.

2.3.6 Achievements in 2017

The application of procedures implemented in previous years was reviewed and improved in 2017 where necessary.

In 2017, Wendel continued efforts to inform employees of best practices in internal controls by providing them with training on this issue (including on anti-corruption measures) and keeping them updated on the compliance rules applicable to Wendel and its employees.

The Company updated and enhanced its anti-money-laundering and anti-corruption policies in November (see Section 2.3.2 under "Compliance with laws and regulations and with ethical rules").

During the year, Wendel also set up a new Management Committee, called the Ethics committee (see Section 2.3.2 under "Executive Board and its committees"). Wendel decided to use several cloud-based systems to maximize data security and started implementing them in 2017; the migration will continue in 2018 (see Section 2.3.2 under "Information systems").

Wendel also implemented software in 2017 to digitize processes for managing commitments, tracking expenditures, processing employee expense reports, and reimbursing employees as part of efforts to enhance data security and automate internal controls (see Section 2.3.4 under "Procedures for preventing fraud and monitoring commitments and expenditure").

WENDEL'S CORPORATE SOCIAL RESPONSIBILITY

3.1 CORPORATE SOCIAL RESPONSIBILITY (CSR) IN WENDEL'S ACTIVITIES **142**

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3.1 Corporate social responsibility (CSR) in Wendel's activities

Wendel believes that corporate social responsibility (CSR) drives growth for companies. Through its long-term action, Wendel encourages its companies to implement corporate social

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

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

Encouraging subsidiaries to integrate CSR

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

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

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

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

■ At the time of acquisition:

When Wendel is considering an investment, it conducts due diligence on environmental and social issues as part of the overall risk analysis of the target company's business. Concerning the acquisition of Tsebo, for example, our South African business services company, we paid particular attention to regulations related to Black Economic Empowerment.

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

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

- Wendel's management is particularly attentive to employee safety and health issues, which it considers priorities. Moreover, workplace safety indicators are often a proxy for how well the management team runs the Company. For example, at Cromology, the accident rate is a factor in determining its management's variable compensation. As another example, Stahl's Board of Directors has also been tracking this indicator at Wendel's request since 2006, when Stahl joined the Wendel Group. Stahl is a model for workplace safety, with an especially low average accident frequency rate: less than 1.5 over the past five years.

- Wendel's subsidiaries are gradually integrating environmental issues into the design of their products and services. With its solutions, Bureau Veritas helps customers continuously improve their operations in the areas of health and hygiene, safety and the environment. More than 80% of Stahl's products are solvent-free. Cromology develops innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and meet French "HQE" (High Environmental Quality) standards. Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products over a ten-year period. Ninety percent of the paints in its product ranges are now water-based.
- Every Group subsidiary and associated company is expected to develop a CSR policy addressing its specific issues. Group companies operate in very different fields and geographies (see Section 1.7 "Subsidiaries and associated companies") and are at different stages of maturity in implementing dedicated CSR policies and indicators. Wendel therefore considers that it would not be useful to produce consolidated CSR indicators to the extent that these figures would have no operational meaning.

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

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

Preventing market abuse and monitoring internal control procedures at Wendel's subsidiaries

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

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

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

- definition and formal communication of delegations of power;

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

Wendel's compliance program

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

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

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

Wendel strives to communicate information that is accurate, precise and fairly presented to investors, shareholders and analysts; it also upholds the principle of equality of information. Wendel is in compliance with the European market abuse regulation (MAR).

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

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

Wendel established its anti-corruption policy in February 2016. This policy was updated in May 2017 to take into account France's "Sapin 2" law on transparency, combating bribery, and modernizing the economy. Wendel is currently implementing the eight measures required by this law within the Group: code of conduct and anti-corruption policy, whistleblower policy, risk mapping, evaluation of the largest and intermediary customers and suppliers, accounting verification procedures, training programs, sanctions for code of conduct violations, internal evaluation and verification of measures implemented.

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

Wendel established its anti-money laundering policy in October 2017.

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

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

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

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

Protecting personal data at Wendel

The European regulation on the protection of personal data will take effect on May 25, 2018. Wendel is complying with the new regulation so as to ensure that the personal data it manages will be properly protected.

The "duty of care"

In response to the requirements of the law of March 27, 2017 on the "duty of care", Wendel's CSR steering committee has set up a work group to create a vigilance plan applicable to the Group

companies affected by this regulation. The principal Group companies affected by the duty of care are Bureau Veritas, Constantia Flexibles, Stahl, Cromology, CSP Technologies, Tsebo, and Mecatherm.

As an investment company that acts as a professional shareholder, the Wendel Group 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 will complete a questionnaire about their risk environment with respect to the topics covered by the duty of care regulation:

- preventing violation of human rights and fundamental freedoms,
- promoting the health and safety of individuals,
- preventing harm to the environment.

The Wendel Group has published information pursuant to Article R.225-105-1 of the French Commercial Code detailing a certain number of tools and procedures that have already been implemented on topics included in the duty of care.

The vigilance plans of the entities controlled by the Wendel Group will be presented in the 2018 registration document under a heading devoted thereto.

2018 initiatives

For 2018, CSR objectives have been integrated into the Executive Board's variable compensation. In particular, Wendel's Supervisory Board has decided that successful implementation of the compliance program and CSR will account for 25% of the Executive Board's fourth, qualitative objective. These CSR objectives will also be applied to the variable compensation of members of Wendel's Coordination Committee, which includes Wendel's principal managers worldwide.

3.1.2 Implementing a CSR approach adapted to a small investment team

Wendel's human resources policy

Small, experienced and diversified workforce

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

As of December 31, 2017, Wendel and its holding companies employed a total of 94 people.

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

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

Wendel's teams in France

Wendel has 48 employees in France. In addition to the investment team and the senior management team, about 10 experts specializing in finance, law, taxation and communication work on investment and divestment transactions in France and abroad on a day-to-day basis.

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

Employees with a permanent employment contract* in France: staff numbers and change	12/31/2017			12/31/2016			12/31/2015		
	Non-management	Management	Total	Non-management	Management	Total	Non-management	Management	Total
Total workforce	5	46	51	9	46	55	9	55	64
of whom Women	2	24	26	5	24	29	5	27	32
Men	3	22	25	4	22	26	4	28	32
New hires	-	6	6	-	3	3	-	2	2
of whom Women	-	3	3	-	1	1	-	1	1
Men	-	3	3	-	2	2	-	1	1
Departures	3	7	10	-	12	12	-	3	3
of whom Women	2	4	6	-	4	4	-	1	1
Men	1	3	4	-	8	8	-	2	2

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

In 2017, Wendel did not employ anyone on fixed-term contracts and employed one temporary employee to replace an absent staff member.

Wendel has one disabled employee and has supply contracts with work centers that employ disabled persons. The mandatory contribution paid to AGEFIPH, an organization that promotes the employment of people with disabilities, was ca. €3.5 thousand in 2017.

Wendel's teams abroad

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

Employees with a permanent employment contract* abroad: staff numbers and changes	12/31/2017	12/31/2016	12/31/2015
Total workforce	46	44	28
of whom Women	21	19	12
Men	25	25	16
New hires	6	20	11
of whom Women	3	9	6
Men	3	11	5
Departures	4	4	3
of whom Women	1	2	2
Men	3	2	1

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

Organization of working time

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

No employee has requested to work part-time.

Absences, excluding leave for family events, increased slightly to around 3%. In 2017, there was one commuting accident with two months lost work time.

Training and professional development

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

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

In France, 38 employees completed at least one training course in 2017, for a total of 409.5 hours of training. The courses mainly addressed foreign languages, specific business functions or, to a lesser extent, office software and safety.

Labor relations and working conditions

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

To help employees better reconcile their professional and family responsibilities, since 2010 Wendel has offered to obtain and finance daycare services for the children of employees who request them. In 2017, Wendel financed daycare for four children, for the benefit of three employees.

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

Diversity and equal treatment

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

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

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

Promoting and applying the ILO's fundamental conventions

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

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

Compensation policy in line with Wendel's interests

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

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

For France, total compensation (base salary, variable pay and individual job-related bonuses) paid in respect of 2017 was approximately €11.3 million. This figure was virtually the same as in 2016.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2015 were met in 2017. A performance bonus will therefore be paid with respect to 2017. Lastly, Wendel offers very comprehensive death & disability insurance to its employees and their families, financed largely by the Company.

Promoting employee shareholding

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

Grant of stock options and performance shares

In addition to the two Executive Board members, 84 employees in France and abroad received stock options and performance shares by virtue of the authorization granted at the Shareholders' Meeting of May 18, 2017 and the Executive Board's decision on July 7, 2017.

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

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

The following table indicates, for the period from January 1 to December 31, 2017:

- 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, excluding Executive Board members, who individually exercised the largest numbers of options.

	Number of options	Weighted average exercise price
Options granted during the year to the ten Group employees who were granted the largest number of options	79,175	€134.43
Options exercised during the year by the ten employees who exercised the most options	122,909	€93.41 ⁽¹⁾

(1) In 2017, these options were exercised at €132.96 (W 1-1 plan), €44.32 (W 3 plan), €80.91 (W 4 plan), €54.93 (W 5 plan), €82.90 (W 6 plan), €112.39 (W 8 plan) and €94.38 (W 9 plan).

The total number of performance shares awarded during the year to the ten employees in the Group, excluding Executive Board members, who received the largest number of such shares was 26,391.

Capital increases through the Group savings plan

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

As of December 31, 2017, excluding Executive Board members, former and current employees held 0.60% of the capital of Wendel via the Group savings plan.

In July 2017, the Executive Board decided to carry out a capital increase. Ninety-three percent of eligible employees subscribed and were allocated a total of 10,499 shares.

Offering additional pension benefits

"Perco" pension plan

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

As of December 31, 2017, 29% of employees had invested in the plan.

Supplementary pension plan

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

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

As of December 31, 2017, there were 36 retirees and six employees of the Company who benefited from the plan.

3.1.3 A limited environmental footprint

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

Energy savings

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

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

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

Wendel also promotes the electronic distribution of its publications.

Waste sorting

Wendel has had a waste sorting policy since July 2011. A special training course has raised awareness among all head office employees. All paper consumed by Wendel employees is now collected for recycling, representing nearly 12 metric tons. Plastics, ink cartridges, cartons and metal packaging are also included in the recycling program.

3.1.4 Commitment to the wider community

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

Our 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, and Wendel has been a partner in this initiative from the start. Beginning in 2017, and for the second consecutive year, Insead was ranked #1 "Global MBA program" by the Financial Times. Insead is the first school with a one-year MBA program to take the top spot in the history of the Financial Times rankings.
- In addition, Wendel has been committed to the Centre Pompidou-Metz since its creation in 2010, because it wanted to support this emblematic institution that makes art available to the general public. In 2016, Wendel renewed its support of Centre Pompidou-Metz for five more years.

Wendel works actively with partner institutions to further their development projects. In particular, the Group is represented on the Board of Directors of Insead and of the Centre Pompidou-Metz by Frédéric Lemoine, former Chairman of the Executive Board of Wendel.

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.

Our commitments in 2017

In addition, in March 2017, Wendel supported a team of nine employees who took part in the Paris Half-Marathon and ran for the benefit of Orchestre à l'école, a nonprofit organization.

In May 2017, the singer Imany gave a concert at the Olympia in Paris for the benefit of Helen Keller International, an event to which Wendel contributed. Every year, the NGO organizes charity concerts to raise awareness among the general public around its

two principal objectives: combating blindness and malnutrition. Founded in Paris in 1915 by Helen Keller, the organization is now present in 22 countries. Through its programs, Helen Keller International makes long-term commitments to helping vulnerable people by encouraging them to learn new skills.

In 2018, Wendel will develop additional initiatives to involve its employees in the benefit projects to which Wendel will contribute.

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

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

Wendel's Shareholders Advisory Committee was created in 2009, and it met three times in 2017. Composed of nine members, the committee's role is to obtain feedback from individual shareholders on the media used to communicate with them: letters to shareholders, the website and the management report. One new member joined the committee in 2017.

Wendel participated in the Actionaria trade show in 2017.

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2017, Wendel met with more than 331 stock and bond investors during its road shows (in France, the United Kingdom, Ireland, Germany, Switzerland, Italy, Spain, Portugal, Finland, Denmark, the United States, Canada, Japan and Singapore) and meetings at its head office.
- As a listed company, Wendel contributes to marketplace discussion by participating in the work of all the major professional and financial market organizations of which it is a member: Afep, Ansa, Medef, France Invest, Paris Europlace, etc.

3.2 Wendel's subsidiaries reviewed by an independent verifier

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

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

Bureau Veritas

For Bureau Veritas, Wendel's largest investment, listed on Euronext Paris and included in the Next 20 index (Compartiment A, Code ISIN FR FR0006174348, stock symbol: BVI), Wendel publishes a summary of information on its social and environmental responsibility. Since Bureau Veritas is also obligated to verify and publish these data, all of the required information is available in its own registration document for 2017.

Bureau Veritas is a world leader in inspection, certification and laboratory testing, and had 73,417 employees around the world as of December 31, 2017. Bureau Veritas helps its clients improve their performance by offering innovative services and solutions to ensure that their assets, products, infrastructure and processes meet the standards and regulations related to quality, health, safety, environmental protection and social responsibility.

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

- through the very nature of its work, Bureau Veritas helps its clients to implement their CSR processes. By providing its services to a large number of businesses, organizations, and public authorities on a daily basis, Bureau Veritas contributes to preventing risks, improving quality, and protecting the environment, and in this way, indirectly acts for the benefit of the whole community;
- through its CSR policy, Bureau Veritas is also firmly committed to fulfilling its societal responsibility and develops many initiatives in this regard. Its policy centers around the main issues identified when Bureau Veritas defined a materiality table listing the CSR information that is most important to the Group and its stakeholders.

The principal aspects of Bureau Veritas' CSR policy as reflected in the materiality table are governance and operational excellence—human resources and HSE (health, safety and environment) – and social responsibility through programs deployed in its global network. In 2017, Bureau Veritas continued its efforts with regard to workplace safety, operational excellence and relationships with its large customers, and stepped up the development of new initiatives related to innovation and digital transformation, inclusion issues and developing a performance culture.

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

Constantia Flexibles

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles group produces flexible packaging, primarily for the agri-food and pharmaceutical industries. With around 7,200 employees, Constantia Flexibles has successfully developed its activity outside Europe and, over the last five years, has become a global leader in flexible packaging.

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

Constantia Flexibles pays particular attention to its raw materials consumption—essentially aluminum, polymers, paper, varnish and ink—which is one of its major concerns.

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

Constantia Flexibles also places great importance on health and safety and takes pro-active measures to achieve its "Zero loss - no harm" objective.

Cromology

Cromology is a world player in the decorative paint sector and ranks fourth in the European market. It designs, produces, distributes and sells innovative and high-quality paints in more than 50 countries around the world, with a direct presence in nine of them. With around 3,800 employees, eight research laboratories, 10 production facilities, nine logistics platforms, more than 400 integrated stores and more than 8,500 partner points of sale (independent distributors and big-box DIY stores), Cromology generates more than €700 million in annual revenue.

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

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

- supporting customers in their sustainable development efforts;
- innovating and offering products and services that are more respectful of their users and the environment;
- optimizing the use of resources in products and processes;
- limiting the impact on the environment;
- strengthening the environmental management system;
- acting for and with employees;
- strengthening the group's presence in the local community.

Since 2015, Cromology's CSR steering committee has defined and managed the company's CSR strategy.

Stahl

Stahl is the world leader in high-performance coatings and leather-finishing products. Its registered office is in the Netherlands, and it employs around 2,050 people. As a manufacturer of chemical products, Stahl considers its major environmental and social responsibility challenges to be the health and safety of its employees and product innovation to minimize the environmental footprint of its products. Stahl has launched a continuous improvement process in the area of its employees' health and safety. In every country, employees are required to attend certain training programs to raise their awareness of these issues. New employees in production facilities or laboratories

undergo specific induction training. Refresher programs are regularly offered to all staff.

Through its continuous improvement efforts, Stahl also ensures that the impact of its industrial sites and their activities on surrounding ecosystems is limited. All of its sites are striving to obtain ISO 9001 and/or ISO 14,001 certification. Thanks to its innovative research, Stahl was one of the first companies in its sector to market water-based products. These products now represent the majority of Stahl's production (more than 80%).

Stahl is a model for workplace safety, with an especially low average accident frequency rate: less than 1.5 over the past five years.

Tsebo

Founded in 1971 in South Africa as a food services company, the Tsebo group is now the leading provider of corporate services in Africa and the Middle East. Tsebo employs 39,000 people and operates on 7,500 customer sites in 23 countries.

Tsebo offers principally integrated catering, cleaning, hygiene, facilities management, energy management, remote camp and security services.

It operates in numerous sectors, both public and private, such as retailing, manufacturing, healthcare, education and leisure services. The following principles underpin the Tsebo brand:

■ Productivity

Tsebo manages functions that are not part of its customers' core business but that are essential to their operations. These services enable its customers to address the difficulties in penetrating African markets, reduce their costs, improve their profitability and focus on growing and developing their business in Africa.

■ Measurability

Tsebo supplies its customers with tangible, quantifiable solutions: lower costs, added value, adherence to quality standards, reduction of risk, clear sales terms and quality customer service.

■ Innovation

Tsebo encourages and develops innovation in all of its divisions so as to improve the quality of service provided to customers.

■ Social development

Tsebo strives to create economic and social value for African people and communities. The company collaborates with customers so as to help develop skills, rural enterprises, local SMEs and entrepreneurship. Tsebo fosters socially responsible investment initiatives and supports various charitable causes.

■ Sustainable development

By making sustainable development central to its business, Tsebo is attentive to environmental protection and to the interests of local communities and in this way, promotes collective well-being.

CSP Technologies

CSP Technologies ("CSP") designs and manufactures custom, patented solutions for moisture- and/or oxygen-sensitive products in the pharmaceutical industry and has a growing presence providing packaging solutions for the food and consumer end-markets. The company also increasingly develops packaging solutions for the agri-food industry and mass-market consumer goods.

CSP designs and markets solutions and services to resolve packaging problems in many sectors, including pharmaceuticals, agri-food business and electronics.

The four fundamental values of CSP Technologies are:

- delivery;
- innovation;
- social;
- quality and efficiency.

CSP Technologies is focusing on several specific projects aimed at reducing the use of raw materials and increasing energy efficiency.

Mecatherm

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

Mecatherm strives, in collaboration with its customers, to make its automatic lines run as smoothly as possible. It aims to make them easier for its operators to use and safer for the maintenance and cleaning crews. Industrial processes have been implemented that continuously improve the energy efficiency of the lines and reduce raw material losses. Particular attention is paid to food safety and product traceability.

Concerning employees, in 2017, as part of its Well-being, Efficiency and Performance (BEEP) plan, Mecatherm deployed a new process for integrating new hires and for developing skills, which led to a reduction in turnover from 28% in 2016 to 9.2% in 2017.

3.2.1 Constantia Flexibles

Introduction

Constantia Flexibles is the world's fourth largest producer of flexible packaging, with sales of roughly €1.5 billion in 2017. Based on the guiding principle of 'People, Passion, Packaging', some 7,400 employees manufacture tailor-made packaging solutions at 32 sites in 18 countries. 69% of Constantia Flexibles' sales are generated in Europe, 16% in the Americas (USA/Mexico), and 15% in the Rest of the World. Many international companies and local market leaders from the food and pharma industries choose the sustainable and innovative products of Constantia Flexibles, with their focus on preservation, promotion, protection and presentation.

Constantia Flexibles is a global market leader in a number of product lines, such as confectionery packaging, die-cut lids for dairy products, and aluminum packaging systems for processed human and animal food. Globally, Constantia Flexibles is in second position in the area of blister-lid foils and cold-form foils. In the past years, Constantia Flexibles has evolved from a European provider to a globally active group that is growing together through its long-term relationships with global key accounts, offering a range of aluminum-based and film-based products.

In 2017, the Company took a strategic decision to sell its Labels division for €1.15 billion to Multi-Color Corp. in the US. Constantia Flexibles has used the transaction proceeds to deleverage its

balance sheet and will target further acquisitions in the dynamic and consolidating flexible packaging industry. In addition, Constantia Flexibles holds a 16.6% stake in Multi-Color, making it the largest shareholder in the American company.

Constantia Flexibles is currently implementing its mid-term strategy Focus21, which focuses on selective end-markets in attractive regions. The three pillars of Focus21 are: defending and extending the Company's leading positions in the flexible packaging industry; focusing more strongly on growing businesses in which the Company is not yet a leader, and lastly making targeted acquisitions.

The strategy is supported by a Value Creation Program that focuses on nurturing seven work streams: Procurement, Complexity Reduction, Information Technology, Innovation, Manufacturing Optimization, Commercial Excellence and Cost Management. Constantia Flexibles also takes the topic of Health & Safety very seriously, taking proactive measures to achieve "Zero Loss - No Harm".

The Wendel Group is majority shareholder of Constantia Flexibles, with a 60,6% equity holding. Other shareholders are the Arepo Foundation, with a 27% holding, and Maxburg Capital Partners, with 11%.

Social

Employment

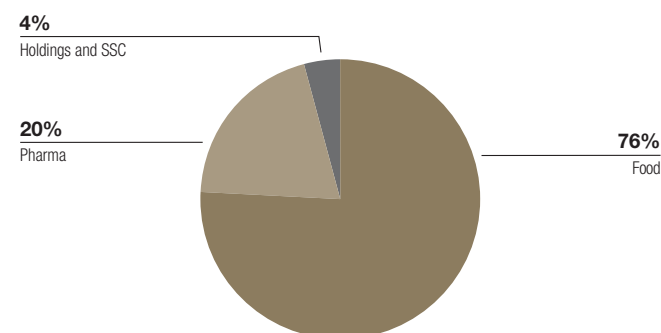
Employees and employee structure

The number of employees (HC) at the end of the fiscal year 2017 was 7,039 with the majority (76%) of employees working in Constantia Flexibles Food division. This equates to an decrease of 3,297 employees (HC) compared to the previous year, which majorly was linked to the sale of the Labels division in October 2017.

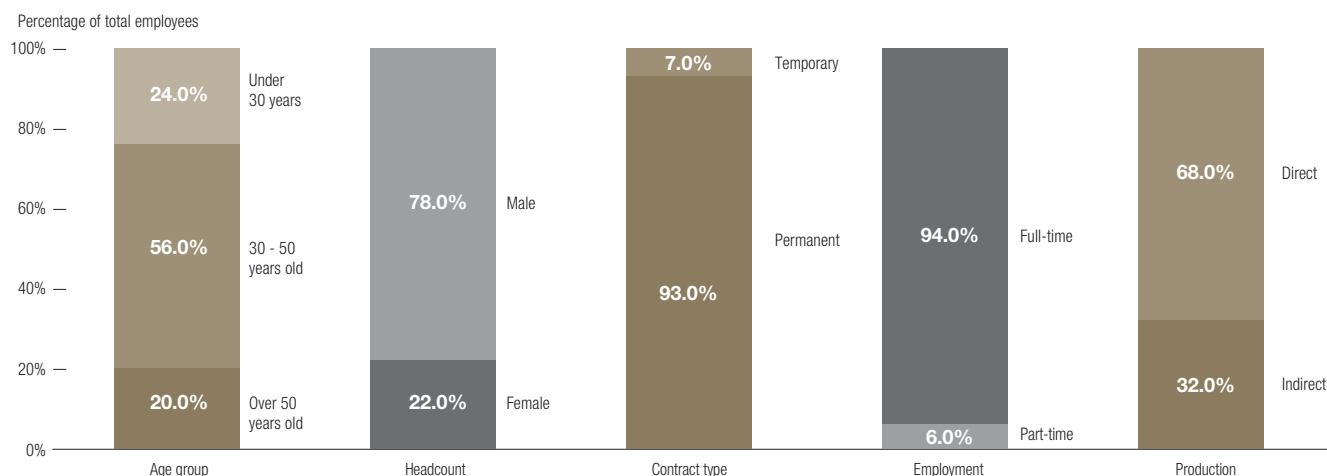
Headcount at the end of 2017 per division

Division	HC	HC in %
Food	5,369	76%
Pharma	1,378	20%
HQ and SSC	292	4%
TOTAL	7,039	100.0%

Employees per division



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



56% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 22% female and 78% male.

Around 70% Constantia Flexibles' employees are direct production employees. 94% of the employees of Constantia Flexibles are full-time employees and 93% have permanent employment contracts.

Organization of working time

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

Equality

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

Constantia Flexibles is an equal opportunity employer with all employment decisions made without regard to race, color, religion, sex, sexual orientation, gender identity, age, disability, national origin, and citizenship/immigration status. Around 3% of Constantia Flexibles' workforce are employees with disabilities.

Human Rights

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

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

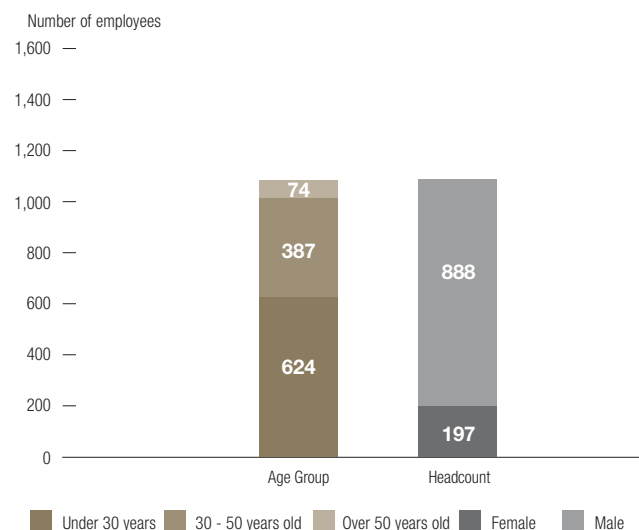
Constantia Flexibles commits to offering employment that is free of any form of violence, harassment and bullying. Constantia Flexibles aims to create, together with its employees, a climate of open communication in which employees can work in an atmosphere that is marked by mutual respect. Such open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

To ensure compliance Constantia Flexibles' established a code of conduct which is available to all employees of Constantia Flexibles at all sites. Additionally online-trainings are provided ensuring awareness among all employees.

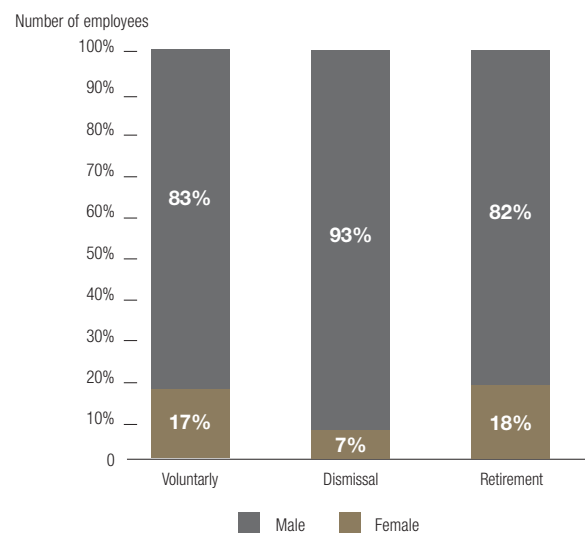
Employee hiring and employee turnover

The following diagrams show the employee turnover and new employee hires of Constantia Flexibles by age group and gender. At the same time, the new employee hire rate of 15.4% underlines the continuous growth of Constantia Flexibles.

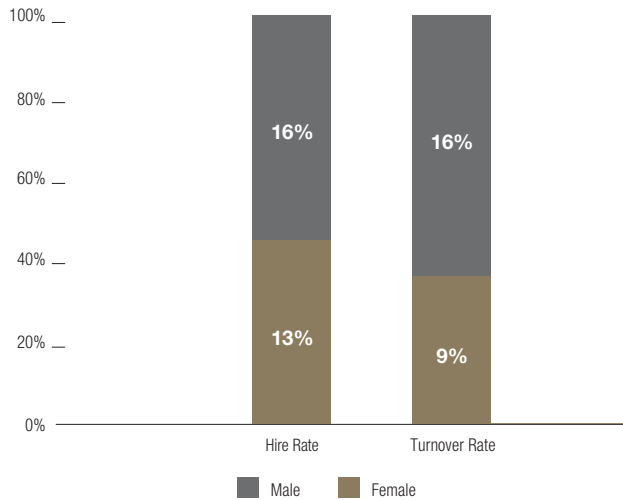
New employee hires by age group and gender



Employees leaving the Company



Turnover by gender



As outlined Constantia Flexibles has a new employee hire rate of 15.4% and a turnover rate of 14.2%.

Absenteeism

Constantia Flexibles absenteeism rate is around 5% measuring days of absence due to sickness, lost time injuries or unjustified events in comparison with working days. Constantia Flexibles is actively working on re-integrating long-term absentees together with workers' representatives, as well as establishing preventative measures to reduce absenteeism.

Compensation

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

Flexibles senior management as well as the Headquarter employees, the management of compensation is supported by the state-of-the art solution of "SuccessFactors", a web-based HR IT system. A step-wise further roll-out of this system for all employees is currently on-going.

Incentive schemes for the Constantia Flexibles sales force has been rolled out to almost the entire Company, focusing on the specifics of each division and market. In 2017 the individual, qualitative target portion was increased to one third of the target bonuses to emphasize the entrepreneurial culture of Constantia Flexibles. To emphasize the long-term thinking of Constantia Flexibles, an equity based Long-Term incentive plan is available for selected members of the senior management of Constantia Flexibles. Constantia Flexibles has introduced in 2017 a Compensation Philosophy, lined to it Salaries and Bonus payments are reviewed and aligned on a regular basis.

Constantia Flexibles strives towards being an attractive employer by offering generous monetary and non-monetary social benefits such as canteen and public transportation subsidies, and health and safety related benefits as regular company doctor visits or vaccinations. Constantia Flexibles has and even plans to further develop and specify their Job Grading system, with the goal to be in a better position to evaluate the internal fairness of compensation packages as external competitiveness and attractiveness, safeguarding that Constantia Flexibles keep on being an employer of choice.

With regard to compensation, plants also report their provided benefits, as maternity and paternity leave according to national law in the course of the Sedex membership. As this is also key to Constantia Flexibles, Sedex (Supplier of Ethical Data Exchange) is an important ethical standard for the Group. Sedex is a non-profit organization and platform for members who are permanently engaged in improving the criteria for ethical procurement along the value chain and ethical sourcing. Currently 33 plants are registered Sedex-members. Due to the membership, Constantia Flexibles' plants monitor and assess wages paid against local minimum wages in the respective countries. Almost all of the Sedex-registered plants have already been audited, externally.

Training

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

Over the last 5 years, the investment in the people development programs, with a strong focus on senior and middle management development, has been gradually increased.

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

Every year Constantia Flexibles refreshes its portfolio of trainings to support employees in their career development, with the focus on communication, efficiency at work and leadership skills. The annual development talk employees, plus succession planning, rounds off the portfolio of learning and development activities at senior managerial level.

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

The roll-out of the "Constantia University", a learning platform accessible to Constantia Flexibles employees, has boosted the Learning & Development offers for the employees of Constantia Flexibles. The Constantia University also integrates new learning pathways, utilizing online training opportunities, video-based learning material as well as virtual training offers. The platform also is the base for two major initiatives started in 2016 and continued in 2017: the Constantia Flexibles Leadership Academy as well as the Constantia Flexibles Sales Academy. Over the coming three years, over 300 Senior managers, middle managers as well as sales staff, including Customer Service, Marketing and Product Management will be trained on the Constantia Leadership and Sales approach. Flanked by special initiatives for future talents - the so-called Learning Journeys - Constantia Flexibles offers a broad portfolio of initiatives that shall help preparing their employees to cope with the targeted profitable growth of Constantia Flexibles.

Health and Safety

Constantia Flexibles promotes the constant development of Health & Safety at work with the aim of continuous improvement of the work environment to avert any potential adverse effect to Humans, Finance, its Reputation and the Environment.

Acting as a global team, Constantia Flexibles integrates this approach with regard to HSSE (Health, Safety, Security & Environment) being part of its daily business-life. The company strives to achieve its goal of "ZERO LOSS - NO HARM" for protecting all its assets - humans, finance, its reputation and the environment, for which it declares itself accountable.

To accelerate its achievements with regard to Health & Safety following key steps were implemented:

- Constantia Flexibles' Management Board adopted Health & Safety criteria to the bonus target-system;
- the Constantia Flexibles' Executive Leadership Program for almost 100 line managers incorporating Safety Leadership-aspects was successfully started.

Constantia Flexibles understands the creation and maintenance of safe and sustainable workplaces as prerequisite to succeed in improvements of its safety performance and protection of its assets. As Safety Leadership as such is a major contribution-factor to enhance the awareness and importance of the related topics, as per 2017 the Senior Management on Group-, divisional and plant-level is required to contribute with at least one third of their individual bonus-targets to Health & Safety-achievements. These bonuses are indexed only on proactive goals and initiatives to be implemented by each member of the respective target-group, as we understand that any target-setting based on "Number of LTIs" or the Lost Time Injury Frequency Rate (LTIFR) only would rather lead to "working on numbers" than "working on root causes".

Finalizing the Group report based on the figures and facts related to Occupational Health & Safety 2017, an analysis of all Lost Time Injuries occurred within the Group on quarterly basis triggered further Group-wide Safety Initiatives. Such information-packages gather minimum-aspects and application rules; these are arranged by the department Group HSSE and then spread into the whole organization. During the year 2017, the focus was set on "Safe manual cutting" in order to use proper knives and appropriate personal protective equipment while the operators had to be trained on safe cutting sequences.

The health and safety figures 2017 - handed in on monthly basis by all of the 31 Constantia Flexibles manufacturing sites and 3 office-locations in 2017 - are subsequently summarized, verified and checked on Group level. This report then reflects the safety performance of these production plants per business division and the cumulatively summarized figures for Constantia Flexibles Group. Beside key learnings from certain Lost Time Injuries occurred, related corrective and preventive measures are shared and discussed based on the report at the monthly meetings of the Executive level and divisional calls once a month. In order to gain a better overview including trends, certain additional information and graphs were added according to the requirements of the management. The reports could be used as basis for the management's safety-related talks with their direct reports:

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

During 2017 all operating sites of Constantia Flexibles monitored further indicators with regard to their activities on Safety. Beside the documentation of Safety Committee Meetings, which are led by the respective local management while involving staff representatives and H&S-experts, all kinds of Health- and Safety-related local initiatives were reported to Group level as well. Thus, the company build up its Safety Culture with 5 H&S-initiatives successfully implemented on average per plant and one Safety Committee Meeting performed on quarterly basis (on average per plant) in 2017.

Due to the measures taken and the recognition raised regarding Health & Safety within the Group, again the group significantly improved its performance in 2017, although Constantia Flexibles is aware of the need of further enhancements to achieve its goal of ZERO LOSS - NO HARM and to compete with industry average and -benchmarks.

LTIFR disclosure

Occupational Health & Safety Data	2017	2016	2015
Lost Time Injury Frequency Rate (LTIFR)	7.9	10.5	13.7

Outlook 2018 for Health & Safety

As Constantia Flexibles succeeded with the implementation of pro-active HSSE targets as part of the management's bonus-system, this approach for accelerating its safety performance will be prolonged in 2018.

During the upcoming year Constantia Flexibles will enhance the standardization of H&S-related topics across all its operating plants due to a minimum set of requirements. Constantia Flexibles will focus on the unified visualization of and the information about local H&S-performance and the implementation of Group-requirements on the H&S-induction for visitors in strong liaison with hygiene-aspects according its quality-related requirements.

While Constantia Flexibles provides awareness trainings to employees and leased personnel at the shopfloor which are most relevant to their role, the company accelerates the accountability of the line management for all aspects of Health & Safety during their ongoing participation at the Executive Leadership Program. Thus, after each module the participant has to perform a specific task called "Walk the Talk!". As such exercise is strongly linked to its proactive H&S-activities, the company understands this phrase as a pre-requisite for safety-leadership by backing up talking with appropriate personal action.

Further investments into the desired safety culture will improve its performance further on as the Constantia Flexibles team is strongly committed to its goal of "Zero Loss - No Harm" while accomplishing a safe and sustainable work-environment.

Environment

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

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

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

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

Sustainability and environmental policy

Constantia Flexibles' sustainability policy focuses on the responsibility to the environment and to those who come after us. Sustainability is a growing science that balances current needs with those of future generations. Constantia Flexibles does not merely react to the demands of the customers, who are beginning to take more and more environmental responsibility for their products; Constantia Flexibles believes that future financial success is dependent on sustainable corporate practice. The existence of an own Sustainability department on Group level since 2010 reflects the dedication of Constantia Flexibles on this topic. To further emphasize the importance of sustainable thinking being incorporated into the entire operations of the business, this department reports directly to the Executive Board (Senior Vice President of Operations) since end 2017. To deliver information on

environmental protection to employees, the environmental policy of Constantia Flexibles is up on notice boards in every plant.

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

- ISO 14001 (8 sites);
- ISO 50001 (5 sites);
- FSC-CoC (5 sites);
- SEDEX (22 sites);
- founding member of the Aluminium Stewardship Initiative (ASI).

Climate change

Energy consumption

Constantia Flexibles had a total energy consumption of 567,954 MWh in 2017. The table below shows the split of energy consumption by source. Natural gas and electricity are the main energy sources accounting for 42.34 and 48.30 percent, respectively.

Total energy consumption by source

Energy source	[%]
Natural gas	42.34
LPG	3.13
Diesel	0.59
Heating oil	0.07
Petrol	0.19
Total electricity	48.30
Steam	4.41
Hot water	0.97

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

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

Moreover, several of the plants in Europe are verified against the ISO 50001 standard and therefore place special emphasis on reducing energy consumption.

Constantia Flexibles is also working on encouraging its plants to implement environmental focused initiatives. They increase the sustainable performance of the Group and contribute to a more efficient use of resources.

It can be observed that in 2017 Constantia Flexibles had a total of 29 initiatives with environmental focus. 15 initiatives intended to reduce energy consumption have been implemented, among which 13 resulted in total savings of 7.22 GWh.

Overview of number of initiatives and energy saved

	Number of initiatives	Number of sites with initiatives	Energy saved due to initiatives
Environmental initiatives	14	6	
Initiatives to reduce energy consumption and GHG-emissions	15	5	7.22 GWh
SUM INITIATIVES	29		

Greenhouse gas emissions

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance throughout the Group. Since 2005, the Company has been measuring its direct and indirect emissions (Scope 1 and Scope 2). Constantia Flexibles is quantifying as well the indirect emissions (Scope 3) coming from upstream and downstream value chain activities (s. chapters "Scope 3" and "Methodology"). Constantia Flexibles measures and reports the emissions according the internationally recognized Greenhouse Gas Protocol and is verified by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology. In the verification review statement it is indicated that *Constantia Flexibles' methodology has a reasonable level of assurance following ISO 14064-3 and represents a high level of assurance according to the CDP reporting principles.*

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

To promote opportunities for reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in CO₂ emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as reference year). Furthermore, in 2017 Constantia Flexibles has publicly committed

to the science-based target initiative and is currently in the process of developing a Group-wide target for Scope 1, Scope 2 and Scope 3 GHG-emissions in line with climate science. Since 2015 material Scope 3 emissions are tracked for each of Constantia Flexibles' plants. This enables the Group to identify and analyze hotspots to initiate projects in direct contact with its suppliers to decrease Scope 3 emissions deriving from purchased raw materials.

Scope 1 and 2

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 production sites located in countries around the world. In addition, its application accounts for regional practice offering, inter alia, the consistent usage of different units (MJ, kWh, BTU, etc.) for data collectors. Validity intervals for potential error checking prevent typos and the use of wrong units based on comparisons to the previous year's performance.

The table below shows the overall Scope 1 and 2 CO₂ emissions of Constantia Flexibles for 2016 and 2017 (277.74 kt). In absolute terms it can be observed that Scope 1 and 2 emissions have decreased. This is primarily caused by the divestments taken during the year, as Constantia Flexibles has sold one of its three divisions.

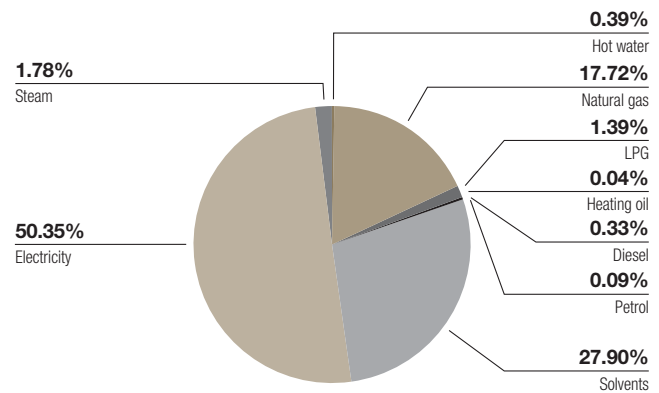
CO₂ emissions breakdown by Scope for 2016 and 2017

Unit	Scope 1			Scope 2		
	2017	2016	Variation [%]	2017	2016	Variation [%]
kt CO ₂ -equiv.	131.86	165.22	-20.19	145.89	193.93	-24.77

The graphic below indicates Constantia Flexibles' CO₂ emissions by source, demonstrating that more than half of the emissions are occurring as a result of the electricity consumption (Scope 2). To address these emissions, Constantia Flexibles is in close contact with its electricity suppliers with the aim to increase the share of purchased electricity coming from renewable resources. In 2016 Constantia Flexibles has taken the step to switch to green electricity (produced 100% on hydro power) in several plants, covering 13% of the total electricity consumption in 2017.

The divestment of the Labels Division has not caused major shifts in the contribution of each energy carrier. Most of the remaining emissions still occur due to the solvent and natural gas consumption (27.90% and 17.72% respectively) which are Scope 1 emissions. For this reason Constantia Flexibles is reducing its Scope 1 emissions by using more solvent free inks and water based lacquers as well as by feeding solvent gas streams to RTOs (Regenerative Thermal Oxidizers) combined with thermal energy recovery. In addition there are many initiatives implemented aimed to reduce gas and electricity consumption of plants (see section "Energy consumption").

Breakdown of Scope 1 and 2 emissions by source



System boundaries alignment

In order to make a comparison of the organic development between the years 2016 and 2017 for CO₂ emissions a "same system boundaries approach" has been chosen and results per output have been recalculated. Therefore the system boundaries were aligned for both years, excluding all of the sold label plants, to observe the inherent trend of Constantia Flexibles' emissions development.

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

CO₂ emissions breakdown by Scope for 2016 and 2017 with aligned system boundaries

Unit	Scope 1/output			Scope 2/output		
	2017	2016	Variation [%]	2017	2016	Variation [%]
t CO ₂ -equiv./Mio. m ²	31.90	32.13	-0.71	34.20	33.02	3.58

Considering aligned system boundaries, the sum of Scope 1 (-0.71%) and Scope 2 (+3.58%) emissions per output slightly increased. In absolute terms same-system-boundary Scope 1 emissions decreased by 1.54% while Scope 2 emissions increased by 2.71%.

Scope 3

In addition to the assessment of direct and indirect emissions produced by the activities of the Constantia Flexibles Group, the indirect emissions caused by the processes up-and downstream of the supply chain (Scope 3 emissions) are evaluated. Following a first analysis on selected Scope 3 emission sources, Constantia Flexible set up an evaluation method on a Group-wide scale for significant emissions sources.

For Constantia Flexibles the total material Scope 3 emissions are a key factor in terms of achieving its corporate target. Purchased goods used to manufacture Constantia Flexibles products represent the most important element of Scope 3 emissions of the Company. Constantia Flexibles therefore also engages with its suppliers to evaluate these emissions.

Risk assessments allow Constantia Flexibles to identify and analyze hot spots and initiate projects aimed at continuous improvement of its sustainability performance along the value chain. Knowledge of site-specific challenges on the corporate, product and raw material levels helps Constantia Flexibles to tackle similar problems throughout the Group.

For the year 2017 Scope 3 emissions will be publicly reported in the Group's CDP (Carbon Disclosure Project) report by end of July 2018.

Adaptation to climate change and environmental protection

In 2017 Constantia Flexibles has been again recognized with a strong Carbon Disclosure Project (CDP) climate score rating for its highly transparent climate reporting and climate protection efforts. The CDP is an organization based in the United Kingdom, which works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations. Constantia Flexibles has again achieved the "Management Level" in the climate score with regard to its contribution to climate change mitigation, adaptation and transparency. Compared with the industry sector specific average, Constantia Flexibles is among the top 11% of all companies evaluated by CDP. This confirms and underlines Constantia Flexibles' strategy to reduce emissions sustainably, while maintaining the highest standards of transparency when it comes to reporting.

Besides Constantia Flexibles' efforts to reduce greenhouse gases the Company tries to minimize emissions and effluents that have adverse effects on humans or the environment. Plants operating in accordance to ISO 14001 (25%) conduct assessments of major risk areas where spills and leakage may contaminate air, water and/or soil. Following completion of this assessment, plants have a management and external communication plans, compliance controls and a monitoring program in place to prevent and detect those spills and leakage.

Furthermore Constantia Flexibles assesses the risk and materiality of the biodiversity impacts and dependencies from the land use and activities over which the Company has direct management control or significant influence, where applicable. During the latest assessment no significant risks regarding biodiversity were identified.

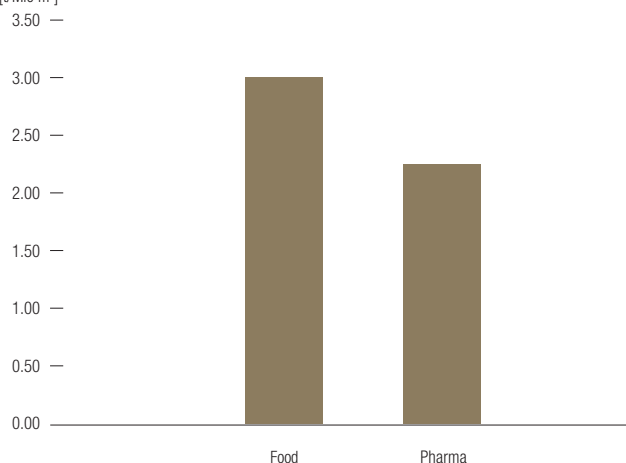
Pollution and waste management

Pollution (VOC)

Constantia Flexibles is aware of the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents, which is part of the printing process. In this context the Company has installed Regenerative Thermal Oxidizers (RTO) in several plants to recover heat energy, consequently reducing the VOC emissions. More than 50% of the plants own technologies for the recovery of solvents and for the avoidance of solvent emissions. Constantia Flexibles also aims to decrease the overall solvent consumption in several plants by investing in new solvent-free printing technologies. In 2017 Constantia Flexibles has invested nearly three million euro in printing technology at its manufacturing site in Wangen, Germany. This investment caused the closure of old machines and as a result, the complete elimination of solvent use from 2018 onwards.

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

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

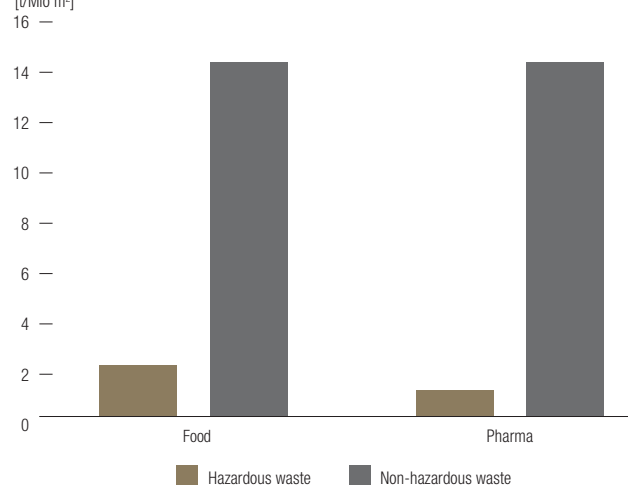


Waste management

In accordance with waste management plans on plant level, Constantia Flexibles continuously monitors the achievement of implemented waste targets. The total amount of waste at Constantia Flexibles' sites was 68,220 t in 2017. The graphic below shows Constantia Flexibles' waste accrual by division and category per output.

Breakdown of waste per product output by waste type and division

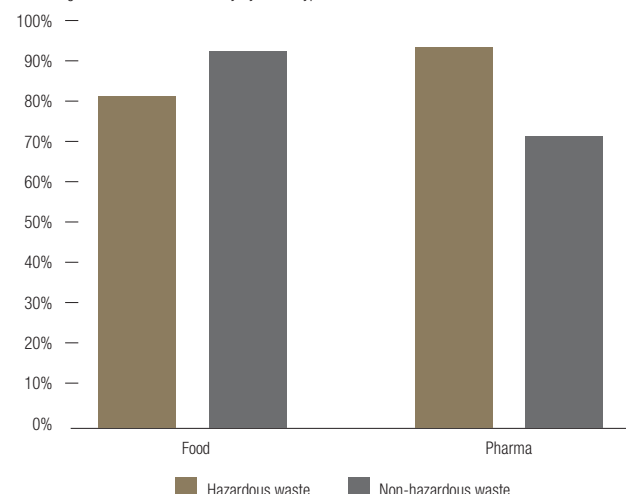
Waste per output by waste type and division
[t/Mio m²]



In 2017 Constantia Flexibles sent 82% of the hazardous waste and 90% of the non-hazardous waste to recovery (recycling, composting and incineration with energy recovery).

Breakdown of waste sent to recovery (recycled, composted and incinerated with energy recovery) by waste type and division

Percentage of waste sent to recovery by waste type & division



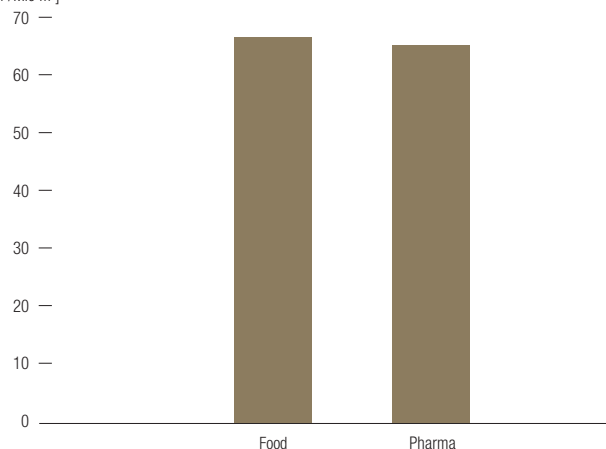
Sustainable use of resources

Water management

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

Breakdown water input per product output and division

Water input per product output and by division
[m³/Mio m²]



The total water consumption in 2017 was 279,706 m³. The graphic above indicates the water usage per output by division. As the former Labels Division had a much higher water consumption than the other divisions due to the more water intensive production technology, the Company's total water consumption in 2017 decreased by more than 50% due to the divestment.

Responsible and ethical sourcing

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

The Aluminium Stewardship Initiative was established to promote 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 2017 the ASI Chain of Custody (CoC) Standard was launched to connect assurance about business' practices under the ASI Performance Standard, to claims about aluminium and responsible sourcing. Also, a self assessment was started and Constantia Flexibles expects the first certification against ASI performance criteria in the first half of 2018 for its rolling mill plant Constantia Teich.

Furthermore, Constantia Flexibles is working on a revision of its environmental policy towards a sustainability policy, which will be also anchored in a future sustainable sourcing policy.

As an active member participating in several pioneer projects Constantia Flexibles understands the importance of modern plastic packaging design. The Company therefore joined the New Plastics Economy (NPEC), an ambitious three-year initiative supported by the Ellen McArthur Foundation, which builds momentum towards a plastics economy that works. With an explicitly systemic and collaborative approach, the New Plastics Economy Initiative aims to create a shared sense of direction. Applying the principles of the circular economy, it brings together key stakeholders to rethink and redesign the future of plastics and thus creates both economic and environmental benefits. Catalyzing change in this global material flow will not only create a more effective plastics system, but will also demonstrate the potential for a wider shift from a linear to a circular economy. The initiative focuses on five interlinked and mutually reinforcing building blocks to create the enabling conditions for a system re-design: Dialogue mechanism, Global Plastics Protocol, Innovation moonshots, Evidence base and Outreach.

As part of the CEFLEX project (a Circular Economy for Flexible Packaging), Constantia Flexibles also intensively works on further enhancing the performance of flexible packaging in the circular economy by advancing better system design solutions via collaboration. CEFLEX is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them. CEFLEX stakeholders are working together in seven workstreams to identify and develop the best solutions: 1. Design guidelines, 2. Understand the European flexible packaging market, 3. Identify and develop sustainable end markets for secondary materials, 4. Develop a sustainable business case, 5. Proof of principle in a pilot region, 6. Facilitating technologies, 7. Communication. Constantia Flexibles is an active member in six of these working groups and continuously works on increasing the recyclability of flexible packaging.

In 2017 Constantia Flexibles has started the process to engage its suppliers on key sustainability indicators, starting with selected suppliers, covering about 40% of the Scope 3 emissions deriving from purchased raw materials (2016). Additionally together with an external consultant a comprehensive supplier questionnaire was developed, which will be rolled out to all main suppliers in 2018.

Moreover, as already mentioned in the section "Compensation" and to follow responsible sourcing policies of its customers,

Constantia Flexibles endorses for its sites the ethical standards represented by SEDEX (Supplier Ethical Data Exchange). SEDEX is a non-profit membership platform dedicated to improving ethical supply standards along the value chain using tools like standardized information exchange via questionnaires and audits (SMETA = Sedex Members Ethical Trade Audit). Over the past three years, 22 sites have been SMETA audited.

SEDEX focuses on 4 areas:

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

Society

Stakeholder dialog

Constantia Flexibles is conscious of its responsibility towards society and its strategy aims to be engaged in social activities and projects to contribute to a better social environment. The best projects of the 46 sponsoring activities and 55 social initiatives conducted in 2016 were presented in 2017 at the Global Awards gala in Vienna, Austria. Constantia Flexibles places special emphasis on local communities - appropriate conduct for a good neighbor. Therefore 60% of the social initiatives were focused on the needs of local communities around Constantia Flexibles sites.

Recent examples for social initiatives in 2017 are:

1. Constantia Cooking - Employees of Rivergate headquarters cook monthly for the homeless at VinziRast in Vienna since 2009;
2. START Austria - Constantia Flexibles is supporting 20 START students in Austria with a donation of €100,000. The young people, who have migrated from countries such as Afghanistan or Syria, are helped to integrate into Austrian society through schooling, language support and social activities. The Company also offers site visits and a chance for one of the students to experience an apprenticeship;
3. Constantia Teich in Austria regularly supports a small family center, which specializes in the therapy of children who are mentally disabled or traumatized;
4. Constantia Tobebal in Spain organizes a solidarity clothes collection twice a year. The collected clothes are delivered to an NGO and distributed among people in need.

Relationship with other stakeholders

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

Likewise, Constantia Flexibles' membership of the Sustainable Packaging Coalition strengthens its ties to key accounts and increases shared understanding of the sustainability issues affecting the packaging industry. The Sustainable Packaging Coalition (SPC) is a task force dedicated to the vision of more environmentally friendly packaging. Through strong member support, sound scientific research, cooperation along the supply chain and continuous public relations work, the SPC strives toward developing packaging systems that successfully combine economic prosperity with sustainable material flows. The variety of projects carried out under the auspices of the coalition is reflected in the vast amounts of data shared between members. Above all, the global dialog promotes worldwide consensus on the subject of packaging. Constantia Flexibles is engaged in industry leadership projects that seek solutions to contemporary problems and the continued development of more sustainable packaging solutions for its customers. 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. By collecting and highlighting global efforts to advance recovery options, it is the aim to advance the collective understanding, and shared best practices, towards the goal of creating a sustainable solution for the management of multi-material flexible packaging at their end of life.

Constantia Flexibles also takes an active interest in current and planned legislation in the field of sustainability. By way of example, the current European Commission initiative can be mentioned, that uses pilot studies on Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF). Constantia Flexibles is actively involved in the requisite pilot studies and is a member of selected technical secretariats for individual product

groups, like PEF Dairy. Constantia Flexibles is helping to map the entire value chain for the purposes of these studies, allowing the categories of environmental impact put forward by the European Commission to be reviewed and evaluated.

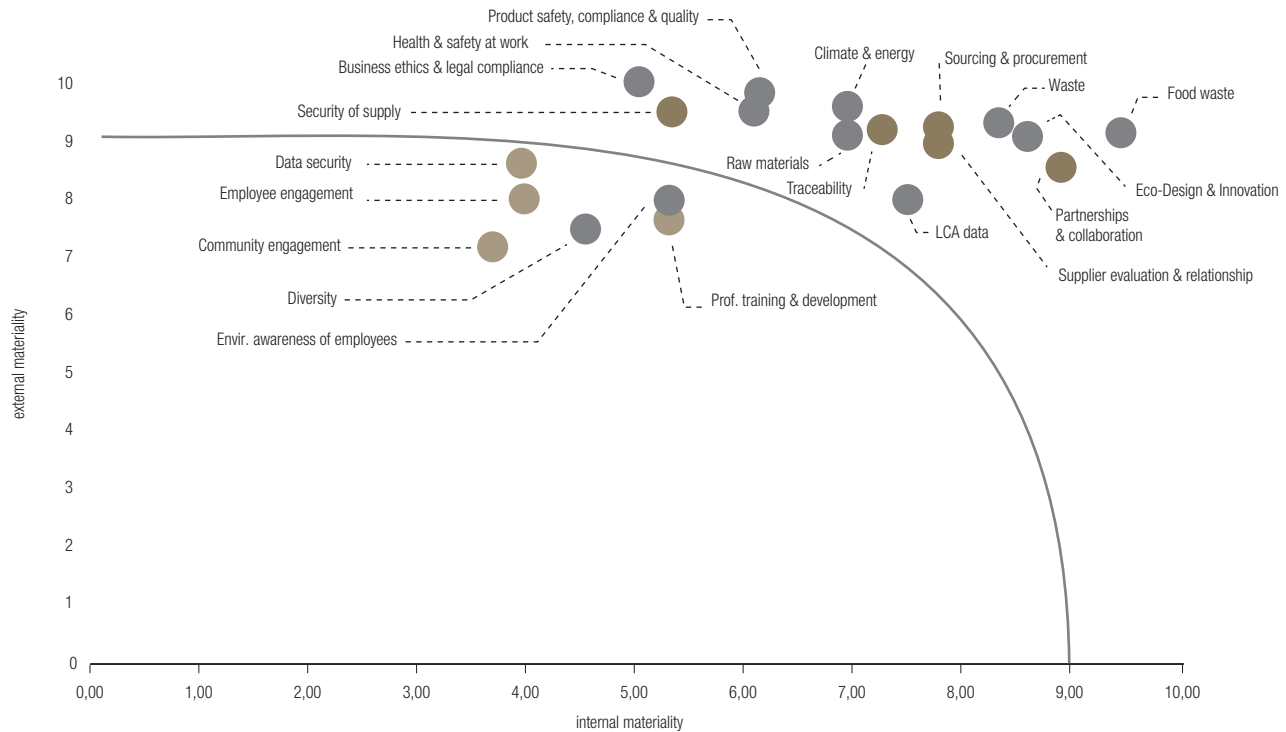
Alongside the monitoring and development of relevant trends with the potential to improve the sustainability of its products on the market and in legislative matters, support for internal stakeholders (e.g. sales and product management teams) is another of Constantia Flexibles' key endeavors.

In 2016 Constantia Flexibles has initiated the process of a comprehensive materiality assessment in accordance with the Global Reporting Initiative (GRI). By developing a robust understanding of what issues are material to its operations, the environment and communities, risks can be better prevented or mitigated and opportunities can be accessed. Choosing what to report is an important decision for a company and can be guided by determining the materiality of each sustainability topic. Constantia Flexibles combined an internal impact assessment with a broad stakeholder analysis in accordance with the AA1000 stakeholder engagement Standard. These results were used in 2017 to integrate the perspective of the Company's most important stakeholders to complete the materiality assessment. 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 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.

Generally, the importance of most topics was rated as very high. Qualitative responses were focused on environmental issues, providing a qualitative indication of importance. Many remarks and stakeholder expectations stressed topics with regard to eco-design, recyclability, barrier function, environmental impact of packaging materials and the communication of features to the broad public. Regarding Constantia Flexibles' engagement, topics such as product safety and compliance, business ethics, packaging and design, traceability as well as health and safety at work were rated as high, indicating the Company's areas of strength.

Constantia Flexibles materiality matrix



Constantia Flexibles is already working and reporting on all topics with highest materiality and will continue to focus on these areas and to further pursue an intensive dialogue with its stakeholders.

Business ethics

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

Constantia Flexibles fully recognizes the principles of free and fair competition and commits itself to comply with all relevant antitrust requirements applicable in the respective jurisdictions the Group is active. It is in accordance with the business policy of Constantia Flexibles to respect and promote fair and free competition. The

Company thus pursues a zero-tolerance policy with respect to anti-competitive practices in order to ensure compliance with the relevant competition law provisions. To enable self-control by its employees Constantia Flexibles has established a whistle blower hotline, where employees who have concern about a business situation can seek contact and advice. Furthermore, online trainings on anti-trust and on preventing bribery are provided to employees with external contact.

Innovation

As a globally active group, for Constantia Flexibles innovation represents a decisive factor for business success (i.e. permanent efforts aimed at improving products, services and production processes). This not only applies to technical and economic issues, but also to ecological aspects.

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

Constantia Flexibles is continually developing new packaging solutions that are eye-catching and reflect current trends. By the end of 2017, the packaging expert offered a unique comprehensive solution for interactive packaging in the food and pharmaceutical industries that opens up a multitude of digital communications and marketing opportunities – the Constantia Interactive app. Using a smartphone app developed specifically for each brand, the consumer scans the packaging for a variety of identifying features such as image analysis, digital watermark, Radio Frequency Identification (RFID) tags, and the like which then appear in augmented reality. The unique character of Constantia Interactive is in its combination of digitally readable packaging material with a digital platform for data management and a smartphone app customizable to a wide range of customer needs. The digital features span from purely informative, such as instructions for use, through videos and games, to contests that can be individually selected by the customer.

The newly developed app is offering patients direct access to additional information about pharmaceutical products at any time, making it safer to take medication. A chat bot allows patients to ask individual questions about the product that may not be easily answered by the packaging insert. The package insert itself is also accessible in a digital format through the app – if the printed version is ever lost or mislaid, patients will also have it digitally. In combination with a digital anti-counterfeiting identification such as watermark or another digitally readable code, Constantia Interactive is also an effective means of identifying counterfeit products.

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

The research and development activities of the Competence Center Film, established in 2015, have been recognized in 2017 for the innovation “CompresSeal”, which was one of the winners of the German Packaging Award 2017 in the category Sustainability. New

hot-embossing technology and an in-house engineered calender are used to create a film that has a higher seal integrity than standard polyethylene and weighs up to 30% less, while still having the same thickness as standard packaging. In addition, it ensures not only tighter packs, but also constant processing on packaging lines in winter and summer. The German Packaging Award is an international industry and cross-material award, recognizing innovative and creative packaging ideas in ten different categories. The premiered “CompresSeal” innovation provides customers of Constantia Flexibles with a sustainable solution to use in flow packs for coffee, nuts, savory foods, as well as Stand Up pouches for liquids.

Regarding medication packaging, 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.

As innovation is a key element of Constantia Flexibles’ business strategy, the innovation process is driven by product management, by working together closely with its customers and also includes other functions of Constantia Flexibles, such as sustainability and regulatory affairs. Solutions such as bio-based products, reduction in aluminium thickness, solvent free products, etc. have been successfully developed.

Packaging innovations can not only improve the environmental impact of the packaging itself, as well as the convenience for the customer, but can also contribute to increasing the shelf life of the packaged product and therefore reduce food waste. This important role of packaging is not quantifiable within the framework of Life Cycle Assessment, but has significant impact on the amount of resources lost. Constantia Flexibles is engaged in several projects of the “Stop Waste Save Food” initiative, an industry-spanning collaborative project, which is funded by the Austrian Research Promotion Agency (FFG) and aims to develop practical solutions for the reduction of food waste through process and packaging optimization. Moreover, Constantia is also working to reduce food waste as a member of the UN Safe Food Initiative. The Safe Food Initiative was introduced 2011 to put the issue of global food losses onto the political and economic agenda. As the global population continues to rise, it is imperative to find ways to reduce food waste (whether due to food being thrown away or allowed to spoil) and packaging solutions have an important role to play in ensuring sustainability. For this reason, the focus of Constantia Flexibles current efforts is on minimizing environmental impact, reducing material consumption (e.g. by downgauging of material thickness) and optimizing recyclability – while still maintaining the other top-quality product features – of the packaging solutions it provides to customers around the world.

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

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

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

As part of quality assurance and to ensure that:

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

In 2016 Constantia Flexibles' meta LCA-model has gone through a critical review by an independent expert. In 2017 LCA data collection on plant level was further rolled out within the Company.

Consumer health

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

In the two competence centers of the Constantia Group, analytical research & development experts with state of the art analytics, laboratory tests and knowledge investigate the safety and compliance of products and set harmonized requirements and procedures to ensure compliance. In particular tests related to the supplementation of chemical-analytical capacity with a focus on food contact laws and regulations (e.g. migration & compliance testing).

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. Constantia Flexibles offers a wide range of anti-counterfeiting options powered by outstanding technology, know-how and process. Specifically, primary packaging offers the best opportunity for security because it positions anti-counterfeiting features as close as possible to the product. Anti-fraud elements such as security graphics, holo-grams 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.

Subcontracting and suppliers

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

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

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

In the beginning 2017 Constantia Flexibles also initiated the process to actively approach suppliers to report their CO₂ emissions and other environmental indicators via an established sustainability platform, starting with selected key suppliers requesting 2016 data. This engagement was also recognized in Constantia Flexibles Supplier Engagement Rating by the Carbon Disclosure Project (CDP), where the Company achieved an A-rating. In comparison, the average score of companies evaluated by CDP within the Supply Chain programme was C-.

The code of conduct for suppliers is part of the purchasing conditions set by Constantia Flexibles. As mentioned in the section "Responsible and ethical sourcing", a revision of policies is planned for 2018.

Transparency

The Constantia Flexibles Group acknowledges its social responsibility vis-à-vis society in general, as well as vis-à-vis business partners, shareholders, and employees. Due to the great significance of transparency in this matter, Constantia Flexibles shares key environmental data throughout the supply chains and collaborates with selected platforms/projects:

Ecodesk

Constantia Flexibles is yearly reporting environmental KPIs to Ecodesk. The organization facilitates rapid ecological footprint analyses of corporate supply chains. In doing so, the platform encourages and supports suppliers in the measurement and management of relevant business issues in order to ensure sustained value creation.

EcoVadis

Constantia Flexibles is also a well-rated member of EcoVadis. EcoVadis aims at improving environmental and social practices of companies by leveraging the influence of global supply chains. EcoVadis operates the first collaborative platform providing Supplier Sustainability Ratings for global supply chains. Combining innovative information technologies and a shared service expertise on sustainable procurement topics, EcoVadis wants to help procurement organizations improve their performance, while reducing the costs of monitoring supplier sustainability. Constantia Flexibles as a Group has received the gold CSR recognition level of EcoVadis, placing the Company among the top 5 percent of all suppliers evaluated by EcoVadis.

Carbon Disclosure Project (CDP)

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

Methodology

Reporting scope

The reporting scope includes 32 Constantia Flexible production sites (reduction compared to 2016 due to the sale of the whole Labels division) which were part of the Group in 2017.

Important notes:

- Constantia Flexibles sold its Labels division in 2017;
- Constantia Flexibles closed one plant in Q2/2017, which is excluded from the scope;
- the headquarters and the sales offices were not part of the scope in the Environmental section, but are included in the Employment section;
- the reporting scope of 2017 "Social" included 42 entites (Production, Sales and Holding locations) of Constantia Flexibles globally by end of 2017. As per 31.12.2017 following changes compared to the previous year 2016 were incorporated:
 - Oai Hung
 - San Prospero
 - Alucap (including Sales Office Italy)
 - For the sites Afripack Sacks Mobeni, Afripack Sacks Brits and Pouch Dynamics, the HR indicators were inconsistently reported in 2017 and could not be corrected. Hence the sites were excluded from the HR reporting scope. This represents around 5% of the Group perimeter;
- the reporting scope of 2017 "Health and Safety" includes 32 production locations of Constantia Flexibles globally. As per 1.1.2017 following changes compared to the previous year 2016 were incorporated:
 - integration of acquisitions (productions plants):
 - Afripack Group (7 production sites),
 - Oai Hung,
 - San Prospero,
 - Alucap,
 - integration of office-locations:
 - Headquarters Vienna,
 - Constantia Business Services Austria,
 - Constantia Business Services Germany,
 - exclusion of 1 production-plant "Folding Carton" as it was sold 2016,
 - according the definition of FPE - Flexible Packaging Europe all leased personnel/temporary workers who perform day-to-day work in its operations were included in the H&S-reporting (LTIs, number of Lost Time, number of Hours Worked) as per January 1st, 2017.

Social**Employment**

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

Health and Safety

LTIFR is measured by calculating the number of Lost Time Injuries (LTI) resulting in at least one full day lost per 1 million hours worked (combined for own employees and leased personnel/temporary workers).

Environment**Energy**

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

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

Scope 1 and 2

The CO₂ emissions calculation is based on Scope 1 and Scope 2 as defined by the Greenhouse Gas Protocol Initiative (Corporate Value Chain Accounting and Reporting Standard).

The standard provides requirements and guidance for companies and other organizations to prepare and publicly report a GHG-emissions inventory.

System boundaries alignment

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

- in the 2016 data the sold Labels Division and the plant closed during the year 2017 were excluded from the calculation;

- in the calculations for 2017 three plants which were not included in the 2016 reporting were excluded;

- the CO₂ factors used for the calculation of the emissions are different in both years due to a yearly update. For the recalculation the factors of 2017 are used for both years.

VOC Emissions

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

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

Waste generation and disposal methods

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

- Hazardous waste: hazardous waste as defined by national legislation at the point of generation.
- Non-hazardous waste: all other forms of solid or liquid waste that are not considered as hazardous waste by national legislation at point of generation. Wastewater is not included.
- Waste 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.

Water usage

The data on water usage were defined according to GRI (Global Reporting Initiative) and collected in a volume unit.

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

3.2.2 Cromology

3.2.2.1 Commitments for a responsible enterprise

General policy

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

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

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

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

These values are:

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

To read Cromology's definition of each of these values, please visit:

<http://www.Cromology.com/qui-sommes-nous/nos-valeurs>

Management's commitment

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

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

Such conviction means that we are conscious of our responsibility as decorative paint designer, manufacturer and distributor to everyone—internal and external—who works for our sustainable and responsible growth.

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

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

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

Gilles Nauche

CEO of Cromology

CSR governance

In 2015, Cromology formed a CSR steering committee. The committee met three times in 2017. It is composed of members from the Marketing, Supply Chain, R&D, HR, QSE and Communications departments, and the manager of an operating subsidiary, who define and manage the group's CSR strategy.

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

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

For example, Zolpan, one of Cromology's French subsidiaries, has its own CSR approach. Consequently, during 2017, the independent verifier SGS conducted an audit of Zolpan's CSR commitments. This audit demonstrates that Zolpan is serious about its voluntary actions to meet the ISO 26000 international standard.

Reporting Methodology

Scope and methods of consolidation

To produce the key indicators selected for this report, data were taken from the worldwide subsidiaries consolidated in the financial statements of the Cromology Group. The Argentinian business, sold in early 2018, was excluded from the scope of consolidation. Changes indicated between 2016 and 2017 were recalculated at constant scope, excluding the Argentinian entity in both periods. Cromology's scope now includes 10 industrial sites.

A specific calculation method has been defined for each indicator. Where measured data is not available, each entity produces estimates. Data are collected using report files validated by Cromology.

Responsibilities and verifications

The group's Human Resources department collects and consolidates the HR data, ensures that they are consistent, and validates them. It is the responsibility of Cromology's human resources community to produce these data in each subsidiary.

The QSE department of Cromology consolidates safety and environmental data and performs consistency checks.

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

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

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

Reporting methodology

Methodological limitations and uncertainties

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

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

Safety indicators

Lost-time injury frequency rate

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

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

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

Lost-time injury severity rate

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

Historically, Cromology has published LT1 and severity rates related to work accidents for which the group's Ethics Committee had identified internal means for improvement. To make this indicator more comparable to international standards, Cromology publishes in this report 2016 and 2017 work accident data reported to the French national health insurance system.

Environmental indicators

Energy consumption

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

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

There was no significant change in the number of points of sale in the Tollens distribution network. The gas and electricity consumption data used were those of 2016, in the absence of reliable and exhaustive data available for 2017.

Water consumption

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

Waste levels

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

VOC Emissions

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

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

The methodology for calculating this indicator was changed in 2017. The new methodology is the one used for solvent management plans. The VOC indicator is calculated in the following manner (other VOC emissions):

- (1) VOC (in metric tons) in raw materials ("input 1 VOCs"): these VOCs are calculated on the basis of VOC content (in %) and the quantity of each raw material consumed (in metric tons).
- (2) VOC (in metric tons) in finished products ("output 2 VOCs"): these VOCs are calculated from the average VOC content of a paint formulation. This average VOC content value is calculated on the basis of the VOC content of 10-15 formulations representing at least 50% of the tonnage produced by the site under consideration. The calculation is weighted by the tonnage of each formulation produced, giving the average VOC content that is then applied to all tonnage produced.
- (3) VOC in waste ("output 3 VOC"): these VOCs are calculated by applying either the average raw material VOC content or the average finished product VOC content to the solvent-laden waste (in metric tons), depending on the type of waste.
- "Diffuse VOC" is calculated as value of (1) - value of (2) - value of (3).

Social indicators

Total workforce

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

Employees whose employment contract has been suspended and participants in programs that alternate classroom study with practical work experience are counted among the workforce at the end of the reporting period. Trainees and PhD students are not counted. Workforce data is reported in terms of number of people and not full-time equivalents.

Hires & departures

New hires under permanent contracts and fixed-term contracts made permanent are counted as new hires. Departures relate solely to permanent contracts. Internal transfers between group companies are recognized at the Group level.

Absentee rate

The absentee rate for employees on permanent and fixed-term contracts is reported for all subsidiaries. It is calculated by dividing the number of calendar days of absence by the total number of calendar days² in the year (365 for both fixed-term and permanent contracts). Absences include absences due to sickness, unauthorized unpaid leave, and lost time due to work-related accidents and commuting accidents. Other types of absences, in particular long-term leave of more than three years, are not included in calculating the absentee rate.

Training hours

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

Social initiatives: promoting employee engagement

Cromology has 3,758 employees in nine countries. Given its manufacturing and, in some countries, distributing activities, Cromology manages a wide range of professions with employees spread across a very large number of geographical locations.

Safety first, Cromology's most important value

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

Certain of the group's industrial sites and logistical platforms had no employee accidents to report in 2017. Specifically, these included Porcari and Resana in Italy, Champagné and Vémars in France and Casablanca in Morocco.

In the Zolpan sales network in France, 128 points of sale have not experienced an accident in more than 500 days and 68 points of sale have not experienced one in more than 3,000 days.

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

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

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

Every year for the past eight years, the Cromology World Day for Safety has provided an opportunity to focus the attention of employees around the world on the need to make safety a habit.

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

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

Monitoring results

Historically, Cromology has published LT1 and severity rates related to work accidents for which the group's Ethics Committee had identified internal means for improvement. To make this indicator more comparable to international standards, Cromology publishes in this report 2016 and 2017 work accident data reported to the French national health insurance system.

Safety Data	2017	2016
Lost Time Injury Frequency Rate (LT1) ⁽¹⁾	4.4	5.7
Accident Frequency Rate with or without lost work time (LT2) ⁽²⁾	5.9	7
Lost Time Injury Severity Rate ⁽³⁾	0.17	0.17

The significant decline in the number of accidents in 2017 compared with 2016 resulted from implementation of safety plans in Cromology's subsidiaries over the past few years.

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

In 2017, Cromology conducted nearly 4,000 safety inspections throughout its production, logistics and distribution sites, nearly 45% more than in 2016, at constant scope.

Throughout the Group, targets were set in each subsidiary for employees to report unsafe situations and near-accidents. Employees identified nearly 9,000 unsafe situations and near-accidents in 2017—twice as many as in 2016 at constant scope.

Cromology aims to continue increasing the number of reported situations in 2018 by deploying "Visual Management", following the very positive experience on the Vémars logistics platform in France since the beginning of 2017. "Visual Management" consists in implementing visual tools in each workshop to enable a visual reading of the security situation of the site. These tools serve as a backup to employee vigilance. Each subsidiary has a process for handling these situations so they can quickly respond in each case.

Behavior Based Safety (BBS), already in place at Cromology Italia, with excellent results, has been implemented at Cromology's other subsidiaries. It involves allocating time to safety where employees observe each other in a positive atmosphere and give each other advice on their behavior, to improve safety in their day-to-day work.

A poster campaign, created by Cromology to regularly remind employees about risky situations and to increase their awareness, was launched throughout the Group in December 2016. Twelve "shock" posters will be circulated in the language of each country every two months until 2018.

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

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

- Cromology España set up a Safety House at its Les Franqueses industrial site. This space is used for safety minute meetings, warm-up sessions before starting work, and all safety awareness meetings.

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

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

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

- At Cromology Research & Industry (CRI), the Group subsidiary that encompasses the production, logistics and R&D sites in France, employee warmup sessions have been rolled out in production and logistics with very positive feedback. Every year, employees ask the sessions be renewed.

CRI also finalized an audit with an external service provider to prevent and reduce work stress. The employee representative bodies and employees were informed about it.

- with its Tollens and Zolpan distribution networks, a standard safety communication board has been installed in each store.
- certain subsidiaries have individual or site-level prevention initiatives. Zolpan, for example, awards prizes for the best programs.
- to support the deployment of the safety culture among its managers in France, Cromology has them take an in-house training program. This two-day program was designed by an external service provider and aimed at Cromology's 560 managers; deployment began in 2015 and continued into 2017.

Incorporating the safety culture into industrial practices

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

Italy and Portugal have triple ISO 9001, ISO 14001 and OHSAS 18001 certification.

In 2018, CRI will be ISO 9001, ISO 14001 and OHSAS 18001 certified.

Organisation of Human Resources

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

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

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

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

Salary increases and variable compensation paid to the 100 or so top managers at Cromology are proposed and examined for approval each year, following a centralized procedure. The 100

most important positions in the Group are benchmarked using a job factor evaluation system, and their compensation is compared to each local market.

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

- support and apply the commitment to safety made by Cromology and ensure that its organization functions in a way that exemplifies the Cromology culture and values;
- facilitate the development of each individual in an organization to promote the taking of initiatives and responsibility;
- ensure that all of the processes defined by the Group HR department (for example, the annual appraisal interview, or "HR1") and the procedure for salary evaluations and increases are applied at all levels of the company hierarchy;
- implement measures to increase employee involvement and training plans adapted to the subsidiary's growth strategy;
- promote and implement compensation policies that are consistent with benchmarks in the markets in which the subsidiary operates;
- prevent all forms of discrimination and ensure compliance with labor laws.

Fostering employee engagement

Measuring engagement

Since 2010, Cromology has encouraged employees in its subsidiaries to participate in the Great Place to Work® surveys held every two years to measure employee satisfaction and commitment. In 2018 all subsidiaries will carry out this survey. When the survey was initiated in France in 2016, the three French subsidiaries (CRI, Tollens, Zolpan) recorded an average participation rate of 87%.

The results were evaluated for each of the subsidiaries' managerial entities, then consolidated by subsidiary, leading to action plans that are the best fit for the relevant employees.

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

Implementing action plans

The analysis of results of this survey in France had led to action plans being implemented for communication, leadership and participative management.

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

Cromology España and Tintas Robbialac continued the initiatives implemented in 2016.

In particular, Tintas Robbialac set up 12 working groups, representing 20% of the total workforce, to determine how to improve future results of the Great Place to Work® survey.

Cromology Italia held its first Great Place to Work® survey in 2017.

Internal communication

Organization

A Communications department was created in 2014, and it report directly to the CEO of Cromology.

Initiatives

This department works to strengthen the internal communications tools. Consequently, it took the lead in creating and implementing the Cromology group's intranet, which is available to all employees. This intranet is intended to share best practices and initiatives in the countries where Cromology operates, recent news about the Group, the full employee directory and employment opportunities.

The Communications Department also runs meetings throughout the year to report on Cromology's development strategy. For the past three years, an annual event has been held for new employees in France, during which they meet senior management and visit a production, logistics and R&D site. Once a *quarter*, executives from the Management Committees of all subsidiaries are invited to a Group Management Meeting via video-conference. The company's targets and results, ongoing projects, and successes are communicated and discussed. These regular meetings give subsidiary executives up-to-date information about the Company that they can share with their teams.

A newsletter was launched in 2017 to provide additional information; it will be published every four months.

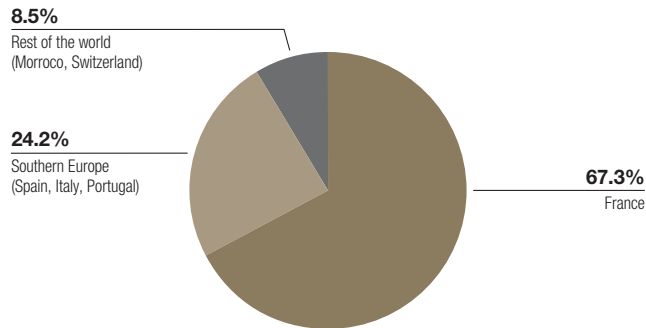
More information about company events is being disseminated all the time. In addition to new intranets in subsidiaries that did not already have one, based on the Group intranet model, there have been numerous local initiatives in the various subsidiaries. For example, in 2017:

- Tintas Robbialac and Cromology Italia started a quarterly newsletter and invited all employees to an annual convention;
- regular, organized and structured information meetings are increasing at CRI, in the Tollens network, at Vernis Claessens and in Spain, where the Espacios initiative was launched. Every six months, the Executive Committee of this subsidiary spends a full day updating employees in small groups on company strategy, new product launches, and results, thereby fostering fruitful discussion.
- in France, as part of the Group transformation project launched in 2017, employees receive regular information about new initiatives in the form of monthly newsletters or by attending regional information meetings.

Workforce

In 2017, the group's salaried workforce declined by 4.8%, principally because Cromology divested from Colorin in Argentina and sold or closed certain points of sale in Italy.

Breakdown of staff by geographic region



Absenteeism

The absentee rate increased from 3.0% to 3.3%, a level comparable to 2015. Since 2016, absenteeism has also been calculated on fixed-term contract employees; previously it was only calculated for permanent contract employees.

Hiring, training and professional development

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

New employee integration

In 2017, Cromology hired 376 new employees on permanent contracts. And 73 employees had their fixed-term contracts made permanent.

Each new hire is an opportunity to strengthen Cromology as a whole with employees skilled in their field, whose commitment supports the Group's growth and development.

Recruitment procedures have been strengthened. Candidates systematically meet several interviewers. In particular, candidates for travelling sales positions meet the heads of the distribution networks.

For candidates selected for the final phase of the process, at least three of their references are verified. More sourcing is taking place via job boards and through social networks.

Before resorting to external recruitment, priority is given to people already employed in the Group who have demonstrated, through their performance, their potential for advancement.

In September 2016, 19 newly-hired permanent contract employees at Couleurs de Tollens took part in an onboarding program called "Académie des Métiers" (academy of trades). These employees received training one week per month, culminating in July 2017 with the delivery of a professional qualification certificate recognized by the industry. At the end of this period, these employees, who work at sales outlets the rest of the time, were trained in the skills of in-store sales consulting, products and company procedures, and will have a new skills qualification. These employees were very carefully recruited, and only the most motivated candidates were hired. Out of 1,000 persons expressing interest, 100 were interviewed and 19 were hired.

Couleurs de Tollens is continuing this program in 2018, with 13 new permanent hires, and Zolpan recruited 15 people to be trained under the same program leading to the same professional qualification.

Initiatives for easing the integration of new employees are becoming the rule. In Portugal, in Switzerland, at CRI and at Tollens, a number of initiatives have been instituted, such as information and onboarding programs, welcome packages, training courses, visits to stores and/or industrial sites, and product training programs.

Training

Each subsidiary develops its training policy locally, based on the development needs of the Company and its staff.

Cromology regularly trains its employees to help them build their skills and employability. Investment in training remains both constant and high. In 2017, 81% of the Group's employees took part in at least one training session. The average number of training hours per employee was 21 hours, corresponding to around three days. External training costs were down slightly, remaining above €670 per person trained.

Cromology Italia and Arcol in Morocco invested heavily in training in 2017, offsetting the decline in the number of hours in Portugal, which is now in line with the group's guidelines, and at Couleurs de Tollens, which reduced its expenditures in 2017.

Cromology University held its third session in 2017. This custom-designed one-week residency program, developed by HEC Paris and led by its faculty, brought 100 managers together for three sessions on HEC's campus in 2016 and 2017. The purpose was to develop a common performance culture based on a shared set of values and key competencies. This program focuses on key persons and those with key skills at Cromology.

Cromology University will be followed by a second course for people with key talents. It will be more oriented around leadership, in today's transformation environment.

Annual Performance Appraisal (APA)

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

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

The performance evaluation document for Top Managers (HR1) was upgraded during 2017. It is based on both the level of achievement of annual objectives and performance in the position. This performance measurement is taken across the Group's seven values and 13 criteria for performance and managerial approach.

The objective of the upgrade was to harmonize performance measures. For each of the 20 criteria, performance levels ranging from 1 to 4 were defined, enabling managers to better position their evaluation. Apart from recognizing skills, the goal is also to identify progress achieved and to determine action plans.

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

Succession plan

Each subsidiary reviews its succession plan annually.

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

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

Employees with high potential, key personnel and experts

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

Compensation

The compensation policy of Cromology is coordinated with its subsidiaries and adapted to take into account specific, local market characteristics.

Compensation policy is based on adherence to the following principles:

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

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

The Human Resources departments in each subsidiary conduct periodic benchmark studies to ensure that compensation is consistent with market levels. Each year, Cromology subsidiaries engage in negotiations that enable a significant number of local collective agreements to be adopted regarding compensation or other HR topics (40 agreements in 2017, including 19 specifically for compensation).

In 2017, personnel expense decreased by 2.2% compared with 2016, driven by a decline in the workforce, but increased by 0.5% to 26.15% of Cromology's topline revenue, which declined during the year.

Organization of work

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

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

In addition to collective agreements on compensation, 21 local collective agreements were signed in 2017 in areas related to working time, training, safety, health and diversity.

Diversity

Cromology fights all forms of discrimination, and carried out various initiatives to help people in difficulty.

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

For the handicapped, Cromology has signed agreements in France with adapted employment centers or sheltered workshops. Cromology also notifies specialized organizations for the employment of people with disabilities of the job openings the Group must fill. To address at-risk youth, CRI signed a partnership agreement with the "second chance" school in Clichy in the western suburbs of Paris. Initiatives included résumé coaching, practice interviews and internships for young people without a degree or qualification to encourage them to go back to school.

Freedom of association

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

Summary of human resources indicators

Human resources indicators	2017	2016	2015
Workforce			
Group workforce	3,758	3,947	3,893
of which permanent contracts	3,576	3,809	3,744
as a %	95.2%	96.5%	96.2%
of which fixed-term contracts	182	138	149
as a %	4.2%	3.5%	3.8%
of whom women	1,106	1,103	1,091
as a %	29.4%	28%	28%
of whom men	2,652	2,844	2,802
as a %	70.6%	72%	72%
New hires in the Group	469 ⁽¹⁾	519 ⁽¹⁾	337
of whom women	160	141	106
as a %	31.9%	27.2%	31.5%
Departures from the Group ⁽²⁾	497	466	348
of whom women	160	133	99
as a %	28.5%	28.5%	28.4%
Breakdown of staff by geographic region			
France ⁽³⁾	67.3%	63.7%	64.8%
Southern Europe (Spain, Italy, Portugal)	24.2%	23.3%	23.6%
Other countries (Belgium, Morocco, Switzerland)	8.5%	13%	11.5%
Personnel expense as a % of sales	25.5%	25.5%	24.9%
Absenteeism	3.3⁽⁴⁾	3⁽⁴⁾	3.2
Training			
Number of employees having completed at least one training program	3,046	3,084	3,163
% of employees having completed at least one training program	81%	78.1%	81.3%
Average number of training hours per employee	21	17.6	19.1
External training costs as a % of payroll	0.9%	1%	0.8%
Personal safety⁽⁵⁾			
Number of work injuries with at least one day of lost time	30	29	29
Number of work injuries without lost time	10	9	9
Rate of injuries with lost work time (LT1)	4.4	5.7	
Rate of injuries with or without lost work time (LT2)	5.9	7	
Severity rate ⁽⁶⁾	0.17	0.17	
% of industrial sites with OHSAS 18001 certification	100%	100%	100%

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

(2) Permanent contracts only.

(3) Includes employees working in Belgium and Luxembourg.

(4) The 2016 and 2017 values are calculated for employees with permanent and fixed-term contracts, whereas the values in prior years were calculated based on employees with permanent contracts only.

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

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

Environmental initiatives

Respect for the environment is an important aspect of Cromology's culture. The Group devotes more than of its investments to the environment every year.

Cromology has developed an environmental strategy based on three priorities:

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

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

Strengthening the environmental management system

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

Optimizing the use of resources

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

Energy management and improved energy efficiency

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

The group's energy consumption totaled 192 TJ in 2017, up 2.6% from 2016 at constant scope, while production volume increased by 33% over the same period at constant scope. The increase resulted in part from the overall increase in production. Emissions of NOx declined by 6.9%, while emissions of CO2 declined by 4% at constant scope. These declines came about in part because the energy mix changed. Gas consumption declined, in part because the winter was not as cold in 2017 as it had been in 2016 and electricity consumption increased.

VOC emissions decreased by 19% at constant scope. This resulted from the new calculation methodology at the Champagné (France), Casablanca (Morocco) and Les Franqueses (Spain) sites.

In 2016, an energy audit was performed in Europe, in line with European directive 2012/27/UE, with regard to the relevant subsidiaries: Italy, Portugal, and the Zolpan and Tollens networks. An action plan is being considered for each subsidiary.

Water management

The group's total water consumption in 2017 was 147,347 m³, down 1.3% (vs. 145,442 m³ in 2016), while business volume increased by 33% at constant scope. Its Chemical Oxygen Demand (COD)⁽¹⁾ was constant between 2016 and 2017, increasing only 1.3% at constant scope from 37.0 metric tons to 37.3 metric tons. Total suspended solids (TSS)⁽¹⁾ increased by 25% over the same period.

A number of Cromology's industrial sites have been designed so as not to discharge any wastewater into the environment, such as at the Wormhout (France) site. Within the scope of its ongoing improvement efforts, specific investments are made each year to improve industrial wastewater treatment and reduce discharges from the relevant activities.

At the La Bridoire site in France, a new technical/economic "zero waste" study is underway. It follows significant R&D work to optimize the recycling of washwater and reduce discharges. On this site in 2017, 28.5% of all water used in production was recycled.

At Les Franqueses site in Spain, a new biological water treatment unit was installed at the end of 2014 and is now fully operational.

At the Casablanca (Morocco) site in 2016 and the ICP (France) site in 2017, new water treatment plants were installed. They have significantly improved the quality of wastewater discharges.

Water discharges increased by 11% at constant scope (66,737 m³ vs 60,124 m³), as a result of the 33% increase in production at constant scope. Optimizing the recycling of washwater made it possible to limit this increase, despite the sharp increase in production.

Raw material management

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

Between 2014 and 2017, the level of waste as a percentage of volume manufactured was 4.3% in 2014, 3.7% in 2015, 5.7% in 2016 (at constant scope) and 4.5% in 2017.

The decline in 2017 resulted from better communication to avoid breakage and from special operations, such as eliminating smaller quantities of non-moving inventory.

(1) Measurement performed for wastewater discharges from industrial processes.

Working closely with its packaging suppliers, the Group was able to reduce its consumption of petroleum-based raw materials by using regenerated plastics. For example, Cromology's principal supplier of plastic packaging has committed to using up to 20% regenerated polypropylene in the manufacture of its packaging products.

As a color expert, Cromology manages the entire preparation and manufacture of all its colorants for perfect and timeless colors. Consequently, Cromology provides its integrated and partner distribution networks with colorants manufactured in its own factories. Cromology has been replacing the rigid plastic packaging of these products with flexible materials since 2015. This has reduced the volume and weight of the packaging (cumulative total of nearly 109 metric tons since 2015), and the energy needed to manufacture and transport them. In addition, this type of packaging allows the client to maximize the use of product content, which results in the least product loss (22 metric tons since 2015). Cromology's efforts were rewarded in November 2017, when the Company received the "Eco-friendly" packaging prize from CONAI, the Italian National Packaging Consortium.

Limiting the impact on the environment

Management and disposal of industrial waste

In 2017, Cromology's activities generated a total of 12,300 metric tons of waste, a year-on-year increase of 5% at constant scope (excl. Argentina). This increase essentially derived from an increase in non-hazardous waste generated at two sites. All of this waste is treated by specialist subcontractors using the best techniques available and accredited by local authorities.

The weight of waste classified as hazardous under the European Waste Catalogue increased by 4.6% at constant scope (excl. Argentina). This result was caused by certain specific waste operations. Some value can be recovered from certain types of waste, such as plastic wrap.

Noise pollution

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

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

Land use

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

Adaptation to the consequences of climate change

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

Measures to protect and enhance biodiversity

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

Estimate of significant sources of Greenhouse Gas Emissions (GGE)

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

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

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

The 2016 study shows that the significant sources of greenhouse gas emissions are:

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

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

Summary of environmental and social indicators

Environmental indicators	2017	2016	2015
% ISO 14001-certified industrial sites	70%	47%	44%
Waste produced (% of production volume) ⁽¹⁾	4.5%	5.8%	3.7%
Energy savings (TJ)	192.0	197.9	186.2
CO ₂ emissions (metric tons)	3,647	4,156	3,718
NO _x emissions (metric tons)	3.93	4.59	4.06
SO _x emissions (metric tons)	0.40	0.87	0.35
Volatile Organic Compound (VOC) emissions (metric tons)	138	190.8	114.6
Water consumption (m ³) ⁽²⁾	147,347	155,753	158,504
Chemical Oxygen Demand (COD) (metric tons)	37.3	37.8	47.8
Suspended solids (metric tons)	32.4	26.1	25.3

(1) 2016 : (2016: Inclusion of wastewater at the Resana site reclassified as "Waste" because it is collected by an external service provider and treated outside the site.

(2) Water consumption does not include the water for distribution networks.

Societal initiatives

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

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

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

Cromology has an aggressive innovation policy: more than 23% of its 2017 sales were achieved with products less than three years old.

Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products over a ten-year period. Nearly 90% of the paints in its product ranges are now water-based.

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

Cromology thus continually seeks to reduce the VOC content of its innovations as much as possible, beyond the regulatory requirements of the countries where it operates, while maintaining the highest level of quality and performance possible. In 2017,

new products meeting the most demanding VOC content labels⁽¹⁾ (Ecolabel, TÜV) or VOC emission level⁽²⁾ (A+, TÜV) represented nearly two-thirds of the sales of products less than three years old. In France, for example, Tollens and Zolpan launched products under the German TÜV label that limit the VOC rate to less than 1 g/l for interior paint; this is 1/30 of the content limit under European regulation, and 1/10 of the content limit for the European Ecolabel.

In addition, Cromology is marketing an anti-formaldehyde paint that reduces indoor air pollution by absorbing major pollutants. This is a major innovation. When used on the four walls and ceiling of a room, the amount of pollutants in the indoor space can be reduced by up to 80%. In 2014, this innovation was named Innovation of the Year in France by Castorama, and in 2016, "Ondipour", the same product in the Zolpan line, received the "Trophée du Négoce" from the magazine Négoce.

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

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

In 2017, more than 50% of Cromology's R&D investments were devoted to product innovation, especially for activities focused on new markets and future regulatory and labelling changes.

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

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

Strengthening its presence in the local community

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

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

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

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

Similarly, Cromology's policy for purchasing raw materials and packaging in Europe is to give preference to European suppliers in an effort to reduce its transport costs and have better accessibility and availability of the manufacturers. A study is underway to put priority on maritime rather than road transportation of raw materials. Cromology is currently testing the transportation of emulsions to its Wormhout site in the north of France from a supplier several hundred kilometers away by boat rather than by truck.

Partnership and sponsorship initiatives

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

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

In Morocco, the Arcol subsidiary has run a program to renovate rural schools through skills volunteering and paint donations since 2015. Twenty-one schools and nearly 6,000 students have benefitted from this initiative and the distribution of school supplies.

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

Since 2009, Zolpan has offered 44 sustainable development grants to projects being supported by Zolpan employees who volunteer their personal time. The beneficiary organizations most often provide services to needy individuals, protect cultural heritage, or promote sports.

Many subsidiaries also promote culture and the arts:

In Portugal, Tintas Robbialac has partnered with Museu Coleção Berardo (Lisbon) since 2011. Tollens is a partner of three museums in France: Musée d'Orsay (Paris), Musée de l'Orangerie (Paris) and Musée de la Piscine (Roubaix). Zolpan is a long-term partner of CitéCréation, the world leader of painted murals, and contributed in particular to the "Mur des Canuts" mural in Lyon, France, the

largest trompe-l'œil fresco in Europe and in 2015 to the fresco portrait of Paul Bocuse, also in Lyon.

Relations with suppliers and subcontractors

Purchases represent a significant portion of Cromology's expenses. The Purchasing department is committed to developing best practices with regards to CSR and discusses topics related to Cromology's CSR policy with suppliers: in particular, the innovation policy for more environment- and user-friendly products, and management of the environmental impact of its production activities.

Cromology's two main purchasing categories are:

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

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

In June 2017, Cromology held its second "Suppliers Day", with nearly 70 representatives from its strategic suppliers of raw materials, packaging and products for resale. The first Suppliers Day was held in 2015. This seminar allows Cromology to strengthen relationships with its strategic suppliers over time, to encourage them even more to understand its product innovation strategy, which is oriented among other things toward respect for the environment and the well-being of the users of its paints.

Preventing corruption

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

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

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

The anti-corruption charter was updated in 2017 to take into account the requirements of the Sapin 2 law. In accordance with Sapin 2, the charter was integrated into the internal regulations of the Cromology group's French companies. Employees in the field received training on corruption risks and on the application of the anti-corruption charter.

Commitment to human rights

The Cromology group refuses to use any child or forced labor.

The Business Conduct Guidelines also incorporate by reference the "Cromology Group Policy Regarding Compliance with Trade Control Law", which governs trade with certain countries. The

CEOs of the operational companies have made a commitment to follow procedures aimed at ensuring that the Cromology Group does not deal with countries subject to international sanctions. These include countries considered to violate human rights.

3.2.3 Stahl

Sustainability & Corporate Social Responsibility (CSR)

A sustainable future

Stahl's membership in the UN Global Compact and its alignment to the 17 UN Sustainable Development Goals is a clear indication of its commitment to a more sustainable future. To demonstrate its progress, the Stahl sustainability report is submitted each year to the UN Global Compact.

Goals and Strategy

Stahl's goal is to achieve a "crystal clear" supply chain and its strategy is to initiate and sponsor projects that promote transparency in the markets that it serves. This usually involves deep collaboration with its partners in the supply chain. Stahl chose this strategy because it believes that only through transparency can a more sustainable industry be achieved. Its influential position in the supply chain, as a provider of solutions to manufacturers of materials used in the automotive, apparel, home furnishing, footwear, garment and other related industries, has also been a factor. Stahl also recognizes that sustainability represents a significant opportunity, to gain competitive advantage and to drive operational excellence throughout the Company.

Stahl's definition of sustainability

- The promotion of environmentally and socially responsible practices
- The use of natural and renewable resources wherever possible, as long as the environmental impact of their use is favorable
- The reduction of Greenhouse Gas (GHG) emissions

Governance

At the corporate level, the sustainability team is led by Michael Costello, Director of Sustainability, who reports to the CEO Huub van Beijeren. The Sustainability team meets regularly with product managers, researchers, product stewardship and operations staff to monitor the implementation of its strategy and to discuss progress on new initiatives related to innovation, portfolio management and

environmental performance. The Sustainability team also supports commercial activities initiated by customers that are related to sustainability. A summary report is sent to the Stahl Board each month. KPIs related to safety, health and environment are also measured and reported monthly by regional operational staff at the Stahl manufacturing sites around the world. These KPIs are then consolidated into a global report, which is sent to the Stahl Board each month.

Code of conduct

In April 2013, Stahl introduced a code of conduct for business partners. This CoC focuses on topics linked to human rights and the environment and should be respected by those parties with whom Stahl does business.

- Laws and regulations
- Business integrity
- Free and fair competition
- Confidentiality
- Protection of Intellectual Property
- Environment
- Human Rights
- Discrimination
- Modern Slavery
- Working hours
- Child and forced labour
- Health and safety

Whistleblower policy

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.

Training programs on code of conduct topics

In late 2017, Stahl launched e-learning training programs focused on bribery, corruption and modern slavery. To complete the e-learning training, participants are required to study the material and take a test at the end. Special attention is given to awareness and to the red flags that can indicate non-compliant behavior in the supply chain. 1,200 employees (more than 50% of the total workforce) are targeted for the first phase of this training, which will be completed in Q1 2018.

3.2.3.1 HR - Highly committed to developing employee skills

Employment

As of December 31, 2017, Stahl had 2073⁽¹⁾ employees (2049 FTE¹), an increase of 220 FTE's compared to 2017. Stahl acquired BASF's leather chemicals division in October 2017. Stahl acquired Viswaat Chemicals Ltd., (India) in April 2016 and Eagle Performance Products (USA) in November 2016. In May 2014 Stahl acquired Clariant's Leather Services Business.

Breakdown of full-time equivalent employees as of December 31, 2017 by geographic region

Region	2017	2016	2015	2014
EMEA	975	860	835	811
Asia-Pacific	406	355	347	339
India and Pakistan	349	307	287	278
North and South America	319	306	298	312
TOTAL	2,049⁽¹⁾	1,828	1,767	1,740

(1) Including BASF's leather chemicals division.

87% of Stahl's employees are on permanent contracts. Its workforce is 77% male and 23% female. Total Full Time Employees (FTE) leaving (dismissals and resignations) during 2017 were 151 and 395 joined in the same period. These ratios are reasonable and in line with the market for the kind of activities and the location in which they take place. The turnover rate in 2017 was 14.2%.

Working Organization

Stahl operates through a complex international organization for historical reasons and also to effectively serve the customer base. Currently it has 13 manufacturing sites, 11 R&D centers, 38 application labs, 35 sales offices and 7 Centers of Excellence. Working practices differ by region. The majority of the Stahl units have a 5 day working week, with exception of India and Pakistan where they also work on Saturday morning. Working hours and incidents are recorded, depending on the site, by either electronic or manual systems. All Stahl units report absenteeism (which includes absences for sickness, commuting and work accident) as required by local legislation but also in a way that can be reported at the corporate level. The global absenteeism rate in 2017 was 1.57%, compared to 1.58% in 2016.

(1) Including BASF's leather chemicals division.

Social Relations

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

Compensation

Total compensation excluding bonus, paid in respect of 2017 was €108 million, approximately 5.1% above 2016.

Training

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

The Management Training Program, with its focus on managerial and leadership skills, was introduced in 2013. In this international training program, more than 160 middle managers participated between 2013 and 2017. This initiative has been a significant success and has shown considerable benefits already. From June 2017 to September 2018 another 60 middle managers will participate in this Management Training program. Follow-up masterclasses are being organized between November 2017 and June 2018 for 60 middle managers.

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 hours received per employee is 12.3 hours per FTE. Safety awareness campaigns are excluded.

Equality

Stahl tracks the ratio of male/female employees and the percentage of female employees in management positions. In 2017 there were 77 women in management positions, which represent a ratio of 3.7% on total positions, compared to 3.9% in 2016.

The nature of Stahl business and the need to respect strict security and eventually emergency measures, somewhat limits the opportunities for disabled employees; there are currently 16 persons in this category, compared to 16 persons in 2016.

Human rights, modern slavery, anticorruption

Stahl's code of conduct strives that human rights and the environment are respected by those parties with whom they 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.

In late 2017 Stahl launched e-learning training programs focused on anti-bribery and anti-corruption and early 2018, the e-training on modern slavery will be launched. To complete the e-learning training, participants are required to study the material and take a test at the end. Special attention is given to awareness in these programs, and to the red flags that can indicate non-compliant behavior in the supply chain. 1,200 employees (more than 50% of the total workforce) are targeted for the first phase of this training, which will be completed in Q1 2018.

Diversity

Stahl will communicate its policy on diversity in 2018 (Stahl Group Diversity and Inclusion Policy) and is committed to embedding equality, diversity and inclusion across the organization rather than viewing it as an abstract principle. Equal treatment is at the heart of the organization and Stahl believes that 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.

The diversity policy applies to Board membership too. The composition of the Board of Stahl Parent BV in 2017 was two female and eight male members, from diverse backgrounds and age groups.

Consistent with Stahl's strategy of growing Stahl's leadership talent, Diversity and Inclusion principles are also embedded within Stahl's core leadership development programs to encourage managers to demonstrate them as part of their leadership behavior. Stahl will also build cultural intelligence and equality into Stahl's performance review, hiring and talent identification processes.

3.2.3.2 Safety, Health and Environment (SHE)

Introduction

Stahl believes that the impact of its business activities on the Safety, Health and Environment of its customers, employees, agents and the public at large is an integral and essential part of conducting business. Stahl is committed to achieving the highest standards in SH&E, as outlined in its policy statement:

"In pursuit of its business objectives, Stahl's SHE policy is to manage all activities to the benefit of society without hurting anyone, annoying our neighbors or harming the environment"

Safety, Health and Environment (SHE) policy

Stahl believe that anything is possible as long as we work together. A safe working environment is vital to our success and is achieved by working together and living up to our responsibilities. Safety is not only about wearing the right clothing; it is a way of life and a mindset that protects us, our families, our Company and our environment. A safe working environment is a collective achievement and each employee is an important link in the safety chain. Safety needs constant attention and improvement.

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

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

Stahl's SHE organization

All Local Managers and General Managers are responsible for implementing the Stahl SHE Policy and Principles in areas under their control. This responsibility includes systems for the recognition of hazards, assessment of risks and provision of effective controls. For outpost sites such as application laboratories, technical service centers and warehouse operations the Local Manager or General Manager of the controlling site may delegate this responsibility to the manager at that site.

In 2017 Stahl appointed a Global SHE and Process Safety Manager, a new function. He will coordinate and ensure the fulfilment of Stahl's SHE policy, including the changes of behavior and training required to support the highest possible standards of SHE.

SHE Campaign

The well-received SHE Campaign 2015-2017 finished as planned. During the campaign period, Stahl created awareness for SHE in a consistent manner, globally. To evaluate feedback and to understand the effectiveness within the Company, an enquiry was sent to all Local and SHE managers so that they could provide feedback on the campaign results. The overall perception of the campaign was positive and the manufacturing sites showed interest to continue to address safety issues. Factors that were well perceived and those to be improved were also evaluated. The conclusion is that SHE needs constant and consistent attention and therefore Stahl has decided to launch a new campaign in 2018.

Reporting & SHE manual

Stahl's SHE information and statistics are reported and monitored monthly and annually. It tracks progress on safety indicators and reports different categories of injuries and incidents including Lost Time Accident (LTA), Lost Time Injury (LTI), Serious injury, Minor injury, First Aid, Occupational Health and Fatalities. Each month it reports injuries, incidents, audits, trainings, engineering projects and other prevention methods both internally and externally. The SHE reporting procedure is recorded in the Stahl SHE manual.

2017 SHE KPI's.

The table below shows a stable rate in lost time injuries and an increase in the severity rate of lost time injuries (LTA's). The severity in 2017 was heavily influenced by 3 specific injuries, two of which were not related to chemical production. No specific details are given on the accidents and injuries in order to preserve confidentiality of the workers who were involved.

Lost Time Frequency and severity rate⁽¹⁾

	2017	2016	2015	2014	2013
LTI Frequency rate of Injuries with lost work time*	2.01	0.80	1.60	1.50	0.80
Severity rate of Injuries with lost work time **	102.5	4.50	38.00	55.50	9.70

* Frequency rate calculation: (number of reported accidents with lost days > 1 day x 1,000,000***) / (number of theoretical worked hours). Also known as Lost Day Rate (LDR).

** Severity rate calculation: (number of lost days x 1,000,000***) / (number of theoretical worked hours).
NB. In 2017 Stahl changed the factor to calculate safety rates to the European standard. Rates are based the factor of 1,000,000 instead of the 100,000. Above table is based in the 1,000,000 factor.

Environmental Performance Indicators

Stahl is continuously upgrading its production sites and laboratory facilities in order to achieve energy, waste and water efficiencies and to reduce its environmental footprint. The measurement and publication of its environmental KPIs is part of the Company's goal of promoting transparency.

Stahl recognizes that reductions in global CO₂ emissions will be required in order to achieve the goals outlined in the Paris Climate Accord established in 2015. Stahl has a global CO₂ emissions reduction target of 10% (per tons produced) by 2020 using 2015 as a baseline. Carbon dioxide is the main component of Stahl's Greenhouse Gas emissions and improvements have been driven by sourcing more green energy at its sites but also by realizing

long-term efficiencies at manufacturing sites. Also in 2017 Stahl began to estimate Scope 3 CO₂ emissions, ie: due to company activity but not owned or controlled by the Company. Scope 3 emissions are included in this report. To raise internal awareness of CO₂ reduction, the Company ran a screen saver campaign in 2017, which provides tips to employees on how to reduce CO₂ emissions and save energy. In addition to CO₂ emissions, Stahl reports energy, water and waste KPIs on a monthly basis to the Stahl Board, per manufacturing site and globally.

Carbon Dioxide (CO₂) emissions

Stahl's global target is a 10% reduction in CO₂ emissions by 2020 (based on Scope 1 and 2 emissions using 2015 emissions, per tons produced, as a baseline).

(1) For safety indicators all Stahl employees are considered.

CO₂ Emissions

	(metric tons CO ₂ -eq.)		
	2017	2016	2015
Scope 1: Direct GHG emission*	14,609	16,569	15,162
Scope 2: Electricity Indirect Emission Sources**	21,222	18,661	19,192
Scope 3: Other Indirect Emission Sources***	529,670	511,245	No comparable data
TOTAL METRIC TONS CO₂-EQ.	565,502	546,476	34,355

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

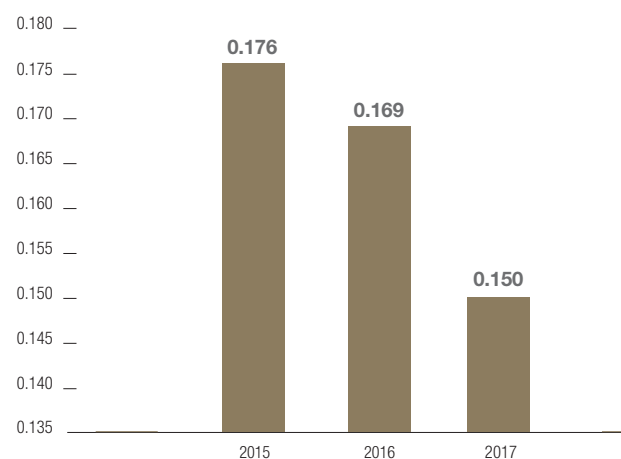
** Scope 2: Electricity Indirect Emission Sources: are those that occur due to purchased energy (in the form of electricity, steam, heat and cooling) from the grid or district heating or cooling systems.

*** Scope 3: Other Indirect Emission Sources are calculated since 2016 following the GreenHouse Gas protocol. In 2015 Scope 3 was based on business travel (flights and private cars).

CO₂ emissions per production volume = CO₂ per tons produced = CO₂ scope 1 + scope 2 / production volume.

CO₂ emissions per production volume

	2017	2016	2015
CO ₂ emission Scope 1+2	35,831	35,230	34,354
Total production volume	238,590	207,923	195,646
PER TON PRODUCED	0.150	0.169	0.176

CO₂ per ton produced

Corporate Value Chain (Scope 3) Accounting and Reporting Standard

In 2017 Stahl made its first estimation of Scope 3 emissions as per the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. This exercise is designed to understand the full value chain impact of its activities and will help to focus efforts on significant sources of GHG emissions.

Scope 3 emissions Stahl by category

Scope 3 categories	Total emissions (ton CO ₂ e) in tons	
	2017	2016
Cat 1: Purchased goods and services	317,755	299,329
Cat 12: End-of-life treatment of sold products	133,667	133,667
Cat 4: Upstream transportation and distribution	51,290	51,290
Other (e.g. Capital goods, Downstream transport. and distribution)	26,959	26,958
TOTAL:	529,670	511,245

Results

"Purchased goods and services" and "end-of-life treatment of sold products" largest sources

Scope 3 calculation results for Stahl show that emissions from purchased goods and services account for more than 50% of the total Scope 3. End-of-life treatment of sold products is another main emission source. Both categories are related to the input and output of materials in the production process. Reducing these emissions may take place by:

- selecting (base) chemicals with a lower CO₂-footprint;
- increasing biogenic content of the materials that are being used⁽¹⁾;
- increasing longevity of end products might decrease lifecycle CO₂ emissions of sold end products.

Transportation of purchased goods third largest source of Scope 3 emissions

Transportation of goods (Cat. 4) accounts for around 11-12% of Stahl scope 3 emissions. Based on the assumptions in the calculation of transport emissions, the major part of these emissions result from transport paid for by Stahl by plane or truck. Reducing these emissions may take place by:

- choosing a different mode of transportation. Transportation by truck causes around 10 times more CO₂-emission per tkm than transport by ship. Transportation by plane causes even more emission: around 100 times the emission associated with transport by ship;

- stimulate transportation with cleaner vehicles (e.g. select transporters based on their sustainability achievements such as Dutch "Lean&Green" star rating).

- reduce transporting small quantities of goods.

Analysis, conclusion, actions

Most Scope 3 emissions are linked to raw materials that Stahl uses and to the end-of-life treatment of its products. Transport related emissions are also significant. Although these outcomes have a high degree of uncertainty Stahl is considering actions related to the conclusions. For example, to:

- investigate if there are alternative products that can be purchased which have a lower carbon footprint;
- investigate ways in which the life of its customers' end products could be extended; and
- consciously decide to procure energy efficient transportation services and to shift from plane to road or rail and from road to rail or more efficient road transportation.

(1) Biogenic materials does not necessarily lead to a lower carbon footprint from a life cycle perspective, because production and processing of biogenic materials in some cases can be more (fossil) energy intensive.

Energy consumption

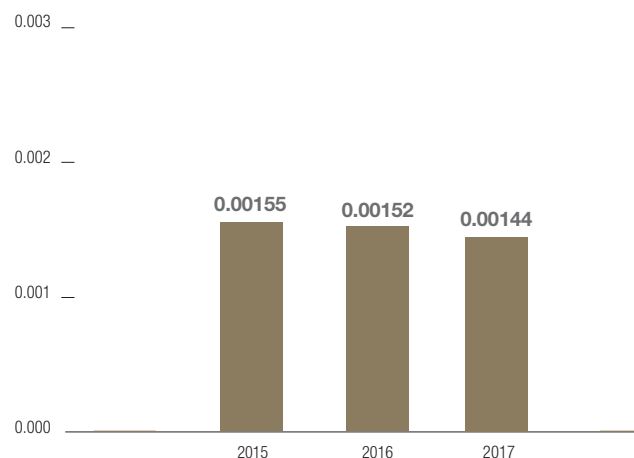
Stahl's energy consumption is the sum of electricity, gas, oil, coal and steam consumed at their manufacturing sites. Energy is reported per production volume, ie: per tons produced. There are many energy efficiency projects underway and Stahl aims to have energy-neutral factories in the future. Even though the production volume increased in 2017, the energy per tons produced

decreased. The gas consumption for 2015, 2016 and 2017 was restated in the below table to reflect the reporting of energy in kWh, which is considered a more stable measuring unit than the ones used in previous reporting. This correction represents an increase of 26% in reported energy consumption for each year from 2015 to 2017.

	2017	2016	2015
Energy (TJ)	343,85	317,02	303,02
TOTAL PRODUCTION VOLUME	238,590	207,923	195,646
Energy (TJ) per production volume*	0.00144	0.00152	0.00155

* $\text{Energy (TJ) per production volume} = \text{Energy (TJ)} / \text{Total production volume}$.
Energy consumption is based on Lower Heat Value (LHV).

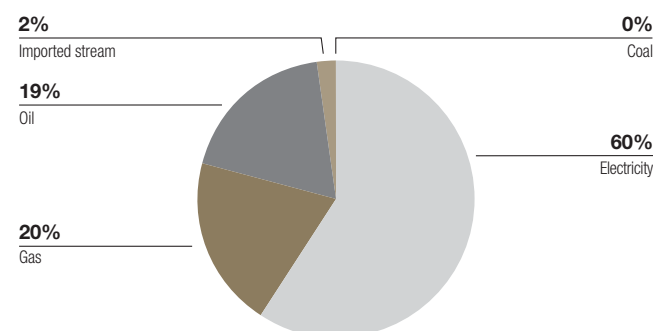
Energy consumption (MJ) per ton produced



CO₂ emissions per energy source

Below pie chart shows the CO₂ emissions, split between the different energy sources Stahl used in 2017 in its manufacturing sites. The company has not used coal. The main source is electricity, which partly consists of green electricity.

Scope 1&2 CO₂ emissions breakdown in 2017



CO₂ and Energy reduction projects: 2017 Highlights

A good example of converting creative thinking into a practical and sustainable solution was implemented in 2017 by Stahl Europe, Waalwijk site. A novel way was found to keep a key raw material (polyol) at a constant temperature from the time the supplier manufactures the product to the time that Stahl uses it in their own process. Deliveries are made in liquid form, in bulk, and the material is stored in a heated vessel. This simplifies the current procedures of cooling, drumming, re-melting and discharging the polyol from drums. The savings in energy (and on CO₂ by default), packaging and waste are significant, not only for Stahl but also for the supplier.

Stahl India was able to save 57.612 kWh of energy in 2017 vs 2016 thanks to several initiatives linked to investment in more efficient water chilling equipment and by replacing mercury/sodium vapour lamps with LED equivalents.

In Stahl Germany, Leinfeldten site, energy savings of 400.000 kWh were achieved in 2017 vs 2016 thanks largely to a new condensate recovery system and heat exchanger which resulted in savings in steam, which is used for heating vessels. A modern screw compressor was also installed in the production area and this also contributed to the overall electricity savings at the site.

A global screensaver campaign was implemented in 2017 to provide practical advice to all employees on how to save energy and CO₂ in the offices and plants and in their jobs.

Water consumption & usage

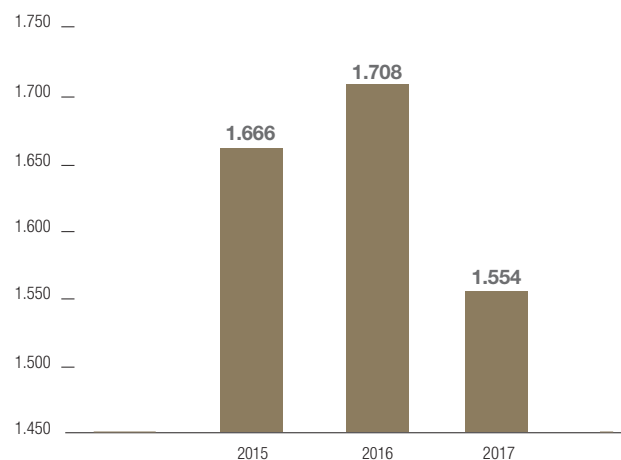
Stahl consumed more water in 2017 because it manufactured more volume. Water consumed per tons produced decreased, so water efficiency improved.

	2017	2016	2015
Water consumption (m ³)	370,855	355,041	325,864
Other water use (m ³)*	561,788	506,056	491,021
Total Water Used (m ³)	932,643	861,097	811,093
Total production volume	238,590	207,923	195,646
Water use per production volume**	1.554	1.708	1.666

* Other Water use = Water in Palazzolo, in particular ground well water, is used for the processes but also as cooling water (for this reason we have high volumes of withdrawn water). This water (cooling water) is kept completely separated from chemical products and discharged into the river Seveso at controlled temperature.

** Water use per production volume = Water consumption (m³)/Total production volume (excluding Other water use).

Water consumption (m³) per ton produced



Waste management

Disposal of waste is considered only as a last resort for Stahl and it has begun to regard waste more and more as a by-product, with value for other uses. It is also a goal to install internal water treatment facilities at all its sites in the future, thus limiting the amount of wastewater sent to third parties for treatment.

	2017	2016	2015
Hazardous Waste (tons)	10.538	9.748	6.570
Non-Hazardous Waste (tons)	1.584	1.476	1.276
TOTAL WASTE (TONS)	12.884	11.224	7.846

	2017	2016	2015
Waste Water send to external treatment (tons)*	18.124	15.038	15.815

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

Waste: 2017 highlights

Stahl encourages its operations and research staff to minimize the potential of generating waste in its processes. For example in Stahl China, in 2017, the replacement of a pressure filter in the waste water system resulted in a reduction of water content in sludge of 30%, which means less sludge and less cost. Stahl has also found creative ways to re-use waste, thereby helping to stimulate a more circular and sustainable way of working. There are many examples of this, converting seemingly unusable materials into products which have value in commercial applications, like in paint and coatings.

Environmental provisions

As of the end of 2017, Stahl's environmental provision for land pollution are of €0,6 million.

Low-impact innovative solutions

With 9 R&D centers around the world, employing almost 100 technical staff, Stahl's product research is aimed at providing high performance solutions that reduce the environmental footprint. This can be either by using renewable/bio-based raw materials in its products or by designing products which will reduce the CO₂, energy, water or toxicological footprint of its customers' products. It is now a requirement that all new products developed by Stahl's research team must have a clear environmental benefit. These environmental benefits could be the reduction of Stahl's customer's environmental footprint (eg: water or energy savings when processing leather), or for Stahl's own footprint reduction (eg: using raw materials based on renewable resources, or high solids coatings with lower solvent content). The incorporation of the BASF product portfolio will complement this drive towards a more sustainable industry.

Stahl's progress in 2017 with its low-impact innovation is summarized below.

- The success of STAHL EVO for coated fabrics and the Stahl NEO leather finish range were important commercial highlights of 2017. These two ranges are compliant with the Manufactured Restricted Substance List (MRSL) launched by the ZDHC Foundation, whose goal is to eliminate hazardous substances from the supply chain by 2020.
- Significant growth in the sales of Proviera® - Probiotics for Leather™ and the Catalix® range of products were also a feature of 2017. These products contribute to the reduction in the environmental footprint of the leather process, notably with regard to water pollution.
- The Dryfast Beamhouse product range was an important addition to the portfolio in 2017. This system allows Stahl's customers to realize significant savings in water effluent and solid waste during the first stages of the leather manufacturing process.
- The policy of promoting of natural and renewable resources as raw materials has driven innovation in waterbased polyurethane research in recent years. As a result, several new generation bio-based materials are being prepared for commercial launch in 2018, and will be promoted in its Performance Coatings and Polymers businesses.
- The use of waterbased polycarbodiimide crosslinkers in coatings is growing, in large part thanks to Stahl's patented technology in the field. These innovative carbodiimide crosslinkers are an excellent building block in the design of environmentally-friendly coatings systems.

3.2.3.3 People & Society

Sustainable Development Goals

Stahl is committed to the guiding principles of UN Global Compact, the world's largest corporate sustainability initiative. With this commitment Stahl confirms the alignment of its strategy and operations with the universal principles of human rights, labor, environment and anti-corruption. Stahl's activities are therefore being aligned with the 17 Sustainable Development Goals (SDGs), established at the United Nations General Assembly in 2015:

- **Poverty:** In addition to proactive philanthropy at the local community level, Stahl is also involved in wider industrial development projects in emerging regions, along with NGOs and governments. An example is the Public Private Partnership (PPP) between Stahl, Solidaridad, and PUM that was launched in 2017, in Kanpur, India. The five-year project is focused on reducing water pollution and should contribute to the wellbeing of thousands of families in the Kanpur community who depend on the leather industry (see later under "jobs, economic growth" for a more complete description).
- **Good health:** Stahl has committed to initiatives that will eliminate restricted substances from the supply chain, like the Zero Discharge of Hazardous Chemicals foundation, of which Stahl is a member since 2016. In 2017 Stahl became a Bluesign® Partner.
- **Education:** Stahl Campus® was established to promote good practices throughout the supply chain (see later for a more detailed description). Stahl also actively promotes the safe handling of chemicals and conducts seminars on this topic in emerging regions. In 2018 Stahl Campus® will be expanded to Kanpur, India, to support the water pollution efforts being made there.
- **Gender Equality:** Stahl's Diversity and Inclusion policy was communicated in 2017 and is summarized on this report.
- **Clean Water & sanitation:** Water technology is a growing area for Stahl and we are working jointly with leading universities on improving water effluent quality. This includes employing a research specialist in 2017 who is working on specific water pollution projects. The Company has also introduced effluent-reducing technologies like Proviera® - Probiotics for Leather™, Stahl NEO, Stahl EVO and Catalix® as well as water-reducing technologies like Easy White Tan®. The PPP launched in Kanpur, India is also focussed on water pollution.

- **Renewable Energy and Climate Action:** Stahl's goal is a 10% reduction in CO₂ emissions by 2020 (in line with the 2015 Paris Climate Agreement) and this implies the adoption of renewable energy sources and raw materials, as well as energy efficient technologies at its sites. 2017 emissions improved vs 2016 and the company is well on target to meet to the 2020 goal.
- **Jobs, economic growth:** A Public Private Partnership was launched in Kanpur, India, in which Stahl has teamed up with NGO's Solidaridad and PUM, as well as local pollution Board and leather associations, with the objective of reducing water pollution in the Kanpur tanning cluster. The 5 years project was conceived as part of the wider clean Ganges project undertaken by the central government in Delhi and the state government of Uttar Pradesh. Stahl's contribution is twofold: to introduce low-impact technologies which will reduce water pollution levels of tanners in the area, and Stahl Campus® training, to be provided from its new centre of Excellence in Kanpur, which is due for completion in Q2 2018.
- Stahl also launched an EU funded project in 2017 aimed at promoting efficient technologies for the Ethiopian leather industry.
- **Reduced Inequalities:** Stahl's code of conduct was implemented in 2015 and the Stahl Diversity and Inclusion policy was implemented 2017. E-training courses were completed in Q1 2018 on the topics of bribery, corruption & modern slavery.

Trusted Partnerships

Stahl is at the table when decisions are made about restricted substances and overall environmental stewardship in the industries where the company is active. The Company is active in many sustainability related initiatives, like the Leather Working Group (LWG), the largest voluntary group in the leather industry, with over 500 members. The mission of the LWG is to raise the bar of environmental stewardship via its audit protocol for tanneries, to allow better choices to be made about sourcing leather. Audit implementation and its maintenance is the LWG's main activity and Stahl was elected on to the Executive Committee of the Leather Working Group in 2017. The Executive Committee consists of four clothing/footwear brands (currently Wolverine, Timberland, Louis Vuitton, Clarks), four leather manufacturers and one chemical company (Stahl).

Stahl is also an active member of the Zero Discharge of Hazardous Chemicals (ZDHC) foundation, and was confirmed as a bluesign® partner in 2017. Stahl is also a member of the TEGEWA Group of chemical companies who supply the textile, paper and leather industries.

Non-profit activities in emerging countries

- A Public Private Partnership (PPP) between Stahl, Solidaridad, and PUM was launched in 2017, in Kanpur, India. The five-year project is focused on reducing water pollution and will contribute to the wellbeing of thousands of families in the Kanpur community. Stahl's contribution to this project is €900.000, split between cash and in-kind contributions.
- Stahl's sustainability roadshows continued in 2017 and were held in Bangladesh and Pakistan. The seminars focused on clean technology initiatives in the leather clusters with a view to reducing water pollution and restricted substances in the supply chain.
- PUM is a Dutch non-profit organization that links small and medium companies in developing countries to experienced professional experts in order to improve sustainability and combat poverty in those regions. Stahl and PUM have begun to work together on projects for the leather sector. This partnership involves Stahl experts travelling to the country in question with PUM country staff and visiting tanneries that require the technical skills and service that only Stahl technicians can offer. In 2017 two missions were completed by Stahl and PUM experts in Zimbabwe. More such missions are planned for 2018 in other counties in Africa.
- UNIDO: The mission of the United Nations Industrial Development Organization (UNIDO) is to promote and accelerate inclusive and sustainable industrial development (ISID) in developing countries and economies in transition. UNIDO's e-learning courses, designed to promote good practices and responsible chemical management in leather tanneries, is fully supported by Stahl which promotes it in the areas where it is needed. Indeed Stahl's recent sustainability seminars in India were conducted in conjunction with UNIDO.

Education and training

Stahl has observed a talent gap in the markets that we serve and proactively seeks ways to educate and train students and workers in the industry.

Stahl Campus® is the global knowledge centre established in 2014 in Waalwijk (Netherlands) and extended to León (Mexico) in 2015 and Guangzhou (China) in 2016. The goal of Stahl Campus® is to promote good practices and transparency throughout the supply chain. Stahl invites customers, suppliers, university students, OEMs, brands, and more, to come to its specialized laboratories and strengthen their knowledge through theoretical and practical training modules. Stahl Campus® is a key element in the Company's strategy of promoting transparency.

In 2017 over 500 people attended these training courses around the world. Notably, a Post Graduate Certificate course in Stahl Campus® Mexico was launched in 2017. A six-week course developed in collaboration with the University of Northampton (UK), students will receive an official PG Certificate in leather finishing upon completion. In 2018 Stahl Campus® will be expanded to Kanpur, India, where a new Centre of Excellence is being constructed to support the Public Private Partnership related to water pollution in the Uttar Pradesh leather manufacturing cluster.

Stahl is also collaborating with over 30 different universities and colleges around the world, on a wide range of topics. Indeed the Company is actively working with higher education institutions in order to secure talent for the future and to maintain its leadership position in technology and sustainability.

3.2.3.4 Reporting methodology for Stahl

Reporting scope

Unless otherwise indicated, HR data are reported for all Stahl entities worldwide.

For safety (SHE) reporting, all Stahl employees are in scope as well as contractors.

The environmental performance indicators relate to Stahl's 13 manufacturing sites.

Reporting scope - history for environmental data:

Site	2017	2016	2015
Calhoun	Y	No	No
Graulhet	Y	No	No
Hospitalet	From October	No	No
Kanchipuram	Y	Y	Y
Leinfelden	Y	Y	Y
Palazzolo	Y	Y	Y
Parets	Y	Y	Y
Peabody	Before October	Y	Y
Portao	Y	Y	Y
Ranipet	Y	Y	Y
Singapore	Y	Y	Y
Suzhou	Y	Y	Y
Toluca	Y	Y	Y
Waalwijk	Y	Y	Y

Y=Yes, full year

Methodological limitations and uncertainties

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

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 are reported in terms of physical persons and full-time equivalents.

Safety indicators

Lost-time injury frequency rate

The lost-time injury frequency rate is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per 1,000,000 hours worked. Accidents while commuting between home and work are not included in this indicator.

Environmental indicators

Carbon Footprint

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

- direct GHG Emissions are those that occur from sources that are owned or operationally controlled by the Company—company owned or leased cars, other company vehicles, gas and oil used on its sites (Scope 1);
- electricity Indirect Emission Sources are related to energy (in the form of electricity, steam, heat and cooling) purchased from the grid or district heating or cooling systems (Scope 2). The source of Stahl's emission factors are:
 - gas: Guidelines for National Greenhouse Gas Inventories, volume 2,
 - oil: Guidelines for National Greenhouse Gas Inventories, volume 2,
 - coal: 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;
- expected other Indirect Emission Sources (Scope 3) following the Green House Gas protocol.

The carbon footprint data is reported annually

Approach and methodology

Stahl reports its Scope 1 and 2 emissions each year. So far, Scope 3 emissions had not been quantified in full scope. Stahl worked with an external consultant to calculate its Scope 3 CO₂-emissions for the year 2017 and to provide the Company with a model to calculate its scope emissions on a yearly basis in the future. This report contains a summary, which is required to report

on following the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Chapter 11)".

Standard

Stahl's Scope 3 emissions have been quantified based on the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". This standard lists 15 sources of Scope 3 emissions.

Category	Methodology
Cat 1: Purchased goods and services	Emissions related to raw materials have been estimated based on top 30 raw materials purchased, Top 15 chemical groups and top 10 types of packaging used.
Cat 12: End-of-life treatment of sold products	End-of-life emissions from sold finished goods have been estimated by assuming a carbon content of 80% and the assumption that all finished goods (i.e. coatings on leather) will be incinerated at the end of the product lifecycle. <ul style="list-style-type: none"> ■ 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. ■ Distances by truck have been estimated using Google Maps. ■ Intercompany trips were adjusted for by a correction factor of 50%. ■ Extrapolation from Waalwijk data to Global data has been done based on the amounts (kg) shipped from Waalwijk versus amounts shipped globally
Cat 4: Upstream transportation and distribution	

For CO₂eq emissions from Scope 1, 2 and 3, there are uncertainties due to the intrinsic uncertainties from emission factors.

Energy

The energy consumption includes all energy sources consumed by the 13 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 13 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 13 production sites.

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

Waste

The waste indicator includes all hazardous and non-hazardous wastes generated by the 13 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 and Toluca. The other 9 Stahl production sites have their own wastewater treatment plant.

Consolidation and internal controls

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

At each industrial site, the SHE manager reviews safety and environmental data reported before the 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.

3.2.4 Tsebo

Introduction

There are two pieces of legislation in the South African environment which are central to the social fabric of Tsebo and the society at large and which are designed to ensure (through penalties and incentives) that Companies adopt a proactive approach to transformation, equality and diversity.

The first is the Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003 incorporating the B-BBEE Codes of Good Practice and the second is the Employment Equity Act no 55 of 1998. Both codify the South African government's national imperative to correct the wrongs of the past and create more opportunities for previously disadvantaged people.

The B-BBEE Codes provide for a rating system or scorecard of companies with level 1 being the best, and based on performance in the various subcategories of ownership, management control, skills development, enterprise and supplier development and socio-economic development for previously disadvantaged individuals.

In basic terms the higher a company's rating or scorecard, the more of a competitive advantage they will enjoy in their market through better pricing and better contract wins and retention as companies are in turn encouraged to use highly rated companies as their own suppliers to try bring equilibrium and equal opportunity to all levels of society and the whole supply chain for goods and services.

Tsebo was first large South African corporate to market with a level 1 B-BBEE rating in 2015, under the new Codes. This was however the culmination of years of industry leadership in this key aspect of business leadership in the country. This took many years of foresight, planning and hard work by Tsebo which has managed to retain this rating in each subsequent year.

The second is the Employment Equity Act which requires companies who meet certain thresholds in turnover and number of employees to submit an annual report to the department of Labour on certain aspects of their labour practice. This is discussed in more detail under paragraph 2.5 below.

A highlight of 2017 year for the Tsebo Group was the finalization, in January, of the acquisition by Wendel of the Tsebo Group. The 2017 year that followed was a steep learning curve for its business with much time spent adapting to and learning what is required being part of a listed French entity. Accordingly, this is the first year that Tsebo has been required to prepare a submission on Grenelle II, article 225

The contents of this report are restricted to the 2017 calendar year and for its South African operations only.

Social

Employment

Tsebo is a labour intensive business and its labour force forms the backbone of its ability to deliver its services. South Africa also has very strict labour legislation designed to protect the employee and with this in mind, together with labour being the single biggest cost in its business, Tsebo places a considerable focus on its labour practices to ensure that they are fair and yet still competitive.

Per the explanation above, the rating in the BEE scorecard is also driven in part by the percentage of your work force that is derived from previously disadvantaged Groups. Tsebo's level 1 rating is a good indication that Tsebo takes its responsibility of employing previous disadvantaged Groups, very seriously. This is also reported on and monitored in the Employment Equity report which is discussed in more detail in clause 2.5 below.

In June 2017, Tsebo hired a new Organizational Effectiveness director, who has initiated a process of centralization, standardization and systemization of the human resources function which was previously divisionalised and relied heavily on human intervention.

Through her team, Tsebo focuses on the following labour related aspects:

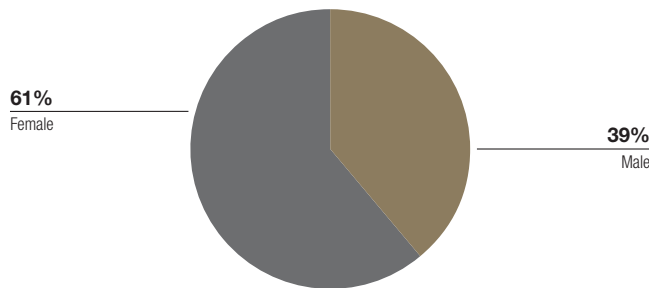
- Transformation & diversity;
- Talent & resourcing;
- Industrial relations;
- Compensation & benefits;
- Learning & development.

Demographics

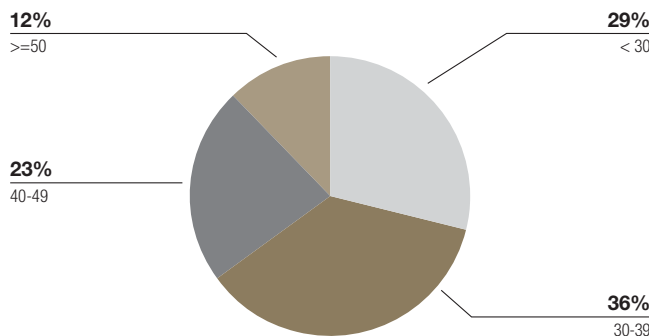
As at December 2017, Tsebo employed 32,355 people in South Africa, a 19% increase on the previous year, in connection with the acquisition of Superclean (over 3,000 employees) in January 2017.

Due to the nature of the services Tsebo provides in the catering and cleaning industry, a large majority of that work force are women. However in its security division, the majority of the work force are men.

Headcount Breakdown by Gender



Headcount by Age



As youth forms a large part of its workforce dynamic, Tsebo is often the gateway for first time workers to enter the formal employment sector and thus focus on training and development of staff. The Employee Tax Incentive was introduced by government in January 2014 and is designed to encourage employers to hire first time employees by providing a taxation rebate against the Pay As You Earn (PAYE) payable to the South African Revenue Services by companies, thereby reducing the cost of employing youth labour, while leaving the employee's earnings unaffected.

Hiring's and Terminations

Tsebo has a relatively high level of staff turnover, predominantly driven by the fact that the vast majority of its workforce are first time workers who work at or close to the minimum wage in the country, and who will thus move employment for relatively small increments, resulting in a high staff turnover. This is further exacerbated by what Tsebo calls the "contract churn" that exists due to the nature of the services that the group provides – contracts are awarded to Tsebo for 3 to 5 years and are then lost to a competitor 3 to 5 years later. The relatively high termination rate, of 39% in 2017, is caused by this contract churn but for the period under review, with a hiring rate of 52%, Tsebo hired more than it terminated.

Remuneration

Tsebo understands that fair and market related remuneration is essential to attract and retain employees. The majority of Tsebo's labour force is governed by collective agreements that deal with remuneration. These are centrally negotiated and determined at an industry level.

In 2017, NEDLAC (the highest authority where unions, businesses and industries participate to discuss matters affecting the labour arena as a whole) approved the imposition of a national minimum wage of R20.00 per hour but the implementation date is expected to be May 1st, 2018.

Tsebo will implement the national minimum wage when officially required by the government and this will supersede the collective agreements on aspects of remuneration and will be the base below which remuneration cannot fall.

Organisation of work time and absenteeism

Tsebo operates multiple shift structures due to the varying legislated hours of work in the different sectors in which Tsebo operates. Organisation of work time in Tsebo is essential to ensure compliance with South African labour relations and to maximise labour efficiency in its contracts.

In December 2015 Tsebo initiated an automated time and attendance system in its catering, cleaning and security business to replace the previous manual system. To date, 24,193 employees and all sites in its cleaning, catering and security divisions are covered by the system.

The automated time and attendance system interfaces with its information system which enables management to extract reports and filter data to manage overtime, late comings, absenteeism, etc. and then these occurrences are dealt with through the leave policy and HR disciplinary Code where required.

Absenteeism is important to manage in its cleaning and security divisions where the client is billed, in part, based on a fixed number of employees required to provide the services. This is less so in catering where clients are not billed on a fixed number of employees and so staff are required to support and stand in for others in the event of absenteeism.

Labour Relations

Labour relations in South African are complex and Tsebo has a dedicated team under the Human Resources function to conduct Tsebo's social dialogue with labour.

The table below sets out the various applicable industry councils applicable to its labour force (excluding head office staff and middle to senior management) and which canvas issues such as wages, leave days, working hours, benefits and prohibited practices.

National Labour Legislation: Basic Conditions of Employment Act

Division	Industry Council	Region	% of Total Employees
Catering	Bargaining Council	JHB	7.7%
		Pretoria	4.2%
	Sectoral Determination 14 (Hospitality)	Areas outside of BC	14.2%
Cleaning	Sectoral Determination 1 (Contract Cleaning South Africa)	All regions except KZN which has its own bargaining council	33.4%
Security	Sectoral Determination 6 (Private Security Sector)	National	21.1%
Facilities	None	None as these are mostly professional engineers but will be guided by national legislation	

In addition, Tsebo allows all its employees to become a member of a union of their choosing. Tsebo will deduct an employees membership fees and pay them over to the union on behalf of the employee but Tsebo does not negotiate salaries and benefits with the unions but rather complies and adheres to the industry council determinations as set out above. As at today's date there are 53 unions representing 27,800 employees on a voluntary basis.

Tsebo is an active participant in the industry council consultation process and via the employer's association meetings.

Tsebo was not subject to any strike action during the 2017 year.

Health and Safety

Tsebo has a Group Compliance Officer and various other compliance officers around the Group. Within this function, Tsebo is developing a centralised compliance (including health and safety) centre of excellence and thought leadership covering the legislative universe which applies to Tsebo's operations.

The safety of employees and other people on its sites is its priority. Tsebo subscribes to the principle that every staff member has the right and obligation to challenge and report unsafe conditions, behaviour and procedures.

Tsebo endeavours to create and maintain a safe and healthy workplace through the provision of appropriate training and the

necessary equipment, tools and procedures to employees when carrying out their duties.

Tsebo also takes appropriate measures to ensure that employees refrain from using drugs and alcohol in the work environment which could affect these employees' work performance and thereby pose a risk to the health and safety of other employees. Employees are subject to regular confidential medical and criminal screening checks depending on the environments in which they work. For example, its employees working at medical sites having greater screening and checks.

In its catering and cleaning divisions Tsebo has a Safety Health Environment and Quality Officer (SHEQ Officer), 28 health and safety officers and a health and safety representative on each site.

The SHEQ Officer operates a risk management system that contains 13 various elements and acts as library for policies and procedures, safe operating procedures, Good Manufacturing Practices (GMPs) and risk assessments which are reviewed on an annual basis and which are then distributed to the business.

Tsebo distributes weekly safety bulletins in its catering and cleaning divisions which is an e-poster sent throughout the Group creating awareness about a different HSE topic each week as well as "Toolbox Talks".

	2017	2016
Number of accident with lost time	59	75
Number of days lost due to an accident	240	913

In its security division Tsebo has a National Responsible Person as required by the Firearms Control Act who is mandated to manage the firearms of the business, the correct safety measures and controls are in place for firearms and that Tsebo complies with the requirements of the applicable legislation.

Training

With its large workforce, ongoing training is essential to ensure service standards are maintained. Moreover, skills development and training is a crucial element of its B-BBEE rating explained above and so Tsebo operates various training programmes across varying levels of the work force.

All new employees undergo training through the Tsebo Skills Academy which trains them in basic cleaning, health and safety and computer skills.

The same Tsebo Skills Academy also conducts a series of 12-month long learnerships for both prospective and current Tsebo employees. On successful completion of the learnership they are provided with a certificate from the relevant Sector Education Training Authorities (SETA). Almost all of the delegates are then employed on a full-time basis by Tsebo thereafter. Learnership's also provide a degree of funding for the training costs through a rebate from the relevant SETA.

The Tsebo Skills Academy has 28 accredited trainers across the business.

Tsebo has also created a three-tiered (junior, senior and exec management) bespoke management development program with the recognized Gordon Institute of Business Science a faculty of the University of Pretoria, focusing on various elements of executive development such as finance, strategy, operations, marketing etc.

For the year ending December 2017, Tsebo trained 17,190 staff members (compared with 13,300 in 2016) and spent R73.6 million (€4.9 million) on training equating to 1.27% of Tsebo's consolidated turnover.

Part of the above training includes the training done in its security division on the control of firearms and as is required by the Private Security Industry Regulatory Authority (PSIRA).

Finally, and in an attempt to ensure Tsebo is up to date with technology and an ever geographically expanding work force, Tsebo is implementing an e-learning platform which can be accessed through smart phones and on site computers, to train its employees on basic modules relevant for the business. 76 modules have been created and loaded onto the platform and 371 employees have completed modules to date. The platform allows reports to be generated from the data so that management can monitor training done and identify weaknesses in skills.

Equality and Diversity

Companies in South Africa who exceed a certain employee and turnover threshold, are required by the Companies Act 2008 to form a Social Ethics and Transformation (SET) committee which reports to the Board and the shareholders at the Annual General meeting (AGM) and is mandated, amongst other things to monitor and oversee the Group's transformation initiatives, its governance practices, its incidences of fraud and corruption and the Group's charitable activities. Tsebo has formed the SET committee which meets quarterly before the Tsebo South Africa Board meeting to discuss these various elements, many of which are also encompassed in this report and which are then reported to the Board.

The Employment Equity Act requires companies in South Africa, who meet certain thresholds in turnover and number of employees, of which Tsebo is one, to submit an annual report (historical performance against targets) and plan (future targets) to the department of Labour on certain aspects of their labour practice such as its workforce profile, the movement of the workforce (i.e. promotions, recruitment, terminations), skills development, inclusion of disabled people, and its numerical targets for the following year.

The Employment Equity Act requires the equity and diversity of a company's work force to be analyzed and reported on a far deeper level than the B-BBEE Act does and also provides for considerable penalties (2 to 10% of turnover) if companies do not submit reports and do not have a plan to create and deliver greater levels of diversity.

Tsebo religiously submits its annual report to the department of Labour.

Forced labour and child labour

Tsebo does not used forced or child labour in the conduct of its business and requires its subcontractors and suppliers to undertake and commit to the same labour practices.

Environment

Considering the service offerings of catering, cleaning and hygiene, facilities management and protection, Tsebo has a limited direct impact on the environmental. In addition to this, Tsebo's services are all conducted on client sites, and Tsebo does not have the control over the energy consumption, the water consumption and the waste produced.

Nevertheless, and in recognition of the greater diligence that this issue requires, Tsebo has an environmental policy in place and several Good Manufacturing Policies (GMPs) on waste disposal, chemical use etc.

Tsebo is aware that it sometimes operates in areas where water may be in short supply or may reduce in the future due to climate change. Tsebo provides its employees with good practices to avoid unnecessary water consumption and to support its client's initiatives such as implementing a more water wise approach in the management and planting of client gardens, connecting irrigation systems to boreholes and installing rain sensors to ensure that the irrigation does not run unnecessarily during the rainy season.

At its head office in Rosebank, Tsebo has installed motion sensor lighting. With a geographically dispersed business, videos and telephone conferencing facilities are encouraged to reduce travel.

In 2016 the Tsebo team based at the department of Basic Education in Pretoria set the objective of becoming ISO 14,001 certified and making the facilities a green rated building. The group is now ISO 14,001 certified and continue to work towards being a greener building.

The key aim of this objective was to become resource efficient and to reduce its impact on the environment whilst simultaneously providing cost savings to its client using an integrated energy management system on site.

One of its targets was to reduce the average kilowatt per hour (kWh) per lettable square meter per year from 161 kWh to 148.5 kWh by the end of 2018 for this facility. Tsebo installed motion sensors throughout the building ensuring that lights only come on when the space is being used reducing the frequency of replacing light fittings and the number of fluorescent tubes being used and then having to be disposed of.

This initiative along with closely managing the air-conditioning supply and managing chiller run times has assisted Tsebo in surpassing its target where they are currently on 145 kWh.

Tsebo cleaning is also mindful that the chemicals used in the cleaning process may be harmful to the environment and so, where permitted by the client, Tsebo will endeavor to use bio degradable chemicals in its services.

Tsebo does not operate a central logistics or distribution hub but rather requires their suppliers to deliver their goods to the relevant site where the item is required thus reducing Tsebo's own environmental impact.

Food waste and resource efficiency

Most of the waste produced by Tsebo consists of food waste. Tsebo is aware that food should not be wasted and undertakes several actions to limit its food waste.

Meal specifications and portion control are carefully monitored in the Tsebo catering environment to ensure compliance with client contractual requirements, cost efficiency and food waste reduction.

Site managers procure specific portions and specifications for the contracted required meals through an on-line procurement platform called MyMarket thus reducing food waste through over ordering.

The use of historical data gathered through the point of sale system called Plankomat has allowed Tsebo to perform trend analysis of meals at sites. The analysis allows Tsebo to have a greater portion control when reproducing those meals on the next menu cycle.

Tsebo works with a company, Cuisine Oil, to recycle its used cooking oil. The oil is then refined and used as biofuel and other lubricants. Tsebo verifies that Cuisine Oil is compliant with regulation and that its used oil is not sold for human consumption. Tsebo also uses a product called Magnesol XL from the Dallas Group which extends the useful life of oil so that Tsebo can reduce its consumption.

Society

Business Ethics and Bribery and Corruption

Tsebo has a zero-tolerance policy when it comes to fraud and corruption. Tsebo has always maintained this stance within the business but undertook an exercise in 2015 to raise awareness and create certain projects and initiatives about Tsebo's business ethics and its stance on instances of fraud and corruption. Since then, Tsebo has implemented a Code of Business Ethics and an Anti-Bribery and Corruption (ABAC) policy modelled on the UK Anti-Bribery Act. It also maintains a gifts policy and a whistleblower policy to encourage disclosure of incidences.

Tsebo subscribes to the Deloitte managed and anonymous Tip-Offs toll-free hotline (and email service) which is a facility open to the public and all staff across all jurisdictions in which Tsebo operates and which can be used to disclose incidences of fraud and corruption occurring in the business on an anonymous basis. Reports are sent through the internal audit function of Tsebo and are then investigated and reported on to the Audit Committee.

Tsebo also publishes a bi-annual newsletter on various aspects of good governance ranging from gifting, examples of fraud incidences in its business and how they have been dealt with, to green governance.

ABAC documentation (i.e. policies and undertakings) forms part of its induction training. ABAC wording is contained in its standard client contracts and in its supplier contracts and its suppliers are required to deliver an annual ABAC undertaking to its procurement team. Currently 80% of the basket of goods, by value, has provided Tsebo with an ABAC undertaking and this is monitored and updated annually by the procurement team.

Finally, Tsebo conducts an annual "Tsebo council" where the top 200-250 members of the Tsebo management team are brought together from the various territories to share the Group's strategy and focus areas for the year ahead. At this meeting each year, training is done on ABAC and the attendees are required to sign an ABAC undertaking.

Regional Development and Impact

Government tenders often require Tsebo to form joint ventures with partners in the local communities where the sites are situated to ensure the upliftment of local communities through skills development and localized sourcing of labour and food inputs.

The best example of this in the Tsebo environment, is the Eskom plant at Lepalale. Tsebo has since February 2010, together with its local partners and through a 50/50 joint venture, been the catering provider at the Eskom plant in Lepalale. As part of the tender requirements, the joint venture is required to meet certain criteria set out in the Accelerated and Shared Growth Initiative for South Africa on a quarterly basis, benefitting the local communities. It has met these criteria for the last 7 years and has just received a further contract extension for 2018.

Partnerships

Tsebo understands that partnering, whether it be with its staff, its surrounding communities or its suppliers, is essential in elevating and sustaining not only its own performance but also that of the greater society which it impacts.

The Tsebo Foundation was established in honour of the Group's 40th anniversary. A not-for-profit Company, the Foundation conducts corporate social outreach for the Group as a whole.

With a dedicated team, the Foundation oversees, manages and governs all charitable activities across the Group.

One such project is the Tsebo Siyakhula initiative – a partnership between Tsebo and Christel House, a school based in Cape Town, which has created a vegetable farm where parents and learners get skills training and employment in working on the farm. Tsebo acquires the grown vegetables and the resulting profits from the farm are used to sponsor the school fees of certain learners.

Procurement

Tsebo operates a centralized procurement function across its divisions from perishable foods and grocery items to cleaning consumables and chemicals, security uniforms and lightbulbs to services such as pest control and laundry run through the MyMarket on line procurement platform.

Food and beverage constitutes 60% of the Group's total basket spend which was R3.5 billion (€260 million) for 2017.

Suppliers are contractually required on request to provide Tsebo with various licenses, permits, audit reports and ratings depending on the industry which they operate in and Tsebo has a track record of terminating relationships with suppliers who do not meet Tsebo's standards. Tsebo does conduct its own supplier audits where circumstances require.

99% of Tsebo's supply is sourced locally in South Africa (with some multinational suppliers) contributing to the local economy and considerable emphasis is placed on sourcing from suppliers who are themselves highly rated in terms of the BEE Codes as explained above.

Food safety for consumers

Tsebo produces some 126,000 meals per day across 500 kitchens.

With this in mind and considering that some of its clients are hospitals, old age homes and schools, nutritionally balanced meals and food safety is critical for Tsebo

Tsebo Catering employs a team of 6 dieticians and 29 health and safety officers working to ensure food safety for its consumers and that Tsebo is compliant with South African food legislation.

Tsebo Catering has developed a suite of Good Manufacturing Practices (GMPs) which serve as rules and guides on various aspects of the food lifecycle and which are provided to each site and are trained on.

Tsebo catering is HACCP SANS 10330 compliant and is in the process of being ISO 22,000 accredited.

Tsebo has enlisted the services of external Auditors such as QPro and LTL to undertake random quarterly audits of its sites doing food swabs, surface swabs and staff swabs and reports are prepared and submitted to Tsebo.

Allegations of food poisoning are taken very seriously and follow a rigorous process of escalation, independent lab analysis, investigations, which leads to actions such as training, adjustment to GMPs or policies.

Each catering site is required to have its own certificate of acceptability issued by the department of Health in the relevant municipality. None of its site has lost its certificate in 2017.

Methodology

The contents of this report are restricted to the South African operations only which represent 83% of its total workforce.

Headcount: The headcount disclose is the number of employees on payroll at year end.

Hiring rate and termination rate: number of contracts signed or ended from January 1st to December 31st divided per number of employee at year end.

Training employees represents the number of employees having attending a training during the year, some employees may have attended several trainings and are then counted several times.

3.2.5 Mecatherm

3.2.5.1 Introduction

Mecatherm has oriented its company policy around a base of five fundamental values defined at the beginning of 2017. These values were determined together with group employees as part of the Well-being, Efficiency and Performance process. They guide the initiatives, decisions, choices and day-to-day conduct of the entire group.

- **team spirit** - share information, ideas and questions so that its successes are achieved together;
- **audacity** - based on its experience and acquired knowledge, encourage curiosity and creativity;
- **Following through on its commitments** - do everything in its power to fulfill its commitments and share its successes;
- **expertise** - everyone devotes him or herself to developing individual and collective know-how;
- **exemplary behavior** - its everyday behavior and performance serve as a showcase of its values.

Mecatherm strives to make life easier for its customers and aims to be a provider of high-quality solutions for the world's industrial bakery companies.

To help its historical customers become more efficient, the Company has developed solutions for optimizing production lines. It has added to its baking system lines and customers can now offer a more varied range of products than traditional crusty bread, such as white bread, croissants and snack foods. It has also developed processes for producing more moist bread, which is less expensive to make and easier to preserve. The method is already paying off, inasmuch as satisfied customers are submitting new orders.

In addition, Mecatherm is using its expertise to attract new customers in emerging market countries where bread consumption is on the rise as a growing middle class adopts new consumption habits. For these specific customers, Mecatherm has developed its "Baguette Factory" product line. It provides a full line of industrial bakery equipment including a financing solution and support from an engineering company. In the end, the customer has a turnkey manufacturing facility and a rapid return on investment.

In 2017, Mecatherm equipped a new facility in Mozambique with four production lines.

The group opened offices in Mexico and Malaysia in 2017.

After installing 24 new production lines worldwide in 2017, Mecatherm's installed base totaled 786 production lines in 69 countries on all six continents. 2018 and future years promise to be healthy ones. Mecatherm is planning to beef up its workforce so as to pick up the pace right from 2018 and:

- Gain strength in sales and marketing, by launching new products and creating a new image that is in line with the Company's momentum and wider reach;
- Organize the Company operationally around its four lines of business (baker and segment architect; equipment provider to production units; customer services) and according to the following avenues:
 - Focus segments on pre-projects and on strengthening their baker-architect expertise at head office, while maintaining a local approach that is attentive to the customer's needs;
 - Specialize production units to a greater extent, with the Wisches oven PU and Montilliers mechanization PU, skilled in Baking Systems on the one hand, and the Barembach PU oriented towards service activities (production of line upgrade kits and retrofit equipment) including prototyping on the other;
 - Pool execution resources owing to the merger between Mecatherm and Gouet.

Finally, Mecatherm has adopted a new, more modern visual identity that corresponds to the new phase on which the Company is embarking, while still evoking the company's historical strengths.

3.2.5.2 Reporting methodology

Information presented in this report include the specific items indicated in Article R.225-105-1 of the French Commercial Code of Commerce, representing Mecatherm's business activity.

Scope and methods of consolidation

The scope of consolidation for the key indicators selected for this report includes: TMG SAS and Mecatherm SA (Barembach-Wisches and Montilliers entities).

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

Responsibilities and verifications

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

Additional information about reported indicators

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

Safety indicators (includes professionalization and apprenticeship contracts, but not temporary contracts)

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

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

Social indicators

Total workforce

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

Hires & departures

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

Compensation

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

Absentee rate (includes professionalization and apprenticeship contracts, but not temporary contracts)

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

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

Greenhouse gas emissions

The scope 1, 2 and 3 greenhouse gas emissions published in this report were calculated using the emission factors available on ADEME's website in February 2018.

3.2.5.3 Social data

Mecatherm's installations are all in France: Alsace (Barembach and Wisches), the Loire valley (Montilliers) and Paris.

As of December 31, 2017, Mecatherm had 422 employees, compared with 459 as of December 31, 2016. The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts represented 3.6% of the total in 2017, down from 8% in 2016. The Group plans to keep the percentage of fixed-term contracts at 5%. The group's total workforce was composed of 23.5% managers and 76.5% non-managers. Women made up 12.1% of the workforce. Employees with disabilities represented 2.1% of the workforce, vs. 2.0% in the previous year.

In 2017, the group's turnover rate was 9.2%, down sharply from 28% in 2016, because:

- the Well-being, Efficiency and Performance project was deployed and included employee onboarding and advancement programs;
- an internal job market was created to foster internal mobility;
- the number of new hires and departures was balanced.

The Group aims to keep turnover below 10%, through the following measures:

- continuing to deploy the Well-being, Efficiency and Performance project;
- creating a set of entry and target values for non-managerial positions that demonstrate recognition of their roles and responsibilities as they hone their skills.

There were three dismissals. The absenteeism rate in 2017 was 3.9%, vs. 2.4% in 2016. Absenteeism rose principally because of certain long-term absences due to severe illness that had nothing to do with working conditions.

Compensation

In 2017, wage increases included a 0.6% cost-of-living increase plus individual raises. The compensation structure for sectors with labor shortages (mobile installers and automation experts) was increased to facilitate recruitment and reduce turnover. Furthermore, all employees (except at TMG) benefit from company profit sharing in accordance with legal requirements.

The payroll increased by 7.3%, principally because the average number of employees increased in 2017.

Finally the company plans to implement a collective bonus agreement in 2018 in an effort to improve the bottom line by giving employees a stake therein.

Organization of working time

The workweek is 37 hours long for non-management employees (excluding traveling staff and supervisory-level staff), organized on a monthly basis into three weeks of 39 hours and one week of 31 hours (one 8-hour day off during the 31-hour week). For management-level employees, non-management traveling staff and supervisory-level staff, working time is measured on the basis of 218 days per year. 1.9% of all employees work part-time for reasons of parental leave or therapeutic requirements.

Mecatherm plans to implement individualized work schedules that will give employees more flexibility.

In addition, to handle fluctuations in the business, Mecatherm plans to implement a group-wide agreement aimed at annualizing work time so as to smooth out the impact of the peaks and valleys that are typical of the "project mode" in which the Company must operate.

Social relations

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

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

At the Barembach site, employees have a works council and a Health, Safety and Working Conditions Committee (CHSCT).

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

The next elections of personnel representatives will take place in April 2018. Two site-based Social and Economic Committees and one central committee will be implemented, following the merger of Gouet SAS into Mecatherm SA at the end of 2017.

Training

In 2017, 41% of employees participated in training, for a total of 5,652.5 hours of training. Mecatherm plans to maintain its objective to develop a training plan that goes beyond the legal minimum, including courses that train employees in the specific skills needed for each position.

Training is planned and monitored scheduled and tracked by each entity's Human Resources department. The training programs delivered each year mainly cover technical skills, safety (such as driving forklifts, electrical qualifications or emergency first aid at work) and language skills. Refresher training courses on industry-specific information are also organized annually.

In 2016, all Mecatherm managers started to take a four-day management training program under the Well-being, Efficiency and Performance project. The program was finalized in 2017.

Non-discrimination

Mecatherm is committed to maintaining a steady proportion of employees with disabilities in its workforce. Job applicants with disabilities are encouraged to apply for open positions and workstations are adapted as necessary. In 2017, 2.1% of its employees were recognized as having a disability.

Mecatherm would like to develop its policy to hire and keep employees with disabilities employed by:

- adapting open positions to people with disabilities, to the extent possible;
- helping employees who wish to be recognized as having a disability;
- working with the occupational health administration and agencies that help people integrate or reintegrate the workforce;

Health and Safety

As the change in frequency rate and severity rate of work accidents over the last three years has not been satisfactory, Mecatherm wants safety to be a priority so as to improve its results in that domain.

	2017	2016	2015
Frequency Rate	19.3	9	29
Severity Rate	0.59	0.29	1.02

Since 80% of work accidents are caused by improper behaviors (collisions/bumps, non-observance of safety instructions, carelessness, haste, improper gestures and positions, improper practices), Mecatherm intends to reduce work accidents by focusing on better safety behavior on the part of all employees so as to develop a lasting security culture.

To do so, Mecatherm launched the "Mecasure" project in 2017. This method is based on a favorable managerial position and positive feedback. It has been tested on a pilot zone, and by capitalizing on feedback, Mecatherm will be able to use best practices to deploy the project across the Group in 2018:

- adapting the workstations of people with recognized disabilities or with medical restrictions.

In addition, Mecatherm reaffirmed its commitment to workplace gender equality in 2017 by signing a new action plan with employee representative bodies.

Furthermore, Mecatherm wished to adopt an age management policy and consulted personnel representatives several times to create an action plan regarding the "generation contract" (a French system to encourage employers to keep experienced senior employees who can transfer their knowledge to newly-hired young workers). This three-year plan aims to implement concrete measures to foster the sustainable integration of young people into the workforce through access to permanent contracts; encourage hiring older workers and keeping them employed; and ensure the transfer of know-how and skills. Even though this program is no longer mandatory, Mecatherm wishes to maintain its commitment to help young people break into the job market and senior employees to remain employed.

Finally, in April 2017 the entire HR department benefited from training on non-discriminatory hiring. Then, later on in the year, when the HR recruitment process was rolled out as part of the Well-being, Efficiency and Performance project, awareness was raised among managers about non-discriminatory hiring, because all of them might take part in interviews during the candidate selection process.

1. Managerial practices that emphasize workplace safety and are based above all on a simple, everyday approach to the basics instilled in managers via the Well-being, Efficiency and Performance project, as well as an approach aimed at protecting employees.
2. Support for the HSE department and for the safety representatives in every department.

Implementation of this plan is expected to reduce the accident frequency and severity rates so as to gradually move toward a zero work accident rate.

3.2.5.4 Environmental data

Water and energy consumption

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

The initiatives launched since 2014 continued to be pursued in 2017 so as to obtain an outcome similar to the encouraging results of 2016.

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

Indicators	2017	2016	2015	2014	2013
Direct energy (gas) ⁽¹⁾ MWh	4,848	4,674	4,341	3,075	4,686
Indirect energy (electricity) MWh	1,492	1,438	1,503	1,412	1,380
Water (m ³)	2,082	2,039	2,724	3,006	1,957

(1) PCS.

Other energy consumption reached the following levels in 2017:

- propane consumption: 65,052 kWh;
- diesel fuel consumption: 147,588 litres.

Waste management

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

Type of waste (in metric tons produced)	2017	2016	2015	2014	2013
Ordinary industrial waste ⁽²⁾	59	45	119	99	85
Paper, cartons, plastic ⁽²⁾	11	60			
Wood ⁽²⁾	59	103	60	53	50
Stainless and other steels ⁽²⁾	43	119	52	75	81
Fermentables (bread, dough, flour) ⁽¹⁾	61	54	59	97	11
Hazardous (electronic, electric)	0.2	-	1.9	1.1	-

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

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

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

Optimizing the use of raw materials

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

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

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

Consumption (in metric tons)	2017	2016	2015	2014	2013
Paper	6.7	8.4	8.9	9.7	10.3

Implementing the Office 365 software package in 2017 has made it easier to go paperless and has also contributed reducing paper consumption.

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

Climate change

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

Biodiversity

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

The principal greenhouse gas emissions generated by Mecatherm's activities are, in order of importance:

Greenhouse Gas Emissions (GGE)

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

Of the 15 types of emissions defined in the GHG Protocol, Mecatherm considers the following indirect GHG emissions (Scope 3) to be significant:

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

Emission scope	Source	Emissions (in metric tons of CO ₂ equivalent)
Scope 3	Use of products sold;	627,120
Scope 3	Steel purchases	7,436
Scope 1	On-site natural gas combustion	1,062
Scope 2	Use of electricity	97
Scope 3	Other materials purchases	2,781
TOTAL		638,496

3.2.5.5 Societal data

Fostering employment and regional development

Mecatherm has not manufactured its parts for about 15 years; this activity is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and sub-assemblies manufactured by the subcontractors, many of which are local.

In 2017, 32% of the group's purchases derived from local suppliers.

By partnering with subcontractors, Mecatherm has more flexibility for handling peaks and troughs in business volume and contributes indirectly but significantly to local employment. As a

result, purchases of standard and custom parts and factory subcontracting are estimated to have created 96.5 indirect jobs with the company's 35 principal suppliers in 2017.

Maintaining a dialogue with the community

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

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

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

Finally, Mecatherm maintains close relationships with other regional and local stakeholders, for example by taking local business owners on factory tours and meeting with government agencies such as the local emergency services.

Subcontractors and suppliers

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

Total purchases (parts and subcontracting) for Mecatherm exceeded €39.2 million in 2017.

The principal categories of purchases are: manufactured parts, sheet metal, mechanized welding and machining 49%; electrical panels and components 12%; and transmission systems and kinematics nearly 8%.

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

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

Fair business practices

Ensuring consumer safety

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

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

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

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

Safety of Mecatherm's equipment

As Mecatherm manufactures machines that carry the CE logo, it is responsible from the safety of the products it puts on the market and is subject to EU directives. The Company is therefore constantly seeking to improve the safety of its equipment at all stages of their life cycle, from design to installation and use to dismantling.

Preventing corruption

Mecatherm takes steps to prevent corruption.

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

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

Code of ethics and conduct

Lastly, a Code of ethics and conduct was implemented in November 2017 to raise awareness among all employees about ethical practices. It requires employees to behave in an exemplary fashion, ethically, with integrity and dignity.

Specifically, the Code of ethics and conduct incorporates relationships with others, personal responsibility, gifts, tips, invitations and rebates, conflicts of interest, proper conduct with regard to monetary questions, corruption, influence peddling, use of company products and services, purchases for private ends, workplace behavior, good practices, etc.

Commitment to human rights

Mecatherm refuses to use any child or forced labor.

When Mecatherm enters into any subcontracting or service-provider agreement for an amount of €5,000 or more, and every six months thereafter, it obtains verification by certified letter that its subcontractors are in compliance with French labor law, and more generally that French legal and social provisions are being applied.

3.2.6 CSP Technologies

Introduction

CSP Technologies ("CSP") is a material science and engineering company providing innovative, customized active polymer solutions to protect sensitive products. It designs and manufactures patented solutions for moisture- and/or oxygen-sensitive products in the healthcare industry and has a growing presence in solutions for the food safety end-market. The Company is the global leader in diabetes diagnostic test strip protection (desiccant plastic vials and containers), and is supported by its Six Sigma level production quality

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

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

The core values of CSP are:

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

Presence

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

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

Main Changes

Maxwell Chase Technologies, LLC acquired by CSP in March of 2016 has been included in scope of the 2017 KPIs.

Social

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

Employment

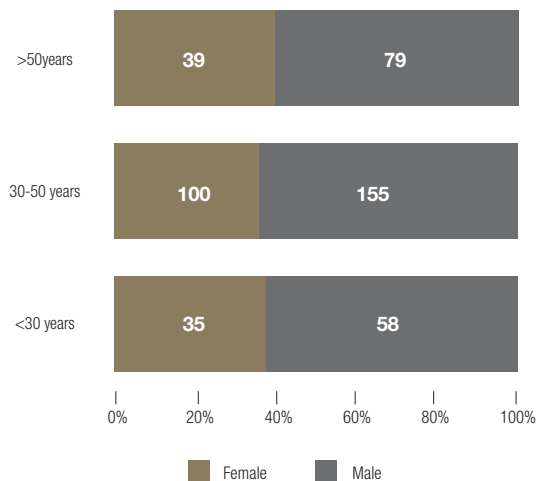
At December 31, 2017 CSP's workforce consisted of 466 full and part-time permanent employees. The majority of CSP employees are located at its main manufacturing facilities in the USA and France. The growth in workforce from 2016 (379 employees) has been driven by the growth of CSP and the inclusion of 38 individuals at December 31, 2017 for Maxwell Chase Technologies, LLC.

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

Geographical and Demographic Split of the Workforce

Workforce (registered headcounts on December 31)	2017	2016
USA, Alabama, Georgia and New-York	345	267
France, Niederbronn	121	112

Workforce Demographics 2017



Employee Changes

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

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

The absenteeism rate of CSP is below normal market levels.

Global	2017	2016
Employee turnover rate	10%	9%
Employee hiring rate	20%	16%
Number of temporary employees permanently hired (excluding internships)	47	24

Training

CSP offers employees' access to training relevant to their area of business. Training is offered internally, through external providers and both to new and existing employees. Some highlights of training undertaken during 2017 are as follows:

- sales and leadership training;
- food safety training;
- anti-corruption and anti-bribery training;
- technical courses such as vehicle operation, electrical training and manufacturing operations.

9 CSP employees are qualified as Six Sigma blackbelts (6 in 2016).

Health and Safety

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

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

The above strategies have led to a low number of lost time injuries within the organization. The lost time frequency rate for CSP is 14.64 and the lost time severity rate is 22.53 for 2017.

Lost Time Injuries and Lost Work Days

Global	2017	2016
Number of lost time injuries	13	6
Number of lost time days	100	29

Relations with Professional Organizations

As part of its commitment to recruiting and retaining talent, CSP partners with local institutions. In the USA, CSP partners with colleges and universities. Through these partnership programs CSP offers compensated internship programs to several individuals annually. These programs may focus in research and development, design, engineering or quality assurance.

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

CSP has also continued partnerships with institutions in 2017 to design, develop and test new technologies. In particular CSP has sponsored several design teams at local educational institutions in the USA. In particular, where CSP lacks the expertise to test certain technological innovations internally it has partnered with research development laboratories in major academic institutions to perform the testing and assist in development of the technologies.

Environmental

CSP monitors compliance with relevant environmental laws and regulations.

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

Raw Materials and Waste Management

CSP has continued to focus on waste and scrap reduction through continuous improvement to manufacturing processes in 2017.

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

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

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

- introducing new manufacturing lines with innovative new processes to reduce the amount of materials used in production and separate production of different components. The separation of components reduces cross-contamination. Management anticipates that this will substantially increase the amount of

materials that can be re-processed internally during manufacturing;

- offering a wide selection of products with varying content of petrochemical resins to allow for the necessary amount of material to be tailored to each customer's need. These offerings reduce instances of customers needing to purchase products with an excess of material and increases cost effectiveness.

Raw Material Consumption and Waste

Global	2017	2016
Raw materials consumed (metric tonnes)	12,892	10,879
Raw Materials, Intermediate and Finished products scrap (metric tonnes)	840	760
Other types of waste: packaging, garbage, etc. (metric tonnes)	690	566

Scrap and waste have increased in-line with CSP's growth during the year. In particular, CSP introduced an entirely new thermoforming line during 2017. The startup of this production line resulted in a higher than normal level of initial scrap as the line has been calibrated. CSP also notes that it has undertaken several relocations of operations between its facilities during 2017 which has contributed to a proportionally higher level of waste.

Energy and Climate Change

The main energy input into CSP's manufacturing process is electricity. CSP also uses natural gas, automotive fuels and other energy sources on a limited basis. CSP has not noted any significant risk associated with adoption of prospective climate change legislation.

Electricity Consumption and Scope 2 GHG Emissions

Global	2017	2016
Electricity used on an annual basis (MWh)	49,272	43,186
Scope 2 GHG Emissions (Tonnes of CO ₂ equivalents)	22,188	19,652

Electricity consumption has risen from 2016 to 2017 particularly as a result of the thermoforming production line noted in the section above. The inclusion of Maxwell Chase in scope of 2017 has not had a significant impact (2017: 354 MWh, 2016: 0 in scope MWh).

CSP is undertaking in 2018 a scope 3 GHG materiality analysis as defined in the GHG Protocol and implementing tools in order to be able to track scope 3 emissions. Among the 15 emissions sources defined by the GHG Protocol, purchases of raw material inputs (most notably polypropylene resins) and capital goods have been identified as the most material scope 3 GHG emissions. Scope 1 GHG emissions are not considered significant to CSP.

Energy Efficiency Initiatives

Key projects with energy efficiency benefits in 2017 have been:

- replacement of parking lot lights with LED lights and replacement of surveillance cameras with more energy efficient versions resulting in approximately 6.1 MWh savings (Alabama);
- replacement of network servers with new ambient air cooled servers resulting in approximately 24.2 MWh of energy savings (Alabama);
- construction of new facility in excess of 100,000 sq. ft. The new facility has been constructed with energy efficient foam insulated walls, LED lighting and motion sensors reducing energy consumption (Alabama).

Consumer Health

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

Medical and Over-the-Counter Divisions

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

Food Division

CSP maintains a FDA registered food facility in the USA used for food packaging in Alabama. The Maxwell Chase facilities in Georgia, USA operates with a NSF Food Safety Certification for packaging. Both facilities are subject to regular inspection and audit. Some key certifications held are:

- FDA Food Facility Registration (USA);
- Halal Food Production Certification (USA);
- NSF Food Safety Certification - BRC Packaging (USA).

CSP has also trained several individuals under the HACCP food safety system to mitigate risks associated with the production of food packaging during 2017.

Compliance/Regulation

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

Business Ethics

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

Specific training was held during 2017 for all senior managers and all sales staff globally to ensure compliance with anti-corruption and anti-bribery regulations.

Relationships with Suppliers

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

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

Reporting Methodology

The information presented in this report include all material information, from Article R. 225-105-1 of the French Commercial Code (*Code de commerce*), representative of CSP Technologies' activity.

Scope

The following locations are within scope of this report:

- France manufacturing plant, except for annex location for raw materials;
- Alabama manufacturing plant;
- Georgia manufacturing plant;
- NY corporate office (for social data only).

The locations in scope provide 100 % of workforce coverage for 2017.

Social

Workforce

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

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

Employee turnover rate is calculated as the total number of employees who have left the organization in 2017 voluntarily or through termination divided by the total workforce at the end of 2017.

Employee hiring rate is calculated as the total number of employees who have joined the organization in 2017 divided by the total workforce at the end of 2017.

The number of temporary employees permanently hired includes individuals employed on a temporary basis that have been hired as full-time or part-time employees during 2017. In France the figure excludes CDD contracts converted into CDI contracts. It excludes any individuals who have been hired after an internship.

Health and Safety

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

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

The lost time frequency rate is defined as the number of lost time injuries defined above divided by each million hours of worked time. The lost time severity rate is calculated as the number of lost time days, multiplied by 200,000 divided by the total number of hours worked.

Raw Materials and Waste Management

Raw materials consumed

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

Scrap

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

Other waste production

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

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

Energy and GHG emissions

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

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

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

To the shareholders,

In our quality as an independent verifier accredited by the COFRA ⁽¹⁾, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Wendel, we present our report on the social, environmental and societal information established for the year ended on the 31 12 2017, presented in chapter 3 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

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

Independence and quality control

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

Responsibility of the independent verifier

It is our role, based on our work:

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

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

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular those provided for in the Article L. 225-102-4 of the French Commercial Code (vigilance plan) and in the Sapin II law n°2016-1691 of 9 December 2016 (anti-corruption).

Our verification work mobilized the skills of twelve people between October 2017 and March 2018 for an estimated duration of twenty weeks.

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

1. Attestation of presence of CSR Information

Nature and scope of the work

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

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

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

(1) Scope available at www.cofrac.fr.

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

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

- As indicated in the paragraph « Encouraging subsidiaries to integrate CSR » presented in paragraph 3.1.1 of the management report, the required Information is presented for each company whose majority stake is held by Wendel and is not consolidated as specified in the article L. 225-102-1 of the French Commercial Code (*Code de commerce*);
- Regarding Bureau Veritas, we have taken notice of the conclusions formulated by the independent verifier mandated by the executive management of Bureau Veritas, which confirmed the presence in the management report of the required CSR information, except for environmental information (i.e. energy consumption and business travel) which are provided for a period covering January 1st 2016 to December 31st 2016 instead of the year 2017, as mentioned in the methodological notes.

Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information, with the aforementioned exception for the environmental information of Bureau Veritas.

2. Limited assurance on CSR Information

Nature and scope of the work

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

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

internal control and risk management related to the preparation of the CSR Information.

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

For the CSR Information which we considered the most important⁽²⁾:

- At the level of the company and of its portfolio companies, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of entities that we selected⁽³⁾, based on their activity, their contribution to the indicators of the company and if its portfolio companies, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average:
 - For the Constantia Flexibles group, 13 % of the total number of employees and on average 10 % of the quantitative environmental information tested;
 - For the Cromology group, 41 % of the total number of employees and on average 24 % of the quantitative environmental information tested;
 - For the Stahl group, 15 % of the total number of employees and on average 20 % of the quantitative environmental information tested;
 - For the Mecatherm group, 64 % of the total number of employees and on average 69 % of the quantitative environmental information tested;
 - For the CSP Technologies group, 26 % of the total number of employees and on average 32 % of the quantitative environmental information tested;
 - For the Tsebo group, the entire workforce of the reporting scope.

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

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

(3) For the Constantia Flexibles group, we selected the industrial sites of C. Patz (Germany), and C. Parikh (India). For the environmental and safety quantitative information of the Cromology group, we selected the industrial sites of Robbialac (Portugal) and Las Franqueses (Spain), supplemented by the Zolpan network (France) for energy and safety quantitative information. For the quantitative social information of the Cromology group, we selected the entities located in Portugal, in Spain, and the network Zolpan (France). For the Stahl group, we selected the industrial site of Toluca (Mexico), and Parets (Spain). For the Mecatherm group, we selected the site of Barembach (France). For the CSP Technologies group, we selected the site of Niederbronn (France). For the Tsebo group, we selected the headquarters (South Africa).

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

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

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

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control

system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

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

Observations

Without qualifying our conclusion above, we draw your attention to the Information published by the Constantia Flexibles group which calls for the following comment:

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

Paris-La Défense, the 20 March 2018

French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Caroline Delerable
Partner, Sustainable Development

Bruno Perrin
Partner

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

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

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

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

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

COMMENTS ON FISCAL YEAR 2017

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4.1 Analysis of the consolidated financial statements

4.1.1 Consolidated income statement – Accounting presentation

The Wendel Group includes:

- fully consolidated companies, i.e. holding companies and subsidiaries over which Wendel exercises exclusive control: Bureau Veritas (certification and verification), Constantia Flexibles (flexible packaging and labels), Cromology (production and distribution of paints), Stahl (leather finishing products and high-performance coatings), and the companies grouped under Oranje-Nassau Développement: CSP Technologies (high performance plastic packaging), Mecatherm (industrial bakery equipment), Nippon Oil Pump (manufacture of trochoid pumps and hydraulic motors) and Tsebo (business services in Africa) since February 1, 2017;

- companies accounted for by the equity method (associates) and over which Wendel has significant influence, specifically: IHS (mobile telecom infrastructure in Africa), Allied Universal (security services), PlaYce (shopping center development in Africa), grouped under Oranje-Nassau Développement, as well as the companies sold during the year until the date of their sale, i.e. Saint-Gobain (June 2017) and exceet (November 28, 2017).

The contribution of companies sold or held for sale are presented, in accordance with IFRS, in a separate line of the income statement entitled "Net income from discontinued operations and operations held for sale" for each year presented. Operations in this category included the Labels division of Constantia Flexibles, sold in 2017 and Colorin, Cromology's Argentinian subsidiary.

In millions of euros	2017	2016	2015
Net sales	8,329.1	7,682.7	7,272.3
Operating income	683.9	676.3	529.2
Net financial income (expense)	-359.7	-482.3	-358.7
Income taxes	-178.3	-201.7	-209.3
Net income from equity-method investments	41.0	-268.6	25.6
NET INCOME FROM CONTINUING OPERATIONS	186.9	-276.3	-13.2
Net income from discontinued operations and operations held for sale	347.2	135.2	37.7
NET INCOME	534.1	-141.1	24.5
Net income - non-controlling interests	334.1	225.7	170.7
NET INCOME, GROUP SHARE	200.0	-366.8	-146.2

4.1.2 Consolidated income statement – Economic presentation

The consolidated income statement reflects the aggregate earnings of the various equity investments held by Wendel. These are either fully consolidated or accounted for by the equity method.

As such, the accounting presentation of the income statement does not allow for a direct, in-depth analysis. For this reason, Wendel

regularly provides an income statement prepared on an economic basis. The definition of economic presentation and a conversion from the accounting presentation to the economic presentation are included in Note 6 to the consolidated financial statements, entitled "Segment information".

In millions of euros	2017	2016	2015
Bureau Veritas	437.8	424.7	432.7
Stahl	84.0	95.3	84.4
Constantia Flexibles	82.9	67.1	55.3
Cromology	7.5	17.5	17.0
AlliedBarton	-	29.8	3.0
Allied Universal (equity method)	11.9	0.7	0.0
Saint-Gobain (equity method)	40.7	106.6	153.2
Saint-Gobain dividend	17.8	-	-
IHS (equity method)	4.1	-44.5	-68.4
Oranje-Nassau Développement	16.8	23.0	2.3
■ Tsebo	2.2	-	-
■ Parcours	-	4.1	16.9
■ Mecatherm	3.4	8.3	-17.8
■ CSP Technologies	5.0	8.7	1.5
■ NOP	5.8	2.9	1.8
■ exceet (equity method)	0.8	-0.5	-0.1
■ PlaYce (equity method)	-0.3	-0.5	0.0
TOTAL CONTRIBUTION FROM GROUP COMPANIES	703.6	720.2	679.5
<i>of which Group share</i>	367.7	402.7	375.6
Operating expenses, management fees, and taxes	-45.0	-51.7	-52.8
Amortization, provisions, and stock-option expenses	-8.8	-8.8	-8.4
TOTAL OPERATING EXPENSES	-53.9	-60.6	-61.1
TOTAL FINANCIAL EXPENSE	-144.8	-142.8	-156.1
NET INCOME FROM OPERATIONS⁽¹⁾	505.0	516.9	462.2
<i>of which Group share⁽¹⁾</i>	169.0	199.4	158.3
Non-recurring income	142.7	-537.9	-295.2
Impact of goodwill allocation	-113.6	-120.1	-142.5
TOTAL NET INCOME	534.1	-141.1	24.5
Net income - non-controlling interests	334.1	225.7	170.7
NET INCOME, GROUP SHARE	200.0	-366.8	-146.2

(1) Net income before goodwill allocation entries and non-recurring items.

4.1.3 Description of 2017 business activities

The Wendel Group's consolidated sales totaled €8,329.1 million, up 8.4% overall and up 1.3% organically.

The overall contribution of the Group's companies to net income from operations was €703.6 million, down 2.3% from 2016. This slight decline came about largely because the changes in the scope of consolidation (deconsolidation of Saint-Gobain following the June 2017 sale and equity accounting for Allied Universal from August 2016) were not fully offset by IHS's positive contribution to recurring earnings and the improvement in the earnings of Constantia Flexibles and Bureau Veritas.

Financial expense, operating expenses and taxes totaled €198.6 million, down 2.3% from 2016 (€203.3 million). This reduction was concentrated in the financial expense line item and resulted from liability management transactions initiated by Wendel that reduced the cost of Wendel's debt. Specifically, borrowing costs declined by 36.0% between 2016 and 2017, from €148.4 million to €94.9 million. Nevertheless, the decline of the US dollar had a negative impact of €44.5 million on the Group's cash and financial investments in 2017 (€+20.2 million in 2016).

Non-recurring net income was €142.7 million in 2017 vs. a loss of €537.9 million in 2016. In 2016, the non-recurring loss in Wendel's consolidated statements derived principally from a loss on the sale of Saint-Gobain shares (€229.6 million), IHS's currency translation loss from the devaluation of the Nigerian naira (€159.9 million) and an accounting loss of €123.6 million on the repurchase of bond debt in June 2016, which was not offset by the accounting gain of €78.3 million⁽¹⁾ on the sale of Parcours.

In comparison, Wendel recorded a non-recurring gain in 2017, which resulted from the following items:

- a €318.9 million net gain on the sale of Constantia Flexibles' Labels division;
- a €84.1 million accounting gain following the sale of Saint-Gobain shares at the end of May and the beginning of June 2017, which applied to all shares held by Wendel, in line with IAS 28;
- a €68.3 million currency loss on IHS's financial debt;
- a €47.8 million expense related to the early repayment of Constantia Flexibles' debt following the sale of the Labels division;
- a €46.0 million currency gain on Stahl's financial debt;
- a €190.2 million expense made up of asset impairment and other non-recurrent items.

Wendel's net income, Group share, was thus €534.1 million in 2017, compared with a loss of €141.1 million in 2016. Net income, Group share was €200.0 million, vs. a loss of €366.8 million in 2016.

Results of Group companies

Bureau Veritas

(Full consolidation)

Revenue in FY 2017 reached €4,689.4 million, a 3.1% increase compared with FY 2016.

- Group organic revenue growth achieved 2.2% in FY 2017, with an acceleration in H2 including +3.8% in the last *quarter*. This positive momentum resulted from strong growth for the five Growth Initiatives (a third of Bureau Veritas' revenue), up 6.9% organically and year-on-year (vs. 4.9% in FY 2016). High double-digit growth was achieved in both Automotive and SmartWorld and a mid-single digit for Agri-Food, Opex and Buildings & Infrastructure.
- Gradual improvement through the year for the Base Business (two-third of Bureau Veritas' revenue), up 0.1% organically and year-on-year with an organic growth of 2.6% in the last *quarter*. Apart from Marine & Offshore (8% of Bureau Veritas' revenue) and Oil & Gas Capex-related activities (less than 5% of Bureau Veritas' revenue) which remained under cyclical pressure (down 5% and 16% respectively in 2017), the other activities performed well, with notably Metals & Minerals in a recovery mode, and Certification maintaining robust growth.

In 2017, Bureau Veritas completed nine acquisitions, representing around €150 million in annualized revenue (or 3.2% of 2016 Bureau Veritas' revenue) which supported four of the five Growth Initiatives: Currency fluctuations had a negative impact of 1.6% on total revenue, mainly due to the appreciation of the euro against USD as well as some emerging countries' currencies.

(1) Adjusted for the discontinuation of depreciation as required by IFRS 5 "Non-current assets held for sale and discontinued operations". The capital gain on the investment totaled €129.3 million.

Adjusted operating profit was €745.5 million, with a margin of 16.1% organically. FY 2017 adjusted operating margin was down ca. 25 basis points to 15.9% compared to 16.2% in FY 2016. Adjusted for foreign exchange (ca. -10 bps) and scope (ca. -10 bps) margin declined organically by ca. 5bps year-on-year at 16.1%. FY 2017 operating cash flow stood at €581.2 million vs. €594.4 million in FY 2016. This slight decrease is notably led by negative currency effects, and the increase in working capital linked to revenue growth in Q4 at 3.8%. These are partially offset by the organic increase in the net cash flows and the decrease in taxes paid in 2017. At December 31, 2017, adjusted net financial debt was €2,094.4 million, i.e. 2.37x last-12-month EBITDA as defined in the calculation of bank covenant, compared with 2.20x at December 31, 2016.

A dividend of €0.56 per share, up 9.8% over two years, will be proposed to Bureau Veritas' shareholders at its Annual Meeting on May 15, 2018.

Constantia Flexibles

(Full consolidation - In accordance with IFRS 5, 2016 and 2017 figures for the Labels business are presented in the income statement under "Net income from discontinued operations and operations held for sale".)

Refocus on flexible packaging business

On October 31, 2017, Constantia Flexibles sold its Labels business to Multi-Color Corporation ("MCC"), for an enterprise value of approximately €1.15 billion (\$1.3 billion). Constantia Flexibles has received c. €830 million in cash and will continue to participate in the future success of Multi-Color through a 16.6% shareholding.

This value-creating transaction gives Constantia Flexibles additional resources to bolster its growth strategy in the flexible packaging market. The newly-won financial flexibility will fuel external growth in new markets, investments in new machinery and exciting innovation projects being developed by in-house teams. Moreover, in becoming the largest shareholder of a company bringing together Constantia's and Multi-Color's labels businesses, Constantia Flexibles will retain an exposure to the growth of the labels market.

FY 2017 performance

Constantia Flexibles' sales stood at €1.5 billion in 2017, up 1.8%. Organic growth was 1.6%. Fluctuations in exchanges rates and a change in the consolidation scope had a slightly positive impact of 0.2%.

In 2017, top-line organic growth benefited from a favorable change in the mix (~+3%) nevertheless burdened by ongoing pressure on sales prices (~-1%). In order to pass on raw material price increases,

senior management issued a formal letter in November to Constantia's customers announcing double-digit price increases for all forms of flexible packaging products, which should start to materialize in Constantia Flexibles' numbers beginning of 2018.

Food division sales decreased by 0.7% to €1.2 billion in 2017. Organic growth in the division was 1.0% driven by solid growth in Europe and America which compensated a weaker performance in some of emerging markets.

In 2017, Pharma division sales rose by 11.2% to €348 million. Organic growth was 3.7% driven by improved volumes with Blister lidding and Cold Form in Europe and America.

Constantia Flexibles' 2017 EBITDA was €188.2 million, representing a 20 bps year-on-year increase in margin to 12.7%. Constantia Flexibles' profitability benefited from positive mix impacts predominantly due to strong growth in high-margin Pharma products as well as the first-time consolidation of newly acquired companies. At the same time, it was negatively impacted in 2017 by rising raw material prices (key raw material prices all increased during the year e.g. Aluminum ~+8%, Films e.g. BOPP ~+11%, solvents) as well as temporarily challenging business environments in certain emerging markets.

Following the disposal of its Labels business, Constantia Flexibles was able to refinance its debt. The Company repaid its €1.34 billion syndicated loan facilities and contracted a new 5-year bank facility amounting to €375 million. "All in" interest rates amount to 2.25% representing annual interest savings of approximately €40 million. The new financing agreement sets a maximum leverage ratio at 4.5x EBITDA. As of December 31, 2017, Constantia Flexibles' net debt (excluding capitalized transaction costs) was €398.9 million, i.e. 2.14x EBITDA.

Cromology

(Full consolidation - In accordance with IFRS 5, 2017 figures for Colorin are presented in the income statement under "Net income from discontinued operations and operations held for sale". All the figures presented here exclude Colorin for 2016 and 2017.)

Cromology posted pro forma 2017 sales of €704.6 million, taking into account the sale of Colorin, up slightly (0.6%) from 2016. Changes in consolidation scope contributed positively (2.0%), owing in particular to acquisitions completed in 2016 (the Natec brand in France and the Jallut paint business in Switzerland). However, Cromology's activity showed an organic decline of 1.3% over the year, reflecting sluggish growth in France and under-performance in Italy. Currency fluctuations also had a negative impact on sales (0.1%).

Cromology's business in France (+0.7%) benefited from an increase in prices (+0.6%), which was partially offset by a negative sales mix. The business in Italy (decline of 7.0%), was strongly affected by the unfavorable conditions on the Italian paint market (-2.5%) and by the closure of underperforming shops. France and Italy represented 66% and 13% of Cromology's sales, respectively.

To offset the increase in raw material prices, driven notably by the sharp rise in titanium dioxide prices since Q2 2016 (up 34% over 2017), Cromology has adapted its sales & marketing policy and increased the sales prices of its products. Cromology is constantly working to optimize its purchases by approving new suppliers, and by keeping a tight grip on all costs.

Notwithstanding these efforts, EBITDA fell by 12.5% to €49.0 million, representing a margin of 7.0%. Owing to strict control of working capital requirements, Cromology maintained net debt at €239.5 million as of December 31, 2017, in line with December 31, 2016.

In July 2017, Cromology obtained an amendment to the terms and conditions of its bank loans. This increased the financial flexibility the Company will have as it pursues its plans for growth and development. As part of the transaction, Cromology also obtained increased drawdown capacity of €20 million under its lines of credit. The cost of Cromology's debt remained the same. In addition, Wendel granted a shareholder loan of €25 million to Cromology on March 14, 2018.

On February 6, 2018, Cromology completed its divestment of Colorin, its Argentinian subsidiary, which represented around 4% of sales.

Stahl

(Full consolidation)

Stahl's sales totaled €733.3 million in 2017, up 11.8% from 2016. This increase in sales resulted from a combination of robust organic growth (+2.2%) and a scope effect (+10.6%) deriving from the consolidation of Eagle Performance Products over the full year and that of BASF's leather chemicals business over the 4th quarter of 2017. Fluctuations in exchange rates had a negative impact of 0.9% on sales. Sales growth at Stahl were driven by ongoing double-digit growth in the Performance Coatings business and strong volume growth in Leather finishes, partly offset by Wet-End.

Stahl's EBITDA rose 10.1% in 2017 compared with 2016, to €171.3 million, representing a margin of 23.4%. EBITDA growth was driven by growth in sales, good cost control and the consolidation of BASF's leather chemicals business over the last quarter of the year. Stahl's EBITDA margin contracted slightly because of the integration of BASF's business and of the increase of the cost of certain raw materials not yet offset by price increases (initiated in February 2018) nor by the synergies from the acquisition of BASF's business.

Stahl paid a dividend of €242.7 million to Wendel in 2017. As of end-2017, its net debt was up slightly from end-2016 as a result of the refinancing required to finance a cash consideration of €111 million paid by Stahl when the acquisition of BASF's leather chemicals business was finalized in the third quarter, although leverage ratio decreased slightly.

On September 29, 2017, Stahl finalized the acquisition of BASF's leather chemicals business, announced in March 2017. Stahl took over all of this activity, including a Spanish production site and around 160 employees and medium-to-long-term supply agreements under which BASF will become Stahl's exclusive supplier of finished products from the production sites over which BASF will retain ownership. In exchange for the sale of its assets to Stahl, BASF received 16% of Stahl's capital and a cash payment from Stahl of around €111 million. This payment ended up below the €150 million estimated at the time of the signature, as a result of closing adjustments, principally due to net debt and working capital adjustments.

With this acquisition, Stahl has strengthened its product portfolio and increased its innovation capacity. The combined Group generated proforma 2017 sales of €880 million and EBITDA (excl. non-recurring items and goodwill allocation entries) of approximately €210 million.

IHS

(Equity method)⁽¹⁾

IHS sales for 2017 totalled \$1,107 million, up 22.2% from the year-earlier period driven by the growth in tenants, the contractual price reset in early 2017 as well as the consolidation of HTN towers since June 2016. At the end of 2017, total number of towers was 22,861⁽²⁾, up 1.9%. The Point-of-Presence lease-up rate decreased by 1.3% year-on-year while the technology tenancy ratio increased by 7.8% year-on-year.

(1) Unaudited 2017 figures.

(2) Tower count excluding managed services and WIP as of December 31, 2017.

With regards to profitability, IHS continued the successful development and rationalization of its installed base of towers. The Company also maintained a tight operating cost control policy. EBIT for the year increased by +137.3% to \$264.4 million (vs. \$111.4 million in 2016⁽¹⁾), representing a margin of 23.9% in 2017 (vs. 12.3% in 2016).

In Nigeria, former Etisalat Nigeria operations are now continued under the "9mobile" brand, and the Company is pursuing its business relationship with IHS, though IHS has increased its provision on part of their customer account receivables.

On October 10, 2017 IHS signed an agreement to acquire more than 1,600 towers in Kuwait from Mobile Telecommunications Company K.S.C.P. (Zain), Kuwait's leading mobile operator, for \$165 million. This transaction is part of IHS's broader strategy to apply its operational expertise throughout emerging markets. Upon the conclusion of this transaction which is expected to close in H1 2018, IHS total number of towers will be around 24,500.

During the course of 2017, the Nigerian foreign exchange market has evolved. In April 2017, the CBN issued a circular which led to the introduction of a new foreign exchange window, called the Nigerian Autonomous Foreign Exchange Rate Fixing (NAFEX). This FX window was designed to facilitate the access to hard currencies for economic players operating in Nigeria. In this context, IHS Management's analysis concluded that the NAFEX rate should be applied in translating foreign currency transactions in its Nigerian subsidiaries starting from December 31, 2017. This change in rate had a negative impact on IHS' balance sheet and financial expenses. It will also probably have an unfavorable impact on the Company's accounting profitability in 2018.

Moreover, Wendel has been informed that certain accounts belonging to IHS Nigeria Limited, INT Towers Limited and IHS Towers NG Limited domiciled in Nigerian banks have been blocked at the end of 2017. These measures relate to certain "post no debit" instructions received by some of IHS's banks in Nigeria from the Nigeria Economic and Financial Crimes Commission (EFCC).

IHS has indicated that, to its knowledge, no formal allegation or investigation has been notified to them as part of the EFCC's inquiries, and that it will continue to fully co-operate with the EFCC's information requests, while working constructively with them to understand the basis of their actions in respect of IHS' accounts.

As of December 31, 2017, the amount held in those bank accounts that are affected was \$106.8 million out of total cash and cash equivalents held by IHS of \$753.0 million inclusive.

While IHS's management currently expects that the "post no debit" instructions on the affected accounts will be released once the EFCC's enquiries are completed, it is not possible at this time to predict the matter's likely duration or outcome. All necessary governance measures are taken by IHS's Board of Directors to closely monitor this matter.

As of December 31, 2017, IHS's net debt was \$1,334.7 million.

Allied Universal

(Allied Universal has been consolidated by the equity method since August 1, 2016, when merger between AlliedBarton and Universal Services of America was finalized. In accordance with IFRS 5, AlliedBarton's activities in the first seven months of 2016 are presented in the income statement under "Net income from operations to be accounted for by the equity method").

In 2017, Allied Universal generated revenue of \$5.3 billion, representing a 9.9% increase over the prior year⁽²⁾. This growth includes the benefit of completed acquisitions and 2.8% organic growth, driven by growth with existing customers, improved customer retention and the net addition of new customers. This organic growth rate does not account for the negative impact of one fewer working day in 2017 and does not reflect the organic growth of businesses acquired since the start of 2016. Factoring in these items, pro forma organic growth was 3.8%. In 2017, Allied Universal completed the acquisitions of Yale Enforcement Services, ALERT Protective Services, and the contracts of Lankford Protective Services.

Adjusted EBITDA for 2017 increased by 13.1% year-over-year to \$388.3 million, or 7.3% of revenue. The growth was driven by the aforementioned acquisitions, organic business growth and the partial-year benefit of merger-related synergies realized during the period, partially offset by the impact of the labor costs in the historically tight U.S. employment environment. In addition, during the second half of 2017, the Company launched enterprise-wide initiatives to improve profitability that are demonstrating positive early results and are expected to drive further improvement in 2018. These initiatives include key additions to senior management and investments in technology and business intelligence tools aimed at driving higher productivity and employee and customer engagement throughout the organization.

As of the end of December 2017, nearly 100% of the \$100 million synergy target from the merger had been implemented, and the complete annual effect of these synergies is expected to benefit full-year 2018 results.

As of December 31, 2017, Allied Universal's net debt totaled \$3,033.6 million, or 6.9 times EBITDA as defined in the Company's credit agreement.

(1) 2016 EBIT adjusted from the restatement of the early termination fees of a telecom operator in 2016.

(2) Change in sales, EBITDA, net debt presented as if the merger and acquisitions before the merger had been completed in January 1, 2016.

Oranje-Nassau Développement

Through Oranje-Nassau Développement, Wendel brings together opportunities for investment in growth, diversification and innovation. In particular, it has invested in France (Mecatherm), Japan (Nippon Oil Pump) and the United States (CSP Technologies), as well as in Africa (Tsebo and PlaYce).

Mecatherm

(Full consolidation)

New orders slowed in 2016 and early 2017, particularly as a result of operating difficulties experienced in 2015. This led to a 29.0% decline in sales, which totaled €84.3 million in 2017.

New orders⁽¹⁾ increased by 12% over the year, reflecting the sharp increase in sales efforts since the end of the first half of 2017. This good sales performance confirmed that historical customers have confidence in Mecatherm and that Mecatherm has successfully penetrated growing market segments (Soft & Pastry, services, baking systems, emerging markets, etc.), after devoting significant resources to sales and marketing. These trends have continued into the early part of 2018. As of December 31, 2017, the order book⁽¹⁾ was up 17% compared with the end of 2016.

EBITDA declined €13.7 million to €7.3 million, representing a margin of 8.6% in 2017, vs. 11.5% in 2016. The decline in sales affected 2017 profitability, but after a difficult first half (margin of 6.3%), a continuing policy of strict cost control combined with healthy margins on orders and on service activities mitigated the impact on Mecatherm's profitability. Cost optimization measures continue, including supply chain optimization, redesign-to-cost, automation of production processes, etc.

In this context of improved sales performance—supported by a rising order book— and continued cost optimization, 2018 is set to be a year of growth both in sales and EBITDA.

Finally, cash receipts have improved since sales recovered in the second half of 2017, and this has enabled Mecatherm to reduce debt by €7.5 million. Debt stood at €31.3 million as of December 31, 2017.

Tsebo

(Full consolidation since February 1, 2017)

Tsebo's 2017 sales reached \$563.2 million, up 20.5% year-on-year. Tsebo benefited from strong organic growth (+8.0%) driven by its Cleaning, Catering and Facilities Management businesses, and favorable exchange rate fluctuations (+9.1%), in particular the South African rand's appreciation against the U.S. Dollar. Growth was also supported by a positive scope change (+3.4%) with acquisitions completed in Protection (Malandela in February 2016), Leasing solutions (Sovereign Seeker in April 2016), Cleaning

(Superclean in January 2017) and Facilities Management (Rapid Facilities Management in September 2017). The acquisition of Rapid Facilities Management Pty Ltd in Nigeria was the first transaction completed by Tsebo as part of the Wendel Group. This modest acquisition (annual sales of \$350 k) further establishes Tsebo in the attractive Nigerian market, where Tsebo already has several clients.

Tsebo's EBITDA was \$37.0 million in 2017, an increase of 7.0% compared to 2016. EBITDA margin decreased to 6.6% compared to 7.4% in the previous year, partly due to the integration of newly acquired businesses and progressive ramp up of new pan-African facility management contracts.

As of December 31, 2017, Tsebo's net debt stood at \$130.5 million.

CSP Technologies

(Full consolidation)

CSP Technologies posted sales of \$135.8 million in 2017, representing total growth of 7.2%. External growth during the year totaled 5.6%, reflecting the consolidation of Maxwell Chase which began only in mid-March 2016. Following the particularly strong organic growth in the 3rd quarter (+14.8%) across many of its key business segments, organic growth slowed in the 4th quarter as anticipated due to timing of certain orders. Organic growth for the year was 1.0%, which does not reflect the robust organic growth of Maxwell Chase acquired in 2016. Factoring in this item, pro forma organic growth was 3.6%. Sales of Food Safety products performed particularly well, with double digit-growth over the year. Foreign exchange rate fluctuations contributed 0.6% to total sales growth.

During the year, CSP Technologies announced a capacity expansion initiative for its Auburn, AL site. Construction of a new structure, located adjacent to the existing facility, is currently underway and will expand manufacturing and warehousing capacity by 110,000 sq. ft.

CSP Technologies generated adjusted EBITA of \$27.0 million in 2017, or 19.9% of sales. The EBITA margin was impacted in particular by an increase in certain raw material costs and certain development projects undertaken to provide for future growth.

Finally, on March 2, 2017, CSP announced that it had repriced and upsized its "Term Loan B" facility. As part of the transaction, the size of the existing Term Loan B was increased by \$12 million to a total of \$178 million, and the interest rate was reduced by 75 basis points to Libor +525 bps. Proceeds from the increased Term Loan were used to repay outstanding borrowings on the existing \$25 million revolving credit facility. As a result of the transaction, CSP reduced its annual interest expense by approximately \$1.3 million. As of December 31, 2017, CSP's net debt equaled \$175.9 million.

(1) Orders adjusted for the cancellation in 2017 of a €9 million order received from North Africa in 2016.

Nippon Oil Pump (NOP)

(Full consolidation)

NOP posted sales of ¥6,132 million in 2017, up 10.8% overall. Organic growth was 10.4% and exchange rate fluctuations had a positive impact of 0.4%.

Thanks to the buoyancy of the global machine tool market, all product segments and regions experienced growth. In particular, Vortex sales were up 28% from the same period last year. Core products also grew strongly due to high demand with trochoid pump sales up 9% and hydraulic motor sales up 12%. Foreign markets have also been extremely encouraging with sales outside of Japan growing close to 40% since last year.

Leveraging the elevated topline growth and still reaping the fruits of the strict cost control and prices increase policies set up last year, NOP achieved a significantly improved level of profitability: EBITDA has increased by 31% since last year and EBITDA margin went up 340bps to 22.0%.

In late 2017, NOP completed a small acquisition in Germany to solidify its presence in Europe and gain direct exposure to the manufacture of cooling units for its Vortex pumps.

PlaYce (formerly SGI Africa)

(Full consolidation)

Two PlaYce shopping centers opened in 2017: one in Abidjan in June (PlaYce Palmeraie) and one in Douala (Carrefour Market Bonamoussadi).

PlaYce Marcory is 100% leased, and welcomed over 3 million visitors during 2017. PlaYce Palmeraie and Carrefour Market Bonamoussadi are both 100% leased. Eight other projects are underway—two in Côte d'Ivoire, three in Cameroon and three in Senegal—and are at different stages of completion.

Wendel has not yet invested beyond its initial equity contribution of €25 million.

Highlights of 2017

Continued divestment of Saint-Gobain shares

On June 2, 2017, Wendel announced that it had successfully sold 20 million Saint-Gobain shares. This sale, as well as gradual share sales of 0.3% in May 2017, at an average price of €50.113 per share, represented total proceeds of €1,085 million for Wendel. Wendel now holds 2.6% of Saint-Gobain's share capital and approximately 4.5% of its voting rights. Pursuant to the governance

agreements in effect with Saint-Gobain, Wendel has reduced its representation on the Board of Directors from three seats to one.

The sale of Saint-Gobain shares led to an accounting gain of €84.1 million in Wendel's 2017 financial statements. This capital gain was calculated on all of the Saint-Gobain shares Wendel held before the sale, in line with accounting rules currently in force.

Wendel has finalized the acquisition of 65%⁽¹⁾ of the share capital of Tsebo

Following the September 2016 announcement that Wendel had signed an agreement to acquire Tsebo, Wendel announced on February 1, 2017 that it had obtained all necessary authorizations and completed the acquisition of 65%⁽¹⁾ of the share capital of Tsebo Solutions Group, the pan-African leader in corporate services for a total enterprise value of ZAR 5.25 billion (ca. €362 million⁽²⁾).

Wendel has invested €159 million ⁽³⁾in Tsebo via Oranje-Nassau Développement and holds a 65%⁽¹⁾ stake in the Company, alongside Capital Group Private Markets (35%⁽¹⁾). After the agreement to acquire Tsebo was signed, Wendel implemented hedging contracts that led to a net gain of €3.5 million.

The transaction was also financed by bank borrowings of ZAR 1.85 billion from Standard Chartered Bank, Investec Bank and Nedbank. Tsebo also has a ZAR 150 million revolving credit and a ZAR 325 million line of credit to finance future acquisitions. Wendel and Capital Group Private Markets will continue to support Tsebo's acquisition strategy through additional investments, if necessary.

Disposal of 2.8 million Bureau Veritas shares purchased in November 2016

In November 2016, Wendel purchased an additional 2.8 million Bureau Veritas shares that it did not intend to keep over the long term. The shares were purchased because Wendel believed their price had fallen too far, and was able to buy them at an average price of €17.05 per share. Wendel had indicated that these shares would be resold when the share price reflected the gradual increase expected from the strategic plan and growth initiatives. After a first *quarter* with organic growth of 1.9% and growth of 4.6% from strategic initiatives, Wendel felt this momentum was underway. The 2.8 million shares were sold in Q2 at an average price of €21.50. Wendel thus achieved a cash gain of €12.4 million. In accordance with IFRS 10, the accounting capital gain (€52 million) has been recognized in shareholders' equity in Wendel's consolidated financial statements. As of December 31, 2017, Wendel held 40.6% of Bureau Veritas' share capital and 56.2% of theoretical voting rights.

(1) Percentage ownership before co-investment by Tsebo's managers of approximately 2.5% of share capital.

(2) EUR/ZAR = 14.4955 as of January 31, 2017.

(3) After taking currency hedging into account.

4.1.4 Consolidated balance sheet

The following table shows the principal changes that took place in the balance sheet in 2017. For the purposes of this analysis and to ease understanding, certain line items of a similar nature have been combined and only the net amount shown. Accordingly, financial

debt is presented net of cash and cash equivalents, both pledged and unpledged, and Wendel's short-term financial investments. Financial assets and liabilities are also presented net of these items.

Assets (in millions of euros)	12/31/2017	12/31/2016	12/31/2015
Goodwill, net	3,575	3,669	4,305
Intangible assets and property, plant & equipment	3,588	3,875	4,298
Equity-method investments	534	2,413	3,727
Net financial assets and liabilities	558	-	-
Net working capital requirements	762	823	953
Assets and operations held for sale ⁽¹⁾	3	2	176
TOTAL	9,020	10,782	13,459

(1) In 2015, essentially the Parcours Group.

Liabilities and shareholders' equity (in millions of euros)	12/31/2017	12/31/2016	12/31/2015
Shareholders' equity - Group share	2,164	2,258	2,982
Non-controlling interests	1,092	1,039	973
Provisions	524	531	589
Net financial debt	4,840	6,035	8,019
Net financial assets and liabilities	-	442	371
Net deferred tax liabilities	400	477	525
TOTAL	9,020	10,782	13,459

4.1.5 Breakdown of principal variations in the consolidated balance sheet

Goodwill as of December 31, 2016	3,669
Business combinations (including Tsebo)	451
Constantia Flexibles' sale of its Labels division	-317
Impairment	-39
Currency fluctuations and other	-189
GOODWILL AS OF DECEMBER 31, 2017	3,575
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS OF DECEMBER 31, 2016	3,875
Investments	320
Sales	-13
Business combinations (including Tsebo and Stahl's acquisition of BASF's leather chemicals business)	467
Constantia Flexibles' sale of its Labels division	-452
Depreciation and provisions recognized during the year	-446
Currency fluctuations and other	-163
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS OF DECEMBER 31, 2017	3,588
EQUITY-METHOD INVESTMENTS AS OF DECEMBER 31, 2016	2,413
Divestment of block of Saint-Gobain shares	-1,672
Sale of exceeet	-17
share in net income for the year	-66
Saint-Gobain dilution	-5
IHS dilution	27
Dividends paid	-1
Impact of changes in currency translation adjustments and other	-145
EQUITY-METHOD INVESTMENTS AS OF DECEMBER 31, 2017	534
CONSOLIDATED SHAREHOLDERS' EQUITY, GROUP SHARE, AS OF DECEMBER 31, 2016	2,258
Net income for the year	200
Dividend paid by Wendel	-107
Items of comprehensive income	23
share buybacks	-49
Currency translation reserves	-290
Changes in scope of consolidation	165
Other	-36
CONSOLIDATED SHAREHOLDERS' EQUITY, GROUP SHARE, AS OF DECEMBER 31, 2017	2,164

	Wendel and holding companies	Subsidiaries	Group total
NET FINANCIAL DEBT AS OF DECEMBER 31, 2016	2,133	3,901	6,035
Main cash flows of Wendel and its holding companies:			
"Recurring" operating expenses, management fees, and taxes ⁽¹⁾	45		
"Recurring" financing costs (excluding accounting effects) of Wendel and its holding companies ⁽¹⁾	107		
Dividends paid	107		
Dividends received ⁽²⁾	-346		
Sale of Bureau Veritas shares	-60		
Acquisition of Tsebo	162		
Sale of block of Saint-Gobain shares	-1,085		
Sale of exceeet	-17		
Main cash flows of subsidiaries			
Net cash flow from operating activities		-1,173	
Net finance costs		218	
Net cash flows related to taxes		242	
Acquisition of shares by Bureau Veritas		190	
Acquisition of shares by Constantia Flexibles		20	
Acquisition by Stahl of BASF's leather chemicals business		111	
Sale by Constantia Flexibles of its Labels division		-830	
Acquisition of property, plant & equipment and intangible assets		301	
Dividends paid ⁽²⁾		499	
Other cash flows			
Purchase of treasury shares	49	49	
Impact of changes in the scope of consolidation		-66	
Other	124	158	
NET FINANCIAL DEBT AS OF DECEMBER 31, 2017	1,220	3,620	4,840

(1) Cash flows from items presented in "Income from operations" of Wendel and holding companies, excluding impact of FX change on cash and cash equivalents.

(2) Includes €97 million from Bureau Veritas and €243 million from Stahl, eliminated upon consolidation.

NET FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2016	-442
Saint-Gobain shares	709
Acquisition of Multi-Color shares	240
Fair value adjustment	24
Earnouts, deferred payments and other financial liabilities of operating subsidiaries	-93
Minority puts and liabilities related to liquidity guarantees	104
Other	16
NET FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2017	558

4.2 Analysis of the parent-company financial statements

4.2.1 Income statement

In millions of euros	2017	2016	2015
Income from investments in subsidiaries and associates	260	400	1,500
Other financial income and expense	-134	-123	-135
NET FINANCIAL INCOME	126	277	1,365
Operating income	-35	-27	-28
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX	92	249	1,337
Exceptional items	13	-123	4
Income taxes	12	9	-2
NET INCOME	117	136	1,339

Income before exceptional items and tax was €92 million in 2017 compared with €249 million in 2016. The change resulted essentially from the dividend of €260 million received from Oranje-Nassau Groep⁽¹⁾ vs. €400 million received in 2016.

Exceptional income primarily comprised the gain on divestment of Bureau Veritas shares, which amounted to €12.4 million. In November 2016, Wendel purchased 2.8 million Bureau Veritas shares that it did not intend to keep over the long term. The Company sold these shares in May 2017 for €59.7 million. The Wendel Group's holding (around 40% of Bureau Veritas' share capital, or 177,173,360 shares) is held by its indirect subsidiary Truth 2⁽¹⁾.

The 2016 exceptional loss mainly comprised an expense of €122 million resulting from the repurchase in 2016 of the 2017, 2018, 2019, and 2021 bond series.

The net tax "income" in 2017 corresponds essentially to a €12.6 million reimbursement due on the 3% tax on dividends for the years 2014-17.

(1) Wholly-owned subsidiaries.

4.2.2 Balance sheet

Financial debt presented net

Assets (in millions of euros)	12/31/2017	12/31/2016	12/31/2015
Property, plant & equipment	2	2	2
Non-current financial assets	4,506	4,617	3,605
Net intra-Group receivables	2,314	3,012	5,339
Net WCR	11	5	12
Cash and marketable securities	1,505	1,299	825
Treasury instruments	76	-	-
Redemption premium	4	7	12
	8,417	8,942	9,795

Liabilities and shareholders' equity (in millions of euros)	12/31/2017	12/31/2016	12/31/2015
Shareholders' equity	5,374	5,453	5,505
Provisions	42	44	31
Financial debt	2,918	3,432	4,230
Redemption premium	8	13	29
Valuation differences on treasury instruments	76	-	-
	8,417	8,942	9,795

The €111 million decrease in non-current financial assets in 2017 derived principally from the following factors:

- sale in May 2017 of the Bureau Veritas shares purchased in 2016 for €47.3 million;
- repurchase of Wendel shares during 2017 for €42.3 million;
- a reduction in capital of €101.0 million through cancellation of 943,943 Wendel shares.

The €698 million decrease in net receivables from subsidiaries in 2017 derived mainly from the following factors:

- An overall increase in amounts borrowed from subsidiaries of €1,510.6 million, related mainly to:
 - proceeds from the sale of Saint-Gobain shares (€1,085.3 million) and except shares (€16.6 million), and
 - dividends from Bureau Veritas, Saint-Gobain, and Stahl received by subsidiaries during the year (€358 million);
- An increase in loans to subsidiaries:

- €162.0 million to finance the acquisition of Tsebo (business services in Africa) in February 2017, and
- €290.7 million for short-term investments made by Group holding companies;

- Wendel SE received an interim dividend of €260 million from Oranje-Nassau Groep paid through the shareholder loan account.

Shareholders' equity totaled €5,374 million as of December 31, 2017, vs. €5,453 million as of December 31, 2016. The change during the year derived primarily from the following factors:

- net income for the period of €117 million;
- a cash dividend paid on 2016 earnings of €107.3 million (€2.35 per share); and
- a reduction in capital of €101.0 million through cancellation of 943,943 Wendel shares.

The main change in financial debt (excluding intragroup items) in 2017 was the €507.4 million repayment of bonds that matured in August 2017.

4.3 Net asset value (NAV)

4.3.1 NAV as of March 7, 2018

NAV as of March 7, 2018 broke down as follows:

In millions of euros			03/07/2018
Listed equity investments	Number of shares	Share price ⁽¹⁾	4,465
■ Bureau Veritas	177.2 million	€21.7	3,837
■ Saint-Gobain	14.2 million	€44.4	629
Unlisted investments and Oranje-Nassau Développement ⁽²⁾			4,365
Other assets and liabilities of Wendel and holding companies ⁽³⁾			73
Cash and marketable securities ⁽⁴⁾			1,665
GROSS ASSET VALUE			10,569
Wendel bond debt			-2,828
NET ASSET VALUE			7,740
Of which net debt			-1,163
Number of shares			46,259,146
NET ASSET VALUE PER SHARE			€167.3
Average of 20 most recent Wendel share prices			€140.4
PREMIUM (DISCOUNT) ON NAV			-16.1%

(1) Average share price of the 20 trading days prior to March 7, 2018.

(2) Unlisted equity investments (Cromology, Stahl, IHS, Constantia Flexibles, Allied Universal) and Oranje-Nassau Développement (Nippon Oil Pump, Saham, Mecatherm, exceet, CSP Technologies, PlaYce (formerly SGI Africa), Tsebo and indirect investments and debt). IHS's valuation was calculated solely on the basis of EBITDA so as to take into account the special nature of this developing company. The agreement to sell Saham was signed on March 7, 2018 and reflected in the NAV calculation as of March 7, 2018. With the sale of Constantia Flexibles' Labels business having been finalized, the shares of MCC held by Constantia were valued at the average of the closing price of the last 20 trading days.

(3) Includes 629,953 Wendel shares held in treasury.

(4) Cash and marketable securities owned by Wendel and holding companies included €1.3 billion in cash and €0.4 billion in liquid and available financial investments.

Assets and liabilities denominated in currencies other than the euro have been converted at exchange rates prevailing on the date of the NAV calculation. If co-investment conditions are realized, there could be a dilutive effect on Wendel's percentage ownership. These items have been taken into account in the calculation of NAV. See page 274.

4.3.2 NAV as of December 31, 2017

NAV as of December 31, 2017, 2016 and 2015 broke down as follows:

In millions of euros		12/31/2017	12/31/2016	12/31/2015
Listed equity investments	Number of shares Share price ⁽¹⁾	4,691	4,803	5,883
■ Bureau Veritas	177.2/179.9/225.2 million €22.7/€18.1/€18.6	4,024	3,263	3,287
■ Saint-Gobain	14.2/35.8/65.8 million €47.1/€43.0/€39.4	667	1,540	2,596
Unlisted investments and Oranje-Nassau Développement ⁽²⁾		4,532	4,473	3,891
Other assets and liabilities of Wendel and holding companies ⁽³⁾		69	129	204
Cash and marketable securities ⁽⁴⁾		1,730	1,319	799
GROSS ASSET VALUE		11,021	10,725	10,777
Wendel bond debt		-2,863	-3,477	-4,230
NET ASSET VALUE		8,158	7,248	6,547
Of which net debt		-1,133	-2,158	-3,431
Number of shares		46,253,210	47,092,379	47,992,530
NET ASSET VALUE PER SHARE		€176.4	€153.9	€136.4
Average of 20 most recent Wendel share prices		€142.8	€113.7	€107.4
PREMIUM (DISCOUNT) ON NAV		-19.1%	-26.1%	-21.3%

(1) Average share price of the 20 trading days prior to December 31, 2017, 2016 and 2015.

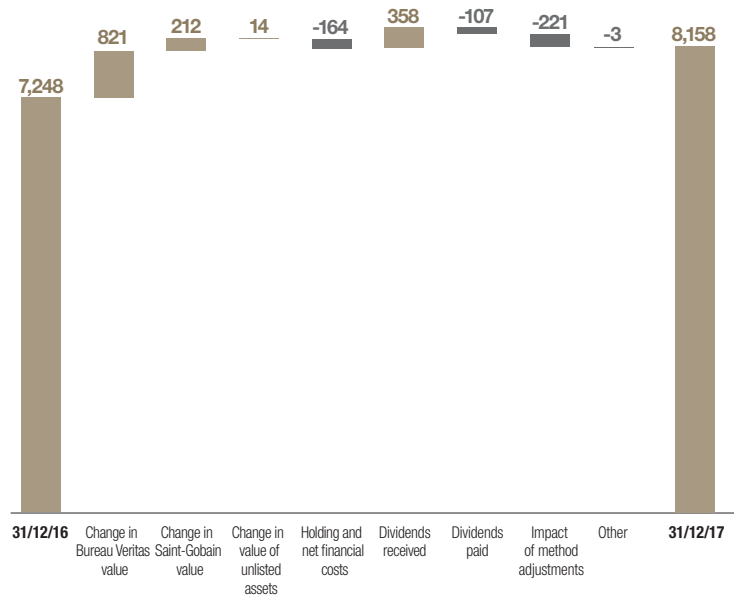
(2) Only EBITDA have been used in the calculation of IHS's valuation so as to take into account the special nature of this developing company. Allied Universal has been valued by peer-group multiples since the December 31, 2016 NAV. The agreement to sell Saham was signed on March 7, 2018 and reflected in the NAV calculation as of December 31, 2017. With the sale of Constantia Flexibles' Labels business having been finalized, the shares of MCC held by Constantia were valued at the average of the closing price of the last 20 trading days. In accordance with Wendel's methodology, Tsebo was valued at its acquisition price (in ZAR) as of December 31, 2017.

(3) Includes 669,402 Wendel shares held in treasury as of December 31, 2017, 1,446,126 as of December 31, 2016 and 1,963,301 as of December 31, 2015.

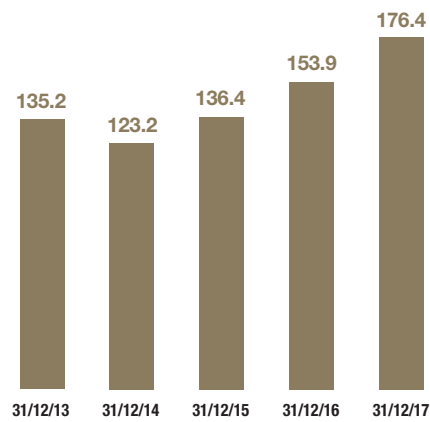
(4) Cash and marketable securities owned by Wendel and holding companies included €1.3 billion in cash and €0.4 billion in liquid and available financial investments as of December 31, 2017.

Assets and liabilities denominated in currencies other than the euro have been converted at exchange rates prevailing on the date of the NAV calculation. If co-investment conditions are realized, there could be a dilutive effect on Wendel's percentage ownership. These items have been taken into account in the calculation of NAV. See page 274.

Change in NAV



NAV per share in euros



4.3.3 NAV calculation method

In light of the sharp rise in equity markets, Wendel has adjusted its NAV calculation methodology so as to better reflect the size of certain investments and the change in their relative performance.

The immediate impact of these adjustments is described in the table hereunder:

(in euros per share)	03/07/2018	12/31/2017
NAV after methodological adjustments	€167.3	€176.4
NAV before methodological adjustments	€170.6	€181.3
Difference	-1.9%	-2.7%

4.3.3.1 Net asset value publication dates and publication-related verification

The annual schedule of NAV publication dates is available in advance on Wendel's website at the following address: <http://www.wendelgroup.com>.

At each NAV publication date, the Statutory Auditors verify that the methodology used for calculating net asset value complies with the Group's methodology and confirm consistency with accounting data.

The Audit Committee reviews each published NAV and compares Wendel's valuation of unlisted investments with one performed by an independent expert.

4.3.3.2 Presentation of NAV

Presentation format (publication at the level of detail indicated)	Comments
<i>Equity investments valuation date</i>	
+ Listed investments, including:	
■ Bureau Veritas	
■ Saint-Gobain	Average closing price over 20 trading days
+ Unlisted investments and Oranje-Nassau Développement	Unlisted investments are valued using the method described below.
+ Other assets and liabilities of Wendel and holding companies	Includes Wendel shares held in treasury
<i>Cash and marketable securities</i>	Pledged & unpledged cash of Wendel and holding companies
<i>Wendel's bond debt and syndicated credit line</i>	Face value + accrued interest
<i>Net Asset Value</i>	
<i>Number of Wendel shares</i>	
<i>NAV/share</i>	
<i>Average of 20 most recent Wendel share prices</i>	
<i>Premium (discount) on NAV</i>	

NAV is a short-term valuation of the Group's assets. It does not take into account any control premiums or illiquidity discounts.

4.3.3.3 Listed equity investments

Listed investments are valued on the basis of the average closing price of the 20 trading days prior to the valuation date.

4.3.3.4 Valuation of unlisted investments

Valuation at cost for the 12 months following their acquisition

New, unlisted investments are valued at cost for the first 12 months following their acquisition. After this period, the Company is valued on the basis outlined below.

Valuation by listed peer-group multiples

The preferred method for valuing unlisted investments is comparison with the multiples of comparable listed companies.

The value of shareholders' equity of the companies in Wendel's portfolio is determined as their enterprise value minus net financial debt of investments (gross face value of debt less cash) appearing in the most recent financial statements.

If net debt exceeds enterprise value, the value of shareholders' equity remains at zero if the debt is without recourse to Wendel.

Wendel's percentage ownership is determined by the features of the equity instruments held by Wendel, non-controlling interests and co-investor managers, if any (see Note 4 "Participation of managers in Group investments" to the consolidated financial statements).

Enterprise value is obtained by multiplying measures of each company's earnings by stock-market multiples of similar listed companies.

The measures of earnings most often used in the calculation are recurring EBITDA (earnings before interest, taxes, depreciation and amortization) and recurring EBIT (before goodwill). The choice of earnings measures used can be adjusted depending on the sector in which the subsidiary operates or its business model. In this case, Wendel publishes an explanation of the adjustment.

The enterprise value corresponds to the average of the values calculated using EBITDA and EBIT of two reference periods: the previous year and the budget (or budget update) for the current year. For NAV as of December 31, the budget for the new year being available, the calculation is based on the latest estimate for the year just ended (or the actual if available) and the budget for the new year.

Stock-market multiples of comparable companies are obtained by dividing their enterprise value by their realized or expected EBITDA or EBIT for the reference periods, or in the case of fiscal years that are different from the calendar year, the closest fiscal year.

Enterprise value of the comparable companies is obtained by adding market capitalization (the average closing price over the last 20 trading days) and net financial debt (gross face value of debt less cash) at the same (or similar) date as that applied to the net debt of the company being valued.

Comparable listed companies are chosen based on independent data and studies, information available from Wendel's subsidiaries, and research carried out by Wendel's investment team. Certain peer-group companies can be more heavily weighted if their characteristics are closer to those of the company being valued than are those of the other companies in the sample.

The peer-group remains stable over time. It is adjusted when a company is no longer comparable (in which case it is removed from the peer-group) or when a company is newly considered as belonging to the peer-group for the investment being valued.

Non-representative multiples are excluded from the peer-group, such as occur during takeover offers or any other exceptional circumstance affecting the measures of income or the share price.

The data, analyses, forecasts or consensus values used are based on information available as of the date of the NAV calculation. If actual data are available when the calculation is performed, they are given priority.

For portfolio companies as for comparables, EBITDA, EBIT and net debt figures used are adjusted for significant acquisitions or asset sales.

Significant non-controlling interests in portfolio companies are excluded from the portion of equity value attributed to the Group.

For small portfolio companies whose average revenue (over the reference periods used for the NAV calculation) is less than €500 million, the enterprise value is the smaller of (i) the value based on peer-group multiples, calculated according to the usual method (discounted in the event of disappointing financial performance, as explained below) and (ii) the value based on the acquisition multiple applied to the EBITDA or EBIT of the current year.

In the event the financial performance of a portfolio company is disappointing, a discount of 10% is applied to peer-group multiples. This discount is applied when the EBITDA or EBIT for the current year is more than 10% less than that of the previous year, unless the decline is due to currency fluctuations or an operational decision. The discount is cancelled only when the EBITDA or EBIT for the full year is at least equal to that of the year that preceded the date the discount was activated. Nevertheless, no discount is applied if an identical trend is observed in the sample of peer-group companies.

Valuation by transaction multiples

Transaction multiples may also be used when the transaction involves a company whose profile and business are similar to those of the Company being valued. In this case, reliable information must be available on the transaction, in sufficient detail. In some cases, the multiple used to value an investment will be an average, either straight or weighted, of the peer-group multiple and the transaction multiple. If used, the transaction multiple is applied for a period of 12 months, in line with the methodology of using the price paid in an acquisition.

Other methods

If a valuation by peer-group comparison is not accurate, other methods may be used, depending on the nature of the business, the characteristics of the asset and market practices. These include expert appraisals, valuation by discounted future cash flows, sum of the parts, and other methods.

Purchase offers

Purchase offers received for unlisted investments are taken into account if they are serious, *i.e.* relatively firm, and reasonable. In this case, Wendel uses the average, either straight or weighted based on the probability of acceptance, of the internal valuation and the average purchase price offered. Depending on the specific terms of these offers, they might be used as the sole basis for the valuation. The price of a purchase offer is applied for a period of 12 months, in line with the methodology of using the price paid in an acquisition. A purchase offer is taken into account if it was received prior to the date of the NAV.

Price of dilutive transactions on the share capital of portfolio companies

Capital increases that have a significant dilutive or accretive effect on the whole or on certain shareholders are considered as a transaction between shareholders. The price of such a transaction can be used to value the entire related investment, and is maintained for a period of 12 months, just as in the case of the price paid in an acquisition. These transactions are taken into account in the NAV if a firm commitment was signed prior to the date of the NAV calculation.

The principle of valuation at the price paid is not applied in the event Wendel exercises an option to acquire shares or subscribe to a capital increase at an exercise price set on the basis of a situation that pre-dates the exercise.

4.3.3.5 Cash

Cash of Wendel and its holding companies includes available cash at the valuation date (including liquid financial investments) and pledged cash.

4.3.3.6 Financial debt

Financial debt (Wendel's bond debt, syndicated loan outstandings and bank debt with margin calls) is valued at its face value plus accrued interest.

For the purposes of the calculation, financial debt is valued at face value, which is not affected by changes in interest rates or credit quality. Accordingly, interest-rate swaps are not valued at their market value, as the swaps are treated as part of the debt.

4.3.3.7 Other NAV components

Current assets and liabilities are considered at their net book value or their market value, depending on their nature, *i.e.* at face value, less any impairment, in the case of receivables, and at market value in the case of derivatives, with the exception of interest-rate swaps. Real estate is valued on the basis of appraisals carried out at regular intervals.

Shares held in treasury and earmarked for sale upon the exercise of stock options are valued at the lower of the strike price of the options or the average price of the shares over the last 20 trading days. Shares held to cover performance share plans are valued at zero. Other shares held in treasury are valued at the average price over the last 20 trading days.

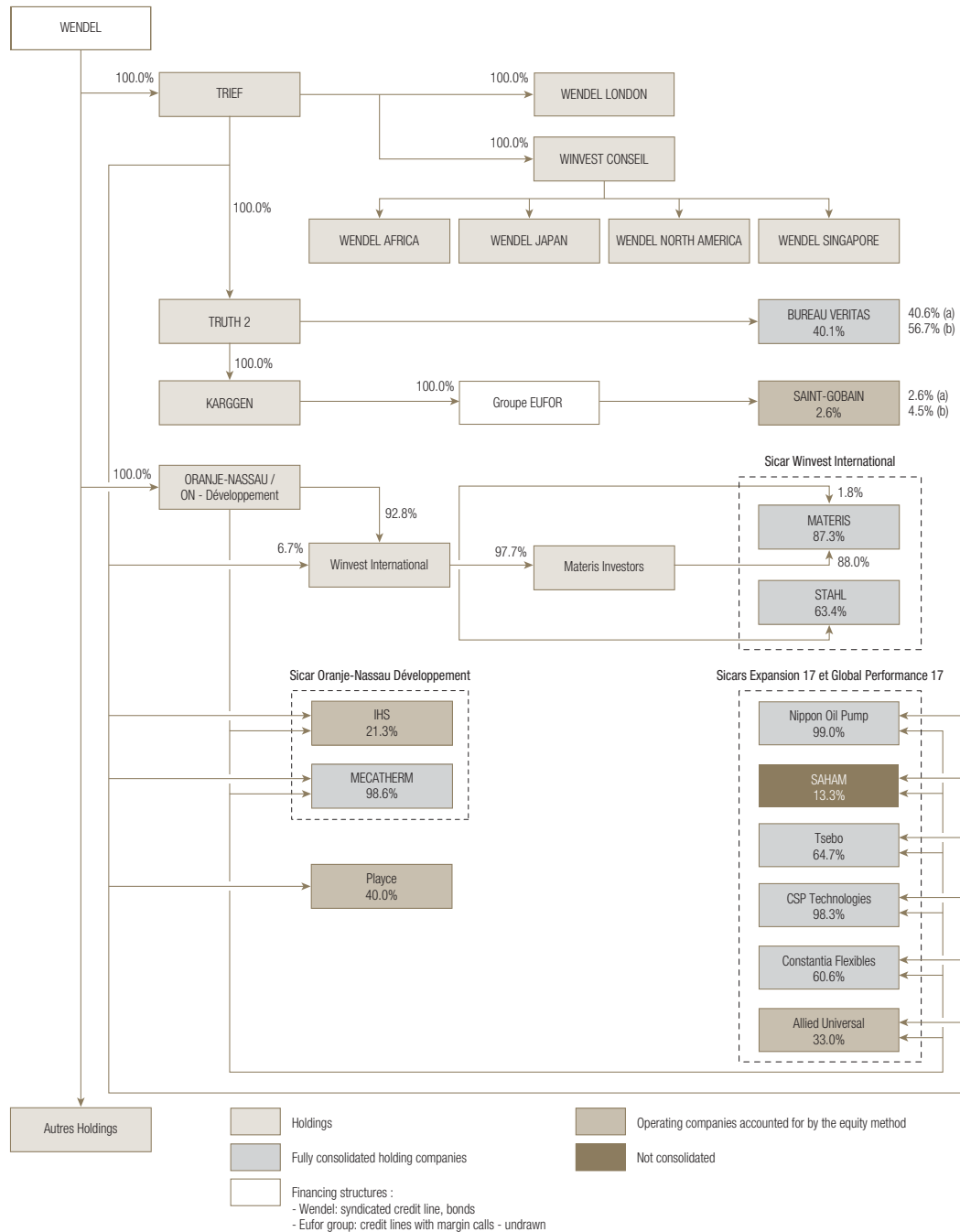
As NAV is a short-term valuation of the Group's assets, Wendel's future operating expenses do not enter into the calculation. Similarly, future tax effects are not included so long as the sale price of an investment and the form of the sale (in particular the tax consequences) are not both known and certain.

The number of Wendel shares taken into account in the calculation of NAV per share is the total number of shares composing Wendel's equity at the valuation date.

Assets and liabilities denominated in a foreign currency are converted at the exchange rate prevailing on the date of the NAV calculation. If several exchange rates exist, the rate used for the preparation of the consolidated financial statements is applied.

Some aspects of the method described above may be amended if such a change produces a more faithful valuation. Any such changes would be announced by Wendel.

4.4 Simplified organization chart



(a) Percentage interest after taking into account shares held in treasury.
(b) Percentage of exercisable voting rights.

Other holding companies

These intermediary holding companies serve, among other things, to finance and hold Group equity investments.

Company name (shareholders)	Intermediate holding companies held
AFRICA TELECOM TOWERS (99.5% Oranje-Nassau Développement SA Sicar)	-
ALLIED UNIVERSAL LUX (100% Global Performance 17/Expansion 17)	-
COBA (100% Wendel)	-
CONSTANTIA COINVESTCO GP SARL (100% Winvest Conseil)	-
FROEGGEN (100% Trief Corporation)	-
GLOBEX AFRICA 1 (100% Global Performance 17/Expansion 17)	-
MECATHERM GUARANTCO (100% Trief Corporation)	-
NOP EUROPE (100% Oranje-Nassau Développement NOP)	-
ORANJE-NASSAU DÉVELOPPEMENT NOP (100% Global Performance 17/Expansion 17)	100% NOP Europe
ORANJE-NASSAU GP (100% Winvest Conseil)	-
ORANJE-NASSAU MECATHERM (57.7% Oranje-Nassau Development BV, 41.0% Trief Corporation)	-
ORANJE-NASSAU PARCOURS (45.8% Oranje-Nassau Development BV, 46.6% Trief Corporation, 7.6% Sofiservice)	-
PARFIMAT (63.4% Materis Investors)	-
MATSA (50.6% Materis Investors)	-
SOFISAMC (100% Trief Corporation)	-
SOFISERVICE (100% Wendel)	-
VIGILANT AU LLC (100% Allied Universal Lux)	-
WIN SECURITIZATION 2 (100% Trief Corporation)	-

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017

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5.1 Balance sheet – Statement of consolidated financial position

Assets

In millions of euros	Note	12/31/2017	12/31/2016
Goodwill, net	6 and 7	3,575.0	3,669.3
Intangible assets, net	6 and 8	2,181.8	2,238.8
Property, plant & equipment, net	6 and 9	1,406.1	1,635.9
Non-current financial assets	6 and 13	1,383.3	385.5
Pledged cash and cash equivalents	6 and 12	0.7	0.7
Equity-method investments	6 and 10	534.3	2,413.2
Deferred tax assets	6	195.2	200.9
TOTAL NON-CURRENT ASSETS		9,276.4	10,544.2
Assets of operations held for sale	23	20.5	2.0
Inventories	6	481.1	508.5
Trade receivables	6 and 11	1,897.5	1,899.0
Other current assets	6	347.7	283.6
Current income tax assets	6	85.0	70.5
Other current financial assets	6 and 13	422.5	442.2
Cash and cash equivalents	6 and 12	1,905.3	2,561.3
TOTAL CURRENT ASSETS		5,139.1	5,765.0
TOTAL ASSETS		14,435.9	16,311.2

Liabilities

In millions of euros	Note	12/31/2017	12/31/2016
Share capital		185.0	188.4
Share premiums		48.7	36.3
Retained earnings & other reserves		1,730.5	2,399.8
Net income for the period – Group share		200.0	-366.8
		2,164.2	2,257.7
Non-controlling interests		1,092.5	1,039.4
TOTAL SHAREHOLDERS' EQUITY	14	3,256.7	3,297.2
Long-term provisions	6 and 15	465.1	465.3
Financial debt	6 and 16	6,416.2	7,577.7
Other non-current financial liabilities	6 and 13	575.9	518.2
Deferred tax liabilities	6	595.6	677.9
TOTAL NON-CURRENT LIABILITIES		8,052.8	9,239.1
Liabilities of operations held for sale	23	17.1	0.0
Short-term provisions	6 and 15	59.4	66.1
Financial debt	6 and 16	712.7	1,367.2
Other current financial liabilities	6 and 13	289.9	403.1
Trade payables	6	900.7	850.2
Other current liabilities	6	1,039.1	984.2
Current income tax payable	6	107.5	104.1
TOTAL CURRENT LIABILITIES		3,109.3	3,774.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,435.9	16,311.2

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of Bureau Veritas' Non-destructive Testing business in Germany and the assets and liabilities of Cromology's Argentine subsidiary Colorin have been reclassified as "Assets and liabilities of discontinued operations and operations held for sale" as of December 31, 2017 (see Note 2 "Changes in scope of consolidation").

The notes to the financial statements are an integral part of the consolidated statements.

5.2 Consolidated income statement

In millions of euros	Note	2017	2016
Net sales	6 and 17	8,329.1	7,682.7
Other income from operations		18.5	17.3
Operating expenses		-7,606.1	-6,928.0
Gains/losses on divestments		-3.9	2.8
Assets impairment		-40.9	1.2
Other income and expense		-12.8	-99.6
OPERATING INCOME	6 and 18	683.9	676.3
Income from cash and cash equivalents		-35.1	26.8
Finance costs, gross		-396.4	-387.9
<i>Finance costs, net</i>	<i>6 and 19</i>	<i>-431.5</i>	<i>-361.1</i>
Other financial income and expense	6 and 20	71.8	-121.1
Tax expense	6 and 21	-178.3	-201.7
Net income (loss) from equity-method investments	6 and 22	41.0	-268.6
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE		186.9	-276.3
Net income from discontinued operations and operations held for sale	23	347.2	135.2
NET INCOME		534.1	-141.1
Net income - non-controlling interests		334.1	225.7
NET INCOME - GROUP SHARE		200.0	-366.8

In euros	Note	2017	2016
Basic earnings per share	24	4.41	-8.05
Diluted earnings per share	24	4.24	-8.38
Basic earnings per share from continuing operations	24	-0.23	-10.42
Diluted earnings per share from continuing operations	24	-0.41	-10.75
Basic earnings per share from discontinued operations	24	4.64	2.37
Diluted earnings per share from discontinued operations	24	4.65	2.37

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the following results have been reclassified to a single line in the income statement, "Net income from discontinued operations and operations held for sale":

- the gain on divestments by Constantia Flexibles' Labels division as well as the contribution by that division for 2016 and for the 10-month period up to its actual divestment date in 2017 (see Note 2 "Changes in scope of consolidation");
- net income from deconsolidation of Bureau Veritas' French Non-destructive Testing business, the fair value adjustment of assets located in Germany related to the Non-destructive Testing business and their 2017 contribution;
- the 2017 contribution of Cromology's subsidiary Colorin, which is currently being sold.

The notes to the financial statements are an integral part of the consolidated statements.

5.3 Statement of comprehensive income

In millions of euros	2017			2016		
	Gross amounts	Tax effect	Net amounts	Gross amounts	Tax effect	Net amounts
Items recyclable into net income						
Currency translation reserves ⁽¹⁾	-431.3	-	-431.3	84.3	-	84.3
Gains and losses on qualified hedges ⁽²⁾	106.3	0.5	106.8	-43.8	0.1	-43.7
Gains and losses on assets available for sale ⁽³⁾	-87.1	-	-87.1	8.7	-	8.7
Earnings previously recognized in shareholders' equity taken to the income statement	-	-	-	3.0	-0.2	2.8
Items non-recyclable into net income						
Actuarial gains and losses	-16.3	4.4	-12.0	-52.4	11.8	-40.6
Other	-	-	-	-3.1	-	-3.1
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	-428.4	4.8	-423.5	-3.3	11.7	8.4
Net income for the period (B)			534.1			-141.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			110.6			-132.6
Attributable to:						
■ shareholders of Wendel			-66.5			-382.2
■ non-controlling interests			177.0			249.6

(1) This item notably includes negative contributions from Bureau Veritas, IHS, CSP Technologies and Saint-Gobain in the amounts of €217.0 million, €73.3 million, €26.0 million and €26.9 million respectively.

(2) Of which €101.6 million related to the change in the fair value of cross currency swaps recorded by Wendel (see Note 5 - 5.1 "Managing currency risk - Wendel").

(3) The main impact relates to changes in the fair value of Saint-Gobain shares in the negative amount of €58.5 million, Constantia Flexibles' Multi-Color shares in the negative amount of €29.4 million and Saham shares in the positive amount of €0.8 million (see Note 13-3 "Details of financial assets and liabilities").

The notes to the financial statements are an integral part of the consolidated statements.

5.4 Statement of changes in shareholders' equity

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings & other reserves	Currency translation adjustments	Group share	Non- controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY									
AS OF DECEMBER 31, 2015	46,029,229	192.0	31.7	-203.3	2,950.3	11.2	2,982.0	972.5	3,954.5
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	-64.8	49.4	-15.4	23.9	8.4
Net income for the period (B)					-366.8	-	-366.8	225.7	-141.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)⁽¹⁾		-	-	-	-431.5	49.4	-382.2	249.6	-132.6
Dividends paid ⁽²⁾					-98.7	-	-98.7	-251.7	-350.4
Movements in treasury shares	-443,662	-3.8	-	-46.0	-	-	-49.9	-	-49.9
Capital increase									
■ exercise of stock options	37,200	0.1	2.8				3.0	-	3.0
■ company savings plan	23,486	0.1	1.7				1.8	-	1.8
Share-based payments					20.7		20.7	16.1	36.7
Changes in scope of consolidation ⁽³⁾					-71.2	-12.5	-83.6	-49.8	-133.4
Other ⁽⁴⁾					-120.1	-15.2	-135.3	102.8	-32.5
SHAREHOLDERS' EQUITY									
AS OF DECEMBER 31, 2016	45,646,253	188.4	36.3	-249.3	2,249.5	32.9	2,257.7	1,039.4	3,297.2
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	23.1	-289.6	-266.5	-157.1	-423.5
Net income for the period (B)					200.0	-	200.0	334.1	534.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)⁽¹⁾		-	-	-	223.2	-289.6	-66.5	177.0	110.6
Dividends paid ⁽²⁾					-107.3	-	-107.3	-163.3	-270.6
Movements in treasury shares	-167,219	-3.8	-	-45.5	-	-	-49.3	-	-49.3
Capital increase									
■ exercise of stock options	89,275	0.4	10.8				11.2	-	11.2
■ company savings plan	15,499	0.1	1.6				1.7	-	1.7
Share-based payments					16.1		16.1	10.4	26.5
Changes in scope of consolidation ⁽³⁾					137.8	27.0	164.8	201.8	366.6
Other ⁽⁴⁾					-64.2	-	-64.2	-172.9	-237.1
SHAREHOLDERS' EQUITY									
AS OF DECEMBER 31, 2017	45,583,808	185.0	48.7	-294.8	2,455.1	-229.8	2,164.2	1,092.5	3,256.7

(1) See "Statement of comprehensive income".

(2) In 2017, Wendel paid a cash dividend of €2.35 per share, for a total of €107.3 million. In 2016, Wendel paid a dividend of €2.15 per share, for a total of €98.7 million.

(3) In 2017, changes in the scope of consolidation included €183 million related to the Stahl BASF transaction (€115 million in Group share), €52.2 million in income from the sale of Bureau Veritas shares (Group share), and €131.6 million (mainly minority interests) related to the acquisition of Tsebo. In 2016, this item included the acquisition of Bureau Veritas shares for €37.6 million in Group share and a €9.2 million change in minority interests. The changes in scope of consolidation are broken down in Note 2 "Changes in scope of consolidation".

(4) Other changes include the impact of the puts by minority shareholders, notably the recognition by Stahl of the put by minority shareholders granted to BASF, the adjustments to the value of the put by minority shareholders granted to Clariant over Stahl and the Bureau Veritas put by minority shareholders (see Note 33 "Off-balance-sheet commitments").

The notes to the financial statements are an integral part of the consolidated statements.

5.5 Consolidated cash flow statement

In millions of euros	Note	2017	2016
Cash flows from operating activities			
Net income		534.1	-141.1
Share of net income/loss from equity-method investments		-41.0	268.6
Net income from discontinued operations and operations held for sale		-347.2	-98.2
Depreciation, amortization, provisions and other non-cash items		502.6	565.7
Expenses on investments and divestments		45.1	3.6
Cash flow from companies held for sale		-9.2	4.1
Gains/losses on divestments		2.8	-1.8
Financial income and expense		359.7	495.6
Taxes (current & deferred)		178.3	199.8
Cash flow from consolidated companies before tax		1,225.2	1,296.3
Change in working capital requirement related to operating activities		-117.3	39.3
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	6	1,107.9	1,335.6
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	25	-301.1	-329.0
Disposal of property, plant & equipment and intangible assets	26	12.7	14.4
Acquisition of equity investments	27	-515.1	-356.9 ⁽¹⁾
Disposal of equity investments	28	1,927.1	1,460.1
Impact of changes in scope of consolidation and of operations held for sale	29	27.6	-30.0
Changes in other financial assets and liabilities and other	30	-195.0	296.7
Dividends received from equity-method investments and unconsolidated companies	31	20.5	46.5
Change in working capital requirements related to investment activities		13.4	-43.3
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	6	990.0	1,004.7
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		12.8	4.8
Contribution of non-controlling shareholders		-5.4	1.0
Share buybacks:			
■ Wendel		-49.3	-49.9
■ Subsidiaries		-48.7	-42.9
Transaction with non-controlling interests		98.9	-53.7 ⁽¹⁾
Dividends paid by Wendel		-107.3	-98.7
Dividends paid to non-controlling shareholders of subsidiaries		-163.3	-250.8
New borrowings	32	729.3	2,265.5
Repayment of borrowings	32	-2,465.1	-1,980.9
Net finance costs		-329.0	-394.6
Other financial income/expense		-100.0	-142.9
Change in working capital requirements related to financing activities		-47.2	-45.4
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	6	-2,474.4	-734.8
Cash flows related to taxes			
Current tax expense		-239.1	-268.6
Change in tax assets and liabilities (excl. deferred taxes)		-6.5	-0.4
NET CASH FLOWS RELATED TO TAXES	6	-245.6	-269.0
Effect of currency fluctuations		-34.0	2.3
Net change in cash and cash equivalents		-656.1	1,338.8
Cash and cash equivalents at beginning of period		2,562.0	1,223.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6 AND 12	1,905.9	2,562.0

(1) In 2016, the acquisition of Bureau Veritas shares was reclassified from net cash flows from investing activities to net cash flows from financing activities.

The principal components of the consolidated cash flow statement are detailed beginning in Notes 25 *et seq.*

Details on the cash and cash equivalents accounts and how they are classified on the consolidated balance sheet are shown in Note 12 "Cash and cash equivalents".

In accordance with IFRS 5, the cash flows of Constantia Flexibles' Labels division were kept in each of the cash flow categories until

June 30, 2017, when the division was reclassified to "Discontinued operations and operations held for sale." Cash as of June 30, 2017 was reclassified to "Impact of changes in scope of consolidation and of operations held for sale" in the amount of €23.9 million.

The contribution of Constantia Flexibles' Labels division to the main cash-flow categories as 2017 was as follows:

In millions of euros	2017
Net cash flows from operating activities, excluding tax	35.3
Net cash flows from investing activities, excluding tax	-15.8
Net cash flows from financing activities, excluding tax	-13.2
Net cash flows related to taxes	-5.9

The notes to the financial statements are an integral part of the consolidated statements.

5.6 General principles

Wendel is an European company with an Executive Board and a Supervisory Board, governed by European and French legislative and regulatory provisions that are or will be in force. The Company is registered in the Paris trade and Company Register (*Registre du commerce et des sociétés*) under number 572 174 035. Its head office is located at 89 rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

As of December 31, 2017, the Wendel Group was primarily comprised of:

- fully consolidated operating companies: Bureau Veritas (40.6% net of treasury shares), Cromology (87.9%)⁽¹⁾ which in turn is composed of the holding companies Materis and Cromology, Stahl (63.4%), Constantia Flexibles (60.6%) and the companies grouped under Oranje-Nassau Développement: Mecatherm (98.6%), CSP Technologies (98.3%), Nippon Oil Pump (99.0%) and Tsebo (64.7%) (see Note 2 "Changes in scope of consolidation");
- operating companies consolidated by the equity method: IHS (21.3%), Allied Universal (33.0%), Saint-Gobain (6.4% before partial sale) until the date of the sale of a block of 3.9% of the share capital (see Note 2 "Changes in scope of consolidation"), exceet (28.4% net of treasury shares) until the date of sale (see Note 2 "Changes in scope of consolidation") and PlaYce (previously SGI Africa, (40.0%)), the latter two companies being grouped under Oranje-Nassau Développement; and
- Wendel and its fully consolidated holding companies.

The consolidated financial statements of the Wendel Group cover the 12-month fiscal year from January 1 to December 31, 2017 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);

- the income statement and the statement of comprehensive income;
- the statement of changes in shareholders' equity;
- the cash flow statement; and
- the notes to the financial statements.

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies. However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to analyze subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities. Aggregate data for each fully-consolidated subsidiary are presented in Note 6 "Segment information", which shows the contribution of each subsidiary to the income statement, balance sheet, and cash flow statement. Aggregate accounting data for equity-method investments are set out in Note 10 "Equity-method investments". An analysis of the Group's overall performance by business activity is provided in Note 6 "Segment information", which details recurring net income by business activity and non-recurring net income. There is no financial recourse between the different operating subsidiaries or from the operating subsidiaries to Wendel and its holding companies (see Note 5-2.2.2 "Impact of liquidity risk of subsidiaries on Wendel"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in Note 5-5 "Managing Liquidity Risk".

These financial statements were finalized by Wendel's Executive Board on March 13, 2018 and will be submitted for shareholders' approval at the General Meeting of shareholders.

(1) This is the percentage held from a legal point of view. For consolidation purposes, Cromology has been consolidated with a holding of 90.5%. This percentage includes the shares held by Cromology managers and Materis former managers that might be repurchased in the context of the liquidity to be offered to them in 2018 (see note 33-5, "Shareholder agreements and co-investment mechanisms").

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5.7 Notes

NOTE 1 Accounting principles

Wendel's consolidated financial statements for the fiscal year ended December 31, 2017 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods as adopted by the European Union on December 31, 2017, in accordance with Regulation no. 1606/2002 of the European Council and the European Parliament pertaining to the application of international accounting standards, adopted on July 19, 2002.

Except for the adoption of new standards and mandatory enforcement interpretations for the years beginning on January 1, 2017, the accounting principles used are the same as those used in preparing the annual consolidated financial statements for the year ended December 31, 2016, corresponding to the IFRS reference as adopted by the European Union, which is available on the EU Commission website:

"http://ec.europa.eu/finance/company-reporting/standards-interpretations/index_fr.htm"

Note 1-1 Standards, interpretations and amendments to existing standards that were mandatory in 2017

The Group has adopted standards and texts applicable from the fiscal year beginning on January 1, 2017. These standards, interpretations and amendments are listed below:

- Amendments to IAS 7 "Disclosure initiative - Statement of cash flows";
- Amendments to IAS 12 "Recognition of deferred tax assets for unrealized losses".

Note 1-2 Standards, interpretations and amendments to existing standards, for which early adoption was not applied in the 2017 financial statements

In general the Group has not opted for early adoption of standards and interpretations applicable to accounting periods beginning on or after January 1, 2016, whether or not they were adopted by the European Commission. In particular, the Group has not applied the amendments and standards presented below, to fiscal year 2017, which might more particularly concern it:

- IFRS 9 "Financial instruments": this new standard aims to replace IAS 39, "Financial instruments: recognition and measurement". This standard must mandatorily be applied for fiscal periods opened starting not later than January 1, 2018. It discusses the classification, measurement and recognition of financial assets and liabilities. It introduces new hedge accounting rules and a new impairment model for financial assets.

The main impacts related to the application of this standard affect the Saint-Gobain, Multi-Color and Saham shares held by the Group (see Note 13 "Financial assets and liabilities"). Their change in value recognized in retained earnings and other reserves will no longer be recycled as profit or loss upon disposal. The impact of this new standard on trade receivables, cross-currency swap hedge accounting (see Note 13 "Financial assets and liabilities") and renegotiations of bank borrowings should be insignificant given the size of the Group;

- IFRS 15 "Revenue from contracts with customers": the standard specifies the rules for the recognition of revenue, regardless of the types of contracts entered into by the entity with its customers. This standard must mandatorily be applied for fiscal periods opened starting not later than January 1, 2018. Wendel Group companies reviewed the impact of IFRS 15 on the principles of recognition of their various types of contracts, in particular, Bureau Veritas and Mecatherm.

Bureau Veritas did not identify any significant impact as of January 1, 2018. In most cases, for contracts that have an enforceable right to payment or meet the condition of non-performance for the services rendered as of the closing date, the percentage-of-completion method was maintained.

Mecatherm, which now recognizes revenue utilizing the percentage-of-completion method for a portion of its long-term contract operations, and upon completion, for after-sales service operations, reviewed the consequences of IFRS 15 on its practices and its organization and does not expect any significant impact on its financial statements;

- IFRS 16 "Leases", application mandatory for fiscal periods opened starting not later than January 1, 2019. Under this new standard, an asset (right to use the leased property) and a financial debt are recognized in the balance sheet for almost all leases, except for short-term leases or for low-value properties. The Group is currently assessing the impact that this standard will have on its financial statements.

Note 1-3 Method of consolidation

The companies over which Wendel has exclusive control are fully consolidated. Companies over which Wendel has significant influence or joint control have been accounted for using the equity method. Net income of acquired subsidiaries is consolidated from their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date or closest reporting date.

Note 1-4 Financial statements used as the basis for consolidation

Wendel's consolidated financial statements have been prepared on the basis of:

- the consolidated financial statements for the year ended December 31, 2017 of Bureau Veritas, Constantia Flexibles, Cromology, IHS, Allied Universal, Stahl, CSP Technologies, Mecatherm, Nippon Oil Pump, PlaYce (the last four companies are included in the Oranje-Nassau Développement sub-Group);
- the consolidated financial statements of Tsebo for the 11-month period following the acquisition, i.e. from February 1 to December 31, 2017;
- the consolidated financial statements of Saint-Gobain for the period from January 1 to May 31, 2017;
- the excecet consolidated financial statements for the period from January 1 to September 30, 2017, the reporting date closest to the sale of excecet by the Group; and
- for all other companies, their individual financial statements for the 12-month fiscal year ended December 31, 2017.

Financial information relating to these subsidiaries and associates has been prepared in accordance with IFRS recognition and measurement rules.

Significant changes in the Group's scope of consolidation for fiscal year 2017 are presented in Note 2 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2017 are presented in Note 37 "List of principal consolidated companies".

Note 1-5 Business combinations

IFRS 3 "Business combinations", and IAS 27 "Consolidated and separate financial statements", revised, applicable since January 1, 2010, affect the accounting for transactions that lead to the taking of control, or partial sales that lead to a loss of control. Specifically:

- ancillary transaction costs are recognized in operating income for the period; price adjustments are initially recognized at their fair value, and future fluctuations in their value are recognized in operating income;
- when control is obtained (or lost) the percentage previously held (or remaining) is revalued at fair value and recognized in profit or loss;
- when control is obtained, non-controlling interests are recognized either in proportion to their share in the fair value of the assets and liabilities of the acquired entity, or at their fair value. A proportion of goodwill is also allocated to non-controlling interests at that time. This choice is made on a case-by-case basis for each acquisition;
- purchases and sales of shares in controlled companies that do not lead to the assumption or loss of control are recognized as transfers between the Group share of consolidated shareholders' equity and the share held by non-controlling interests. There is no impact on profit or loss;
- non-controlling interests may become negative because since net income or loss of a subsidiary is allocated between the Group share and the non-controlling interests' share, according to their respective equity interests.

As a result, in the event of a takeover in an entity in which the Group already has an investment, the transaction is analyzed as a dual operation. On the one hand, as a divestment from the entire investment previously held with recognition of the gain on consolidated investments, and on the other hand, as an acquisition of all the shares with recognition of goodwill on the entire investment. In the event of a partial divestment with loss of control (but with a non-controlling investment retained) the transaction breaks down into a divestment and an acquisition: divesting from the entire investment with a calculation of a consolidated investment gain plus the acquisition of a non-controlling interest which is then recorded at its fair value.

Note 1-6 Commitments to buy non-controlling interests of consolidated subsidiaries

When the Group has made firm or conditional commitments to non-controlling shareholders in consolidated subsidiaries to buy their stakes, a financial liability is recognized in an amount corresponding to the estimated present value of the purchase price.

As of December 31, 2017, in the absence of any specific IFRS guidance, this financial liability was offset:

- firstly, by eliminating the carrying amount of the corresponding non-controlling interests;
- secondly, by a decrease in shareholders' equity, Group share: the difference between the estimated exercise price of the purchase commitments granted and the carrying amount of non-controlling interests is recorded as a deduction from the Group share of consolidated reserves. This balance is adjusted at the end of each accounting period to reflect changes in the estimated exercise price of the purchase commitments and the carrying amount of the non-controlling interests.

This has no impact on the consolidated income statement, barring subsequent changes to standards and interpretations.

Note 1-7 Intercompany asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from income and the assets have been maintained at their initial value, except in the event of losses deemed permanent, for which an impairment charge is recognized on the income statement.

Note 1-8 Conversion of the financial statements of foreign companies, for which the functional currency is not the euro

Wendel presents its financial statements in euros.

The balance sheets of foreign companies whose functional currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements converted at the average exchange rate for the fiscal year or consolidation period. The discrepancy between the opening and closing balance sheets, as well as that resulting from the application of these exchange rates are carried in consolidated reserves under "translation adjustments" until the assets and liabilities and all the foreign currency operations related to them are sold or liquidated. In this case currency translation differences are written back either on the income statement if the operation leads to a loss of control, or directly as a change in shareholders' equity in the case of a change in non-controlling interests without a loss of control.

The principal exchange rates used in the consolidated financial statements are as follows:

	Closing rate		Average rate	
	December 31, 2017	December 31, 2016	2017	2016
EUR/USD	1.1993	1.0541	1.1270	1.1062

Note 1-9 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in such financial statements. These estimates and judgments are based on Wendel's and its subsidiaries' appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were finalized. They are established based on Group management's past experience and various other factors deemed reasonable, such as market data or the work of an independent appraiser, and are reviewed on a regular basis. The uncertainty has complicated

forecasting, and actual amounts could therefore be different from the forecasts.

Estimates and assessments made in order to prepare these financial statements concern in particular, for the most significant elements, goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives, valuation of purchase commitments of non-controlling interests, and the treatment of co-investments.

Note 1-10 Measurement rules

Note 1-10.1 Goodwill

Goodwill represents the difference between the cost of acquiring a company and the Group's share of the fair value of its net assets, liabilities, and identifiable contingent liabilities on the date of acquisition. The identifiable assets and liabilities of the acquired company that meet the IFRS recognition criteria are recognized at their fair value at the date of the acquisition. Adjustments in the fair values of assets and liabilities acquired as part of business combinations and initially recognized on the basis of temporary values (because of ongoing appraisals or outstanding additional analyses) are recognized as retroactive goodwill adjustments if they occur within 12 months after the acquisition date. Thereafter, such adjustments are recognized directly on the income statement unless they are made in correction of errors. The revised version of IFRS 3 "Business combinations" provides that goodwill may be applied to non-controlling interests, if the Group so chooses. goodwill is presented, where applicable, net of any cumulative recognized loss in value.

Goodwill is not amortized, but is instead tested for impairment at least once per year, on December 31, or more frequently if there is any indication that it may be impaired. Indications of impairment may include, in particular, a significant or prolonged decline in the share price of a listed company, a difference in net income compared with budget, or a deterioration in the environment in which a company operates. For these tests, goodwill is broken down by Cash Generating Units (CGUs); each operating subsidiary (Bureau Veritas, Constantia Flexibles, Cromology, Stahl, CSP Technologies, Mecatherm, Nippon Oil Pump and Tsebo) corresponding to a CGU. Goodwill impairment losses are recognized on the income statement under "Assets impairment" and cannot be reversed.

Whenever an operating subsidiary identifies an impairment loss on a CGU recognized within its scope of consolidation (and not recognized at the level of the Wendel Group), this loss is maintained at the level of Wendel's consolidation, with this being the case even if the analysis conducted by Wendel on the subsidiary's goodwill does not show any impairment. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as they would inevitably be recognized anyway if the subsidiary were to sell the CGU showing such losses.

Goodwill pertaining to equity-method investments is included in the carrying amount of these companies and therefore not presented separately (IAS 28 "Investments in Associates and Joint Ventures", s.23). It is therefore not subject to a separate impairment test, as the value of equity-method investments is subject to a separate test, goodwill included. Hence, as regards equity-method shareholdings, in the event of an improvement in their value justifying an impairment writeback, the portion of the impairment

pertaining to goodwill is also written back. Impairment losses and the gain or loss on divestments and dilution are recognized in the income statement under "Net income from equity-method investments".

Impairment tests on goodwill and equity-method investments are described in Notes 7 "Goodwill" and 10 "Equity-method investments".

Note 1-10.2 Intangible assets

1. Brands of the Bureau Veritas, Cromology, Mecatherm and Tsebo Groups

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on net sales generated by the brands. The brands are considered as having an indefinite useful life as there is no foreseeable time limit on their potential to generate cash flow. They are therefore not amortized but are tested for impairment on an annual basis.

The brands of the Bureau Veritas Group's subsidiaries have been amortized over a period of 5-15 years. Only those brands identified at the Wendel Group level when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

2. Contracts and customer relations of the Bureau Veritas, Constantia Flexibles, Cromology, CSP Technologies, Nippon Oil Pump, Stahl and Tsebo Groups

The value of these assets corresponds to the margin expected to be generated over the residual lives of contracts in force at the date Wendel assumed control, taking into account contract renewals where such renewals are considered probable based on historical statistical data. These contracts and client relationships are therefore amortized over the period used for the calculation of each contract category (from 5 to 23 years, depending on the contract and subsidiary).

Note 1-10.3 Other intangible assets

The cost of developing software intended for internal use and other development costs have been capitalized when it is likely that these expenditures will generate future economic benefits. These costs are then amortized over the asset's estimated useful life.

Note 1-10.4 Property, plant & equipment

Property, plant & equipment are recognized at their historical cost, determined at the time of acquisition of these assets or at fair value in the event of a business combination. Historical cost includes all costs directly attributable to the acquisition or construction of the assets concerned, in particular borrowing costs that are directly attributable to the acquisition or production of the property, plant & equipment during the accounting period prior to being brought into service.

Property, plant & equipment other than land and investment properties are depreciated on a straight-line basis over a period corresponding to their probable useful life. The depreciation basis for property, plant & equipment is its historical cost less the residual value, i.e. the value expected at the end of the asset's useful life, after allowing for any divestment costs.

The useful life duration utilized for buildings is from 10 to 50 years; and, from 3 to 10 years, for industrial facilities as well as for equipment and tooling.

Assets that the Wendel Group has acquired under long-term or other leases where the risks and rewards of ownership have been substantially transferred to the Group are accounted for as finance leases and are depreciated on a straight-line basis over their estimated useful life, as described above.

Note 1-10.5 Impairment of property, plant & equipment and intangible assets

In accordance with IAS 36 "Impairment of assets", the value in use of property, plant & equipment, and intangible assets is tested when there is an indication of impairment. These tests are performed either when there is an indication of a loss of value, or once a year for assets having indefinite useful lives, which in Wendel's case is limited to goodwill and brands. Impairment losses are recognized on the income statement under "Assets impairment".

Note 1-10.6 Financial assets and liabilities

Financial assets include investments in unconsolidated companies, operating receivables, debt securities, marketable securities, derivatives, and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives, operating liabilities, and certain liquidity commitments on the Group's shares held by certain co-shareholders (see Note 33-5 "Shareholder agreements and co-investment mechanisms"). Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial instruments: recognition and measurement". In accordance with IFRS 13 "Fair value measurement", the value of financial assets and liabilities was adjusted for the impact of Wendel's own credit risk.

1. Financial assets at fair value through profit or loss

These assets include short-term financial investments without the characteristics of cash equivalents. These assets are measured at market value at the balance sheet date, and gains and losses arising from changes in value are recognized through the income statement.

2. Financial assets available for sale

In accordance with IAS 39-9, classifying a financial asset as available for sale does not necessarily mean that the Wendel Group actually

intends to sell it. This category includes all non-derivative financial assets that are designated as available for sale or that are not classified in any of the other categories of financial assets.

They have been measured at fair value, and gains or losses arising from changes in fair value are recognized under shareholders' equity. Any significant or prolonged decline in the fair value of these financial assets below their acquisition cost gives rise to an additional impairment provision on the income statement. This impairment cannot be written back through the income statement, except in the event of sale.

3. Assets held until maturity and loans and receivables

These instruments are stated at amortized cost using the effective interest method. Their carrying amount represents outstanding principal, adjusted for any non-amortized acquisition costs, premiums or discounts. They are tested for recoverable value whenever there is an indication that their recoverable amount might be lower than their carrying value. Any impairment loss is recognized on the income statement.

4. Financial liabilities

With the exception of derivative instruments and financial liabilities relating to liquidity commitments on the Group's shares held by certain co-shareholders (see Note 33-5 "Shareholder agreements and co-investment mechanisms"), all borrowings and other financial liabilities are stated at amortized cost using the effective interest method.

5. Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of a net investment in a foreign business can be designated as hedging instruments, as long as they meet the criteria of IAS 39 "Financial instruments: recognition and measurement". These hedges help offset fluctuations in value due to conversion into the reporting currency used by the parent company in its consolidated financial statements. Financial debt denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the outset;
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value in the balance sheet. Changes in the fair value of the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged;
- for net investment hedges, the portion of a gain or loss that is considered effective in the hedge of a net investment in a foreign business is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using the Group's mathematical models, as well as by independent appraisers, and/or the Group's counterparties.

Note 1-10.7 Methods of measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 "Financial instruments: Disclosures" (March 2009), the tables in Note 13 present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. These methods are defined as follows:

- level 1: unadjusted, listed prices of identical instruments on an active market;
- level 2: observable data other than the listed prices referred to in level 1, either directly (such as a price), or indirectly (calculated from another price);
- level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2017, there were no transfers between levels 1 and 2, or transfers to or from level 3, of fair value measurements of financial instruments.

Note 1-10.8 Inventories

Inventories have been stated at the lower of cost or net realizable value. Production cost includes the costs of raw materials, direct labor, and any operating costs that can reasonably be associated with production.

Note 1-10.9 Cash and cash equivalents (pledged and unpledged)

Cash is comprised of cash at banks.

In accordance with IAS 7 "Statement of cash flows", cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value. Cash equivalents include money-market mutual funds and deposit accounts with initial maturities less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current assets, as they are not immediately available.

Note 1-10.10 Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognized when the Group has an obligation with respect to a third party as a result of a past event for which it is probable or certain that there will be an outflow of resources to that third party, without at least an equivalent inflow from that third party. Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed, formal plan.

Provisions are discounted on the basis of the estimated duration of the obligation. The impact of this discounting is recalculated at each balance sheet date, and the related adjustment is recognized on the income statement under "Other financial income and expense".

Note 1-10.11 Provisions for employee benefits

Defined-contribution plans: contributions are recognized as operating expenses.

Defined-benefit plans: the present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the projected unit credit method. The obligation is determined at each balance sheet date taking into account the age of the Company's employees, their length of service, and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method using assumptions relating to the yield on long-term investments. The funding provision corresponds to the difference between the total obligation as set out above and any assets invested with insurance companies to cover these obligations.

Actuarial gains and losses are recorded under shareholders' equity as soon as they are recognized.

Note 1-10.12 Deferred taxes

In accordance with IAS 12 "Income taxes", deferred taxes are recognized for timing differences between the carrying amounts of assets and liabilities and their tax base.

Tax-loss carryforwards are recognized as deferred tax assets when it is likely that they can be offset against tax on future earnings or when they can be offset by deferred tax liabilities of an equal or higher amount. In application of this principle, no tax-loss carryforwards of the Wendel tax Group were recognized as assets on the balance sheet.

Regarding subsidiaries and equity-method investments, a deferred tax liability is recognized for all timing differences between the carrying amount of the related shares and their tax base, unless:

- if the Group is able to control the date of the reversal of the timing difference;
- it is probable that the timing difference will not reverse itself in the foreseeable future.

Deferred taxes are recorded using the liability method. According to this method the assets and liabilities of deferred taxes are recognized according to their estimated future tax impact resulting from discrepancies between the book value of the assets and liabilities existing in the consolidated financial statements and their respective tax base. Deferred tax assets and liabilities are valued by applying the tax rate that will be in effect during the year in which temporary differences are expected to be recovered or settled. The effect of any change in tax rates on deferred tax assets and liabilities is recognized in income for the period in which the rate changes apply.

The companies in the Wendel Group took into account the announcement of the gradual reduction in corporate income tax in France for the December 31, 2017 closing, as well as the US tax reform.

Note 1-10.13 Treasury shares

All treasury shares held by the Group are stated at their acquisition cost as a deduction from shareholders' equity. Proceeds from any sales of treasury shares are credited directly to shareholders' equity. Divestment gains or losses therefore have no impact on income for the fiscal year.

Note 1-10.14 Assets held for sale and businesses being divested

An asset or group of assets is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continued use, and when its sale is highly probable. Depreciation on these assets ceases when the asset has been classified as held for sale, and a provision is recognized if the asset's residual carrying amount exceeds its likely realizable value, reduced for selling costs.

A business is considered as being divested when it meets the criteria of assets held for sale. Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current fiscal year, and the net income or loss they generate is presented on a separate line in the income statement (including fiscal years presented for comparison). Net income or loss from discontinued operations includes, where applicable, any divestment gains or losses or any impairment losses recognized for the business.

Note 1-10.15 Revenue recognition

Revenue from the sale of goods is recognized under net sales when the significant risks and rewards of ownership are substantially transferred to the buyer.

At the Bureau Veritas Group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be reliably determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs. The increment of this percentage, applied to the total forecast income from the contract, represents the profit margin recognized in the period. In the event of a forecast negative margin, provisions are recognized immediately for the entire contract.

The Mecatherm Group also uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be reliably determined. The increment in the percentage of completion, applied to the total forecast income from the contract, represents the profit margin recognized in the period.

Note 1-10.16 Translation of currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from the translation of receivables and payables in currencies other than euros are recognized on the income statement under "Other financial income and expenses".

In the event of hedges of a net investment in a foreign business (see above, "Derivatives"), the portion of the gain or loss on a hedging instrument covering a net investment in a foreign business that is considered to be an effective hedge is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement.

Note 1-10.17 Stock subscription and stock purchase option plans

In accordance with IFRS 2 "Share-based payments", the Group recognizes an expense corresponding to the fair value of employee stock subscription options, purchase options, bonus shares, and performance shares at the grant date, with the corresponding offsetting entry being recognized under consolidated shareholders' equity. The expense is spread out over the options' vesting period.

Wendel uses a binomial model to determine the fair value of options and performance shares granted. In 2017, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

Note 1-10.18 Accounting treatment of mechanisms for the participation of management teams in the Group's investments

The co-investment mechanisms described in Note 4 "Participation of managers in Group investments" take the form of ownership by managers of various financial instruments, such as ordinary shares, index-based or preferred shares, warrants, etc.

These investments are redeemed upon divestment or an IPO, or after a pre-determined period of time. At this time, the investment gains are shared on the basis of whether or not Wendel's annual performance and cumulative profitability objectives have been met.

These investments are measured and accounted for based on the manner in which they will be redeemed: either as equity instruments as part of a disposal or an IPO, or as cash under liquidity commitments by the Wendel Group after the lapse of a predetermined period.

Until the redemption method is known, the investments are accounted for based on the method thought to be the most likely.

When it is estimated the investments are most likely to be redeemed as equity instruments, the managers' initial investment is accounted for as non-controlling interests in proportion to their share of the total investment. On redemption, the dilution created by the sharing of the investments' value reduces Wendel's capital gain. As the beneficiaries usually invest at fair value of the subscribed or acquired instruments, there is no initial advantage and therefore no expense is recognized.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the expiration of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash. In addition, these co-investors are not considered minority shareholders from an accounting standpoint. Rather, their investment is consolidated in the Group's net income and consolidated reserves.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

Wendel believes that, regarding the main co-investments in place in the Group as of December 31, 2017, the most likely outcome will be a divestment of the investments concerned or as part of an IPO of those investments. Liquidity commitments under minority puts and co-investments, as well as the corresponding amounts recorded in financial liabilities, are set out in Note 33-5 "Shareholder agreements and co-investment mechanisms".

Note 1-11 Presentation rules**Note 1-11.1 Balance sheet presentation**

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within 12 months after the balance sheet closing date; or
- it is cash or cash equivalent asset carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date. When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

- it is expected to be settled in the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- the liability is due to be settled within 12 months after the balance sheet date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1-11.2 Income statement presentation

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, activities held for sale, and income tax.

Financial income and expenses include "Finance costs, net" and "Other financial income and expense", which include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by unconsolidated associates, changes in the fair value of "financial assets at fair value through profit or loss", the impact of discounting receivables, liabilities or provisions, and foreign exchange differences.

1. Income taxes: treatment of the CVAE tax

According to Wendel's analysis, the CVAE tax on value added meets the definition of an income tax, as defined in IAS 12.2 "Income taxes". According to IFRIC, to be included in the scope of IAS 12, a tax must be based on a net amount of income and expenses and this amount may be different from net accounting income. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as the value added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

The CVAE tax is therefore presented in the "Tax expense" line.

2. Taxes: treatment of the CICE tax credit

According to Wendel's analysis, the Employment Competitiveness Tax Credit (CICE) does not meet the definition of an income tax, as defined in IAS 12.2 "Income taxes". Wendel therefore deducts the CICE tax credit from personnel costs.

The CICE tax credit is presented within "Operating expenses".

Note 1-11.3 Earnings per share

Basic earnings per share are calculated by dividing the Group's share of net income for the year by the average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the Group's share of net income by the average number of shares outstanding during the year, adjusted according to the "treasury stock" method. According to that method, it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

If the income statement presents income from divested businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

NOTE 2 Changes in scope of consolidation

Note 2-1 Changes in scope of consolidation in fiscal year 2017

The scope of consolidation of Wendel Group is set out in Note 37 "List of principal consolidated companies as of December 31, 2017."

Note 2-1.1 Acquisition of 65% of Tsebo (facilities management in Africa)

The acquisition of approximately 65% of the capital of Tsebo for €162 million via Oranje-Nassau Développement was finalized in late January 2017. The remaining 35% is owned by Capital Group Private Markets.

A Pan-African business services company employing around 35,000 people in 23 countries, Tsebo provides facilities management, catering, cleaning and security services in addition to remote camp services to clients across Africa. In 2017 (year ended March 31), Tsebo achieved net sales over 12 months of \$501 million and EBITDA of \$36 million.

Wendel exercises exclusive control over this Group, which has accordingly been fully consolidated since the date of its acquisition.

The acquisition structure was financed as follows:

■ Wendel's investment (exchange rate at the time of acquisition)	€162 million
■ capital Group contributions	€87 million
■ bank borrowings	€133 million
	€382 MILLION

These amounts were employed as follows:

■ acquisition of shares	€270 million
■ fees and other acquisition-costs	€11 million
■ refinancing of Tsebo Group's debt	€101 million
	€382 MILLION

The provisional goodwill recognized on this acquisition amounted to €228 million (including non-controlling interests recognized at fair value on first consolidation):

■ provisional residual goodwill	€228 million
■ customer relationships (amortized over 15 years)	€107 million
■ Tsebo brands (indefinite useful life)	€21 million
■ other brands (amortized over 5-10 years)	€29 million
■ deferred taxes	€-44 million
■ financial debt and other non-revalued balance sheet items on acquisition	€-71 million
SHARE ACQUISITION PRICE	€270 MILLION

As permitted by IFRS, the acquisition price will only be definitively allocated during the 12 months following the acquisition date.

On June 30, 2017, Women Development Bank Investment Holdings (Pty) Limited (WDBIH) finalized the acquisition of an effective 25% stake in Tsebo's main South African subsidiary (TSG). Established in 1996, WDBIH is a South African women-founded, led and operated investment holding company. Combined with Tsebo Empowerment Trust's ownership in TSG, this transaction allows Tsebo to retain the highest achievable rating on the South African DTI's generic BEE scorecard, and to perpetuate its history of enduring partnerships with women investment groups.

Note 2-1.2 Investment in Saint-Gobain (production, transformation and distribution of building materials)

In the first half of 2017, Wendel sold 21.7 million Saint-Gobain shares, corresponding to 3.9% of the company's share capital, for a total of €1,085 million. The sale was partially staggered, with the final installment being the placement of a block of 20 million shares (of which 1 million purchased by Saint-Gobain). Wendel now owns 14,153,490 Saint-Gobain shares, representing almost 2.6% (net of treasury shares) of the capital and 4.5% of the voting rights.

Existing governance arrangements remain in place, but the number of Wendel representatives on the Saint-Gobain Board of Directors has been reduced from 3 to 1; the Group therefore considers that it ceased to have significant influence on this company from the date of sale of the block of securities. In accordance with IAS 28 "Investments in associates and joint ventures," this transaction is therefore reflected as follows:

- the recognition of the disposal of all Saint-Gobain shares consolidated by the equity method (including those kept) on the date of the sale of the block; a capital gain of €84 million was recognized in this respect under "Net income (loss) from equity-method investments" (Saint-Gobain was consolidated by the equity method until the date of sale of the block of shares); and
- the recognition in the consolidated balance sheet of residual securities at the market price; these securities are now classified as "Financial assets available for sale" (this classification does not imply that the Group intends to sell these securities in the short term, see Note 1-10.6 2. "Financial assets available for sale").

In addition, changes in the percentage interest between January 1 and the date of disposal generated a dilution loss of €5.0 million; these changes are related to Saint-Gobain's capital increases and changes in its treasury shares. The dividend paid by Saint-Gobain in 2017 (€17.8 million) is presented in the income statement under "Other financial income and expense." It was received after the date of deconsolidation.

Note 2-1.3 Interest in Bureau Veritas (certification and verification services)

In November 2016, Wendel purchased 2.8 million additional Bureau Veritas shares that were not intended to be held over the long term. The share price had declined in a manner deemed excessive by Wendel's management, making it possible to acquire these securities at an average price of €17.05 per share. The shares were subsequently sold in May 2017 at an average price of €21.50. Wendel accordingly made a gain of €12.4 million.

Following this transaction, Wendel holds 177,173,360 Bureau Veritas shares, as previously, representing 40.6% of the share capital and 56.1% of theoretical voting rights.

Taking into account the weighted average cost calculated for all Bureau Veritas shares in the Group's consolidated financial statements, the capital gain is €52 million; this amount was recorded in equity insofar as the Group still has exclusive control over Bureau Veritas (IFRS 10 "Consolidated financial statements").

Note 2-1.4 Sale of the stake in exeect (design of embedded systems)

On November 28, 2017, the Group finalized the sale of its entire stake in the exeect Group (approximately 27.8% of the share capital) for an amount of €16.6 million. The loss on the sale of €0.4 million was recognized under "Net income (loss) from equity-method investments."

Note 2-1.5 Principal changes in scope of consolidation of subsidiaries and associates

1. Changes in scope of consolidation of the Bureau Veritas Group (certification and verification services)

During 2017, Bureau Veritas carried out the following acquisitions:

- Shanghai Project Management Co., Ltd. a Chinese company specializing in the supervision of construction projects;
- Siemic, Inc., an American electrical and electronic equipment testing and certification company;
- Schutter Groep B.V., a group specializing in testing, inspection, certification and logistical assistance services for global agri-food commodity markets;
- California Code Check, Inc., an American company specializing in building Code Compliance and building safety;
- Primary Integration Solutions, Inc., an American company involved in commissioning and operational risk management of data centers;

- IPS Tokai Corporation, a Japanese company specializing in electromagnetic compatibility testing for the automotive sector;
- Ingeniería, Control y Administración, S.A. de C.V. ("INCA"), a Mexican company providing technical supervision of construction and infrastructure projects;
- ICTK Co. Ltd, a South Korean smart payment testing and certification services company for mobile devices, payment cards and point-of-sale terminals; and
- McKenzie Group Pty Ltd, an Australian Group specializing in real estate compliance regulatory services.

The total purchase price was €189.9 million, and the total goodwill recognized on these companies was €126.6 million (of which €33.0 million for Shanghai Primary Integration Solutions, Inc and €20.6 million for Project Management in China). The 2017 annual net sales of the companies acquired during 2017 is approximately €142.9 million and the operating income before amortization of the intangible assets resulting from the business combination is approximately €21.8 million.

2. Changes in scope of consolidation of IHS Group (Mobile telephone infrastructure in Africa)

In February 2017, the IHS Group, as authorized by the agreements in force, simplified its shareholder structure through the exchange of 51% of MTN's interest in Nigeria Tower InterCo B.V, the parent company of INT Towers Limited managing more than 9,000 towers in Nigeria, for an additional direct stake in IHS Holding Limited ("IHS") Group. The result of this transaction increases MTN's stake in IHS from 15% to around 29%.

As a result of these transactions, Wendel directly owns 21.4% of the share capital of IHS and, together with its co-investors, 28.8% of the voting rights. Wendel remains IHS's largest shareholder in voting rights and its governance rights are unchanged. Its significant influence is therefore maintained. Its investment in IHS continues to be accounted for by the equity method.

The change in the consolidated percentage interest and the transfer of MTN's shareholder loan to IHS generated a dilution gain of €27.3 million.

3. Changes in scope of consolidation of Stahl Group (high-performance coatings and leather-finishing products)

On October 2, 2017, the Stahl Group completed the acquisition of the leather chemistry business of BASF, one of the largest chemical companies in the world. With this acquisition, Stahl strengthened its product portfolio, increased its capacity for innovation and generated combined net sales of around €880 million with EBITDA (excluding non-recurring items and goodwill entries) of approximately €210 million (*proforma* 2017).

In exchange for the sale of its assets to Stahl, BASF received approximately 16% of Stahl's capital, as well as a cash payment of around €111 million (net of VTA).

The Wendel Group is still Stahl's main shareholder, with an interest of roughly 63%. Since the Wendel Group retains sole control of Stahl following this transaction, the dilution gain of €116 million from the capital increase reserved for BASF was recognized as consolidated reserves (IFRS 10 "Consolidated Financial Statements").

The provisional goodwill recognized by Stahl as a result of this transaction amounts to €69 million, given the recognition of €201 million of intangible assets (mainly customer relationships).

4. Changes in scope of consolidation of the Constantia Flexibles Group (flexible packaging)

In 2017, Constantia Flexibles completed the acquisition of TR Alucap, an Italian company specializing in lids for dairy products. The company generated net sales of €19.1 million in 2017.

In addition, Constantia Flexibles sold its Labels division on October 31, 2017 to Multi-Color, for an enterprise value of approximately €1.15 billion (\$1.3 billion). The transaction was paid for in cash (€830 million) and Multi-Color securities, and Constantia Flexibles became its largest shareholder, with a 16.6% stake.

The Constantia Flexibles Labels division generated net sales of €601 million in 2016 and €517 million in the first 10 months of 2017, for total net sales for Constantia Flexibles Group (excluding the Labels division) of €1,461 million in 2016 and €1,487 million in 2017.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", Constantia Flexibles' Labels division's contribution for 2017 and 2016 was reclassified on a single line of the income statement "Net income from discontinued operations and operations held for sale".

The net gain on disposal of this division was €319 million (after sale and tax expenses) and is presented in the income statement under "Net income from discontinued operations and operations held for sale".

The Multi-Color shares received by Constantia Flexibles during this transaction are recognized in "Financial assets available for sale" (valued at the closing price of €211 million at the end of 2017); in fact, Constantia Flexibles' stake in Multi-Color is below the 20% threshold from which there is a presumption of significant influence, and there is no evidence to suggest that Constantia Flexibles exerts such influence.

Note 2-2 Changes in scope of consolidation in fiscal year 2016

The principal changes in scope during 2016 were as follows:

- disposal of the Parours Group (long-term vehicle leasing to corporate customers). Net proceeds from the sale for the Wendel Group amounted to €240.7 million. This corresponded to about 2.2x Wendel's total investment (cash on cash); *i.e.* a capital gain of €129.3 million on its investment and an IRR of around 18% since April 2011;
- the disposal of 30 million Saint-Gobain shares (of which 10 million to Saint-Gobain), representing 5.3% of the share capital, for a net amount of €1,155 million, generating a loss on divestments of €229.6 million (net of disposal costs);
- the merger of AlliedBarton and Universal Services of America (security services). The merger was completed on August 1, 2016. Following the transaction, in return for its investment in AlliedBarton Security Services, Wendel now jointly controls Allied Universal with a stake of 33.2% and received approximately \$387 million in cash;
- the acquisition in November 2016 of 2.8 million Bureau Veritas shares for a total amount of €47.3 million; those shares were resold in 2017 (see changes in the scope of consolidation in 2017);
- an additional investment of \$46 million in IHS, bringing the Group's total investment in IHS to \$826 million;
- the acquisition of 40% of the share capital of PlayYce for €25 million (Commercial real estate in Africa).

NOTE 3 Related parties

Wendel's related parties are:

- IHS, Allied Universal, and PlaYce, which are accounted for by the equity method;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

Since Wendel no longer has significant influence over the Saint-Gobain Group, that company is no longer considered to be a related party (see Note 2 "Changes in scope of consolidation"). The same is true for exceet, which was sold at the end of 2017.

Note 3-1 Members of the Supervisory Board and Executive Board

Compensation paid by Wendel Group for 2017 to the former Chairman of the Executive Board and the member of the Executive Board amounts to €4,382.4 thousand. The value of the stock options and performance shares granted to them during 2017 totaled €3,875 thousand at the date of their allocation, being specified that the options and performance shares granted to the former Chairman of the Executive Board have been written off in view of the termination of his positions on 31 December 2017.

Compensation paid to members of the Supervisory Board in 2017 totaled €841.8 thousand, including €766.5 thousand in Wendel SE directors' fees and compensation paid to the Chairman of the Supervisory Board, and €75.3 thousand in directors' fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board. These amounts do not include the salary of the employee representative on Wendel's Supervisory Board, who does not receive Wendel SE director's fees.

Frédéric Lemoine, the former Chairman of the Executive Board until the close of the year, was paid a severance payment of an amount of €5,418 thousand, the performance conditions having been met.

In addition, in the context of his departure, the Supervisory Board authorized two adjustments to the cross-buying and -selling promises made between Wendel and the former Chairman of the Executive Board concerning his co-investment shares (see Note 4 "Participation of managers in Group investments") and applicable in the event of termination of employment:

- for shared co-investments, the exercise period of his promise to purchase for Wendel is postponed by one year and will be exercisable between March 1, 2019 and April 30, 2019; as stated in the promises, the put might be exercised on the basis of the value of the relevant investments in the net asset value (as defined in the promises) as of December 31, 2018. A financial liability to that effect was recognized;

- Wendel waived its promise to sell unvested co-investment shares; this means that the vesting of all of its co-investments continues to run for the usual period of four years. For his part, Frédéric Lemoine waived the exercise of his promises to buy for his co-investments on a deal-by-deal basis.

The Company's commitments to Bernard Gautier, member of the Executive Board, in the event of his departure, are as follows:

- end-of-contract severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board;
- end-of-appointment severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, subject to certain conditions.

In accordance with the policy of encouraging Wendel managers to participate in Group investments (see Note 4 "Participation of managers in Group investments"), the management team (including the Executive Board) co-invested 0.5% of the investment in Tsebo in the first half of 2017. In addition, the debt recognized for the co-investment in Stahl by Wendel's management team was settled in June and July 2017 (see Note 4 "Participation of managers in Group investments").

Note 3-2 Wendel-Participations

Wendel-Participations is owned by 1,148 Wendel family individuals and legal entities. Wendel-Participations owns 37.58% of the share capital of Wendel SE as of December 31, 2017, representing 50.46% of the voting rights exercisable.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a service delivery agreement entered into for the implementation of the provisions of the Sapin 2 Law on the prevention of corruption and for the implementation of CBCR reporting;
- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "WENDEL Investissement" brand; and
- agreements regarding technical assistance and leasing of premises to Wendel-Participations.

NOTE 4 Participation of managers in Group investments

The accounting principles applied to co-investment mechanisms are described in Note 1-10.18 "Accounting treatment of mechanisms for the participation of management teams in Group's investments".

Note 4-1 Participation of Wendel managers in Group investments

To involve its managers in the Group's value creation, Wendel has set up co-investment mechanisms to allow them to invest their personal funds in the same assets in which the Group invests. This gives managers a personal stake in the risks and rewards of these investments. Several mechanisms co-exist depending on the date of Wendel's initial investment. Certain rules are common to all mechanisms:

- i) the amount of the co-investment is no more than 0.5% of the amount invested by Wendel; the co-investments correspond to the disbursements made by each manager and are concurrent with the Wendel investments;
- ii) if a liquidity event (as defined in paragraph (iii) below) occurs, the managers have, depending on the particular case, either the same rights and obligations as Wendel in relation to the gain or the loss incurred (*pari passu* co-investment), or different rights and obligations (accelerated co-investment). In the latter case, if Wendel achieves a predefined level of return, the managers have the right to a greater share of the gain than their shareholding; conversely, if the return is not achieved, the managers lose all rights to any capital gain, as well as the amount of their initial contribution;
- iii) a liquidity event is defined as a full divestment of a portfolio company, a change in control, or divestment of more than 50% of the shares held by Wendel, or if the company concerned is listed on a stock exchange. The liquidity extended to co-investors may be either the total amount or an amount proportional to the investment sold;
- iv) co-investors' rights vest over a period of four years in five tranches of 20% each, including 20% at the investment date. In the event of their departure before a liquidity event (as defined in iii) above) or before an automatic liquidity tranche (as defined in v) below), the managers must sell (and in certain cases have the option to sell) their unvested rights to Wendel Group upon its request at their initial value, and, in certain cases, to sell their vested rights under predefined financial conditions;

- v) in the absence of a liquidity event eight to twelve years after the initial investment, a cash payout is offered to co-investors, in one or more tranches. The valuation of the portfolio company is systematically performed by an internationally-renowned independent expert, and managers' rights and obligations are calculated in accordance with the rules set out in paragraph ii) above.

In addition, co-investments deriving from small investments can be aggregated and paid up at the end of the year. Accordingly, payment of co-investments that together represent less than €100,000 for all managers (corresponding to Wendel investments of less than €20 million) can be deferred until a cumulative threshold of €250,000 is reached. If this threshold is not reached at least once a year, payment must nevertheless be made.

2006-2008 period

Co-investments related to acquisitions Wendel made between 2006 and 2008 (and to subsequent reinvestments Wendel made in these companies) remain governed by the principles above, and the following specific rules:

- i) the co-investments confer a right to 10% of the capital gain (on 0.5% of the investments), provided that Wendel has obtained a minimum return of 7% p.a. and a cumulative return of 40% on its investment. Otherwise, the co-investors lose all rights to any capital gain, as well as the entire amount invested;
- ii) if no liquidity event occurs, a cash payment is offered to the co-investors after a period of ten years, *i.e.*, on December 31, 2016.

Under these old principles, managers invested personally alongside Wendel in:

- Saint-Gobain: this co-investment was unwound in 2010, before maturity, because of the lack of prospects of a return for co-investors, who lost the whole of their investment;
- Materis, Deutsch, Stahl and Van Gansewinkel Groep (VGG); these co-investments were made through Winvest International SA SICAR, which was created in 2006 and divided into four sub-funds corresponding to each of those four companies.

The co-investment in Deutsch was unwound when this company was sold in April 2012 to the TE Connectivity Group. The co-investment in VGG was liquidated when the Company was taken over by its creditors in July 2015 (co-investors lost the whole of their investment).

The co-investments in Stahl and Materis were unwound on December 31, 2016, at the end of the ten-year period indicated in (ii) above. In accordance with the rules defined in 2006, the valuation of those companies was carried out by an independent expert on the basis of a multi-criteria approach. It emerged from this expert report that:

- regarding Stahl, Wendel's IRR as at December 31, 2016 was above 24% and the investment multiple more than six times, above the minimum return conditions; based on the independent expert's appraisal, 35 co-investors received €78.9 million, of which 6.56% for the former Chairman of the Executive Board and 16.05% for the other member of the Executive Board (present since the initial investment), 33.75% to 16 others managers still in the Group and 43.64% for 17 former managers who left the Group;
- regarding Materis, based on the independent expert's appraisal, the minimum yield conditions for Wendel (7% per year and 40% cumulatively) were not reached and the co-investors lost the whole of their investment.

2011-2012 period

In 2011, the co-investment principles evolved, in particular to include a *pari passu* share and to reduce the share of the capital gain likely to be returned to co-investors. Co-investments related to acquisitions made by Wendel between 2011 and 2012 (and to potential subsequent reinvestments made by Wendel in these companies) are therefore governed by the principles set out at the beginning of Note 4-1 and by the following specific rules:

- i) 30% of the amounts invested by the co-investors are invested under the same terms and conditions as Wendel (*pari passu* co-investment);
- ii) the remaining 70% confer a right, should a liquidity event occur, to 7% of the capital gain (carried interest), provided that Wendel has obtained a minimum return of 7% *per annum* and a cumulative return of 40% on its investment. Otherwise, the co-investors lose all rights to any capital gain on 70% of their investment, and also lose 70% of the amount invested;
- iii) if Wendel has not fully divested the company in question or listed it on a stock exchange, a three stage payment is offered to the co-investors within a period of 8 years after Wendel's initial investment: the potential capital gain is realized after 8 years on one-third of the amounts invested by co-investors; similarly, the potential gain on the other two-thirds is realized after 10, then 12 years if no full divestment or IPO has taken place in the meantime.

Under these principles, the managers invested personally alongside Wendel in Parours, Mecatherm, and IHS. These co-investments were made through Oranje-Nassau

Développement SA SICAR, created in 2011, and currently divided into three sub-funds corresponding to each of these three companies.

The co-investment in Parours was unwound at the end of 2016 following the sale of the Company to ALD Automotive, a subsidiary of Société Générale Group. In 2018, the buyer triggered the liability guarantee, and the co-investors paid their share of it.

2013-2017 period

The co-investment mechanism was again amended in 2013, on the initiative of the Supervisory Board, in order to introduce a pooled share and, in certain cases, to raise the Group's minimum return condition. These amendments were set for the four years of the Executive Board's term. Co-investments related to acquisitions made by Wendel in new companies between April 2013 and April 2017 are therefore governed by the principles set out at the beginning of Note 4-1 and by the following specific rules:

- i) 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% *per annum* (carried interest deal by deal); a three-stage payment determined by an expert is offered to co-investors at 8, 10 and 12 years after Wendel's initial investment (see 2011-12 period), if Wendel has not fully divested the company in question or listed it on a stock exchange;
- ii) 35% of the amount co-invested gives the right to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return, calculated for all of these investments as a whole, is at least 7% *per annum* (pooled carried interest); if Wendel has not fully divested each of the investments of the period in question, or listed them on a stock exchange, the pooled potential capital gain will be allocated equally in 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);
- iii) the remaining 30% is co-invested *pari passu* with Wendel, 15% on a deal-by-deal basis, and 15% on a pooled basis;
- iv) as the co-investors freely agreed to participate in the 2013-2017 co-investment program for a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu*); failing which, the co-investor concerned loses all of his/her rights to the pooled capital gain for the non-invested portion and his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

- v) those co-investors who have satisfied their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis (carried interest and *pari passu*), without obligation;
- vi) the four-year period necessary to acquire the rights to pooled carried interest is calculated from the date of the initial investment.

In addition, the share of the Executive Board's co-investment has been fixed at one-third of the total co-investment, comprising 60% and 40%, respectively, from the former Chairman and the other member of the Executive Board.

Co-investments are made in euros. In the case of foreign currency investments the euro exchange rate is adjusted to that applying on the day of the SICARs' capital increase, taking into account any exchange rate hedges.

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo. These co-investments were made through two Luxembourg venture capital companies, Expansion 17 SA SICAR and Global Performance 17 SA SICAR, which were incorporated in 2013. Expansion 17 SA SICAR, in which co-investments are made on a deal-by-deal basis, is divided into six sub-funds corresponding to each of the six companies; Global Performance 17, in which joint co-investments are made, has only one sub-fund for all investments from 2013 to 2017.

In 2017, on the prior authorization of the Supervisory Board, the members of the Executive Board together with Wendel made a co-investment in Tsebo (€144,179 for the former Chairman of the Executive Board and €96,034 for the other member of the Executive Board).

2017-2020 period

For investments made in new companies between April 2017 and December 2020, the 2013-2017 co-investment principles were maintained subject to the following adjustments:

- i) a minimum rate of return reduced from 10% to 8% on the deal-by-deal portion (unchanged at 7% on the pooled portion);
- (ii) in the event of an IPO:
 - a. partial liquidity (no longer total) for co-investors, in proportion to the stake sold by Wendel,
 - b. in the absence of a total sale of the previous stake listed on the market, a valuation of the residual stake based on the average of the closing prices of the six months preceding each maturity date (on the 8th, 10th and 12th anniversaries of each investment for the deal-by-deal portion and in 2028-2029 for the pooled portion).

These principles were not implemented and a review by the Supervisory Board of Wendel's incentive system for managers is underway.

Note 4-2 Participation of subsidiaries' managers in the performance of their companies

Various mechanisms exist in Wendel Group subsidiaries to allow senior managers to participate in the performance of each entity.

For listed subsidiaries (Bureau Veritas), these mechanisms comprise subscription and purchase type stock option plans, and performance share plans.

Moreover, for unlisted subsidiaries (Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo), the policy of manager participation in company performance is based on a co-investment system whereby managers co-invested significant amounts alongside Wendel. These investments present a risk for the co-investors/managers in that they run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

These mechanisms are generally composed in part of a *pari passu* investment, which gives a return profile identical to that achieved by Wendel, and in part of a ratchet investment, which offers a gain profile differentiated according to performance criteria such as the Internal Rate of Return (IRR) achieved by Wendel. Accordingly, for this part, co-investor managers do not receive a higher return than Wendel until from a certain break-even point made by Wendel.

These co-investment mechanisms and the sharing of risk between Wendel and the manager co-investors are represented by a variety of financial instruments held by Wendel and the manager co-investors. These instruments include ordinary shares, index-based or preferred shares, fixed-rate bonds, warrants, etc. The ratchet portions may also be structured as bonus systems linked to the relevant entity's performance, or to the profitability of Wendel Group's investment in the entity.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific point in time (depending on the Company, between 5 and 13 years after the initial investment by Wendel).

In addition, most equity-accounted investments (Allied Universal and IHS) have also implemented co-investment schemes for managers or performance share plans and/or stock option plans that may have a dilutive effect on Wendel's ownership of those companies.

Note 4-3 Impact of co-investment mechanisms for Wendel

At the end of 2017, the dilutive impact of these co-investment mechanisms on Wendel's percentages of ownership in the stakes in question was between 0 and 4 points of percentage. This calculation is based on the value of the stakes calculated for the Group's Net Asset Value as of December 31, 2017.

NOTE 5 Managing financial risks

Note 5-1 Managing equity market risks

Note 5-1.1 Value of investments

Wendel's assets are mainly investments in which it is the main or controlling shareholder. These assets are listed (Bureau Veritas and Saint-Gobain) or unlisted (Constantia Flexibles, Cromology, Stahl, IHS, Allied Universal, Tsebo, Mecatherm, CSP Technologies and Nippon Oil Pump).

The value of these investments is based mainly on:

- their economic and financial performance;
- their prospects for business development and profitability;
- their ability to identify risks and opportunities in their environment;
- equity market trends, directly in the case of listed companies and indirectly in the case of unlisted companies, whose valuations may be influenced by market parameters.

Beyond these market parameters, growth in Wendel's Net Asset Value (NAV, aggregate defined in the annual financial report) depends on its managers' capacity to select, buy, develop and then resell companies able to distinguish themselves as leaders in their sectors.

Wendel makes its decisions on the basis of its investment teams' expertise and in-depth strategic, accounting/financial, legal, tax and environmental analyses. These processes identify the operating, competitive, financial and legal opportunities and threats likely to have an impact on the value of an investment.

Wendel monitors and analyzes each company's operating and financial performance and the risks to which they are subject, alongside the managers of the companies, during regular in-depth operational review meetings or meetings of these companies' governance entities. In addition, knowledge sharing with the management team makes it possible to develop true sectoral

expertise and thus to prepare an analysis of future prospects at regular intervals. This regular review also enables Wendel to better analyze developments in each investment and play its role of principal shareholder.

Wendel's company-specific approach is supplemented at the Group level through an overall analysis of the distribution of Wendel's subsidiaries and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of their competitive positioning and of the resilience of the companies to a deterioration in the economic climate.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations.

Additionally, the financial and debt structure of certain unlisted investments (Cromology, Stahl, Allied Universal, Tsebo, Mecatherm, CSP Technologies and Nippon Oil Pump) accentuates the valuation risk of these investments. While leverage makes high Internal Rates of Return (IRR) possible on these investments, it also exacerbates financial difficulties in the event of a significant slowdown in economic activity, by restricting the access of the companies in question to liquidity and by subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see Note 5-2 "Managing liquidity risk"). Moreover, the financial crisis has shown that banks' own difficulties (e.g. access to liquidity, prudential ratios) could make refinancing the debt of these companies more difficult. To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. Moreover, Wendel and its subsidiaries are in close contact with bank lenders, in order to more effectively manage the restrictions on these financing agreements.

The value of these investments is therefore subject to the risk that their economic and financial performance and prospects for business development and profitability will be undermined by difficulties related to their organization, financial structure, economic sector and/or the global economic environment. The value of investments is also subject to financial market risk and equity market risk in particular. However, Wendel is a long-term shareholder with no short-term demands on the value of its assets at a specific point in time, even though it monitors NAV trends very closely.

Note 5-1.2 Short-term financial investments indexed to equity markets

As part of its cash management (see Note 5-2 "Managing liquidity risk"), Wendel uses liquid, short-term financial investments, a small portion of which is indexed to equity markets (equity funds). This small portion is therefore exposed to equity market risk. Such investments, which offer higher expected yields than cash instruments, but also greater risk of loss in value, are formally monitored on a regular basis by the Chief Financial Officer and the Executive Board.

Note 5-1.3 Equity market risk

Equity market risk relates chiefly to:

- consolidated and equity-method shares, whose "recoverable values" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see the impairment tests in Note 7 "goodwill" and in Note 10 "Equity-method investments");
- the Saint-Gobain shares held by Wendel and the Multi-Color shares held by Constantia Flexibles (see Note 2 "Changes in scope of consolidation"). They are recognized as financial assets available for sale and valued at the market price on the closing date. Changes in fair value are recorded within shareholders' equity unless there is a decline in value that is considered to be significant or lasting, in which case an impairment charge is recognized in the income statement. As of December 31, 2017, the value of the Saint-Gobain shares was €650.8 million and a loss of €58.5 million was recognized as shareholders' equity between the date of their reclassification (see Note 2 "Changes in scope of consolidation") and the closing date. The value of the Multi-Color shares was €211.1 million and a loss of €29.4 million was recognized as shareholders' equity between the date of entry in the consolidated balance sheet and the closing date;
- the Saham shares are recorded as financial assets available for sale and recognized at their fair value. The accounting treatment for changes in fair value is identical to that described above for Saint-Gobain and Multi-Color shares. At the end of 2017, the net carrying amount of these securities was revalued through equity at €121.6 million, compared with €120.8 million as of end-2016 (see

Note 13, "Financial assets and liabilities"); an agreement to sell that stake was signed in March 2018 (see Note 36 "Subsequent event");

- financial investments indexed to the equity markets, the total value of which was €102.5 million as of end-2017. These investments are classified under current financial assets, and any change in their fair value is recognized on the income statement. A +/-5% variation in the equity markets would have an impact of about €+/-5.1 million on the value of these investments, which would be recognized in the income statement;
- investments by Wendel Lab, whose total value is €33.8 million as of the end of December 2017. The accounting treatment of those "financial assets available for sale" is the same as for Saint-Gobain, Multi-Color and Saham (see above);
- the optional component (sale of a call option) of bonds exchangeable for Saint-Gobain shares (see Note 16 "Financial debt"). As of December 31, 2017, that component was valued at fair value under liabilities for €33.3 million. A +/-5% variation in the Saint-Gobain share price would have an impact of €-/+8.6 million in profit or loss;
- minority buy-out commitments (minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies recognized as financial liabilities; their value is based on the fair value of the stake in question or, as the case may be, is determined by a contractual formula based on a fixed operating margin multiple. At December 31, 2017, the total of these financial liabilities totaled €364 million (see Note 13 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often determined using the calculation method of the Net Asset Value (this methodology is described in the Group's annual financial report), i.e., the multiples of market comparables method applied to the operating margin of the stakes in question. In the event of a 5% increase in the operating margins of the stakes in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies and the buy-out commitment granted by Stahl to BASF would increase by €36 million. This change would be recognized mainly in retained earnings & other reserves;
- the investments also granted minority puts (see Note 13 "Financial assets and liabilities");
- these Wendel syndicated loan covenants are based on ratios of financial debt to the value of assets, and are described in Note 5-2.4 "Financing agreements and covenants of Wendel and its holding companies." As of end-2017, this facility was not drawn and Wendel was in compliance with these covenants;
- the degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key indicator of the cost of bond and bank financing, which Wendel may seek to access. This indicator is also monitored by Standard & Poor's, which has been mandated by Wendel to rate its financial structure and bond issues.

Note 5-2 Managing liquidity risk

Note 5-2.1 Liquidity risk of Wendel and the holding companies

Wendel needs cash to make investments, service debt and pay operating expenses and dividends. These needs are covered by cash available, asset rotation, bank and bond financing, and by dividends received from subsidiaries and associates.

In millions of euros	Denominated in €	Denominated in \$	Total
Money-market mutual funds	571	152	723
Bank accounts and bank certificates of deposit	454	171	625
Diversified, equity and bond funds ⁽¹⁾	90	12	102
Funds managed by financial institutions ⁽¹⁾	279	0	279
TOTAL	1,394	336	1,730

(1) Classified under "Other current financial assets."

Most of the short-term financial investments and cash invested in US dollars were converted into euros in early February 2018 (post-closing): a loss of approximately €10.9 million will be recognized in this respect in 2018.

1.2. Monitoring cash and short-term financial investments

Every month cash & equivalents (including short-term financial investments) and cash flow are displayed on a chart summarizing the changes during the month and the month-end position. This chart is presented to the Executive Board on a monthly basis. It also details the various cash and short-term financial investment vehicles utilized, as well as counterparty information. Finally, another chart indicating the expected cash flows over the coming months and years is prepared on a regular basis and used to determine when financing needs will arise under various scenarios.

Cash investment vehicles consist of short-term bank deposits and low-volatility, money-market mutual funds (classified under "Cash and cash equivalents"), funds managed by financial institutions, and equity, bond and diversified funds (classified under "Other financial assets"). These investments are valued daily (or in some cases weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of cash and short-term financial investments. In choosing the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies.

1. Position and monitoring of cash and short-term financial investments

1.1. Cash position and short-term financial investments

As of December 31, 2017, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

2. Position and management of debt maturities and refinancing

At December 31, 2017, gross debt (excluding operating subsidiaries) consisted of bonds (including bonds exchangeable for Saint-Gobain shares) for a total amount of €2,869.2 million after repayment of €507.4 million due in August 2017. Maturities are spread between April 2018 and February 2027, and the average maturity is 4.2 years.

At the end of 2017, Wendel also has an undrawn €750 million syndicated loan maturing in October 2022 with additional maturity deferral options of up to two years, subject to the banks' agreement. Its financial covenants were respected (see Note 5 - 2.4.2 "Wendel's syndicated loan - documentation and covenants"). This undrawn line of credit notably enables Wendel to secure the repayment, if necessary, of the closest maturities and to have enough flexibility to take advantage of investment opportunities.

The €500 million bank line of credit with collateral calls was voluntarily canceled in H1 2017 because it had become unnecessary after the sale of Saint-Gobain shares (see Note 2 "Changes in scope of consolidation").

Moreover, in the context of currency risk management (see Note 5-5 "Managing currency risk"), €800 million in bond debt was converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).

At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's is BBB- "stable" outlook. The short-term rating is A-3.

2.1. Managing debt

To manage debt maturities, Wendel must find the necessary resources to cover the repayment of its financial obligations at their maturity. These resources can derive from available cash, asset rotation, the drawdown of the available credit line or new financing. This latter resource may be limited by:

- the availability of bank and bond lending sources, which has been restricted by financial market volatility, banks' access to liquidity, and pressure from financial institution regulators;
- the level of financial leverage of Wendel and its holding companies (i.e. net debt/assets ratio), which is a key credit risk indicator tracked by Wendel's lenders and by Standard & Poor's, which rates the Group's financial structure. Likewise, the syndicated loan is subject to financial covenants that are based principally on the market value of Wendel's assets and on the amount of net debt (see Note 5 - 2.4.2 "Wendel's syndicated loan - documentation and covenants"). Leverage depends in particular on asset values and is therefore subject to equity market risk (see Note 5 - 1.3 "Equity market risk"); and
- a potential rating downgrade for Wendel from Standard & Poor's.

To manage refinancing risk, Wendel seeks to align the maturities of its bond and bank financing with its long-term investor outlook. Wendel therefore secures medium to long-term financing and extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so.

Note 5-2.2 Liquidity risk of operating subsidiaries**1. Managing the liquidity risk of operating subsidiaries**

The management of each operating subsidiary is responsible for managing the cash, debt, and liquidity risk of that entity.

Cash and debt levels are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared several times a year and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are presented regularly to Wendel.

2. Impact of liquidity risk of subsidiaries on Wendel

Debt of operating subsidiaries is without recourse to Wendel. As such, the liquidity risk of these subsidiaries affects Wendel only when Wendel chooses to accept it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if Wendel decided to contribute cash to an operating

subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries, and new investments. In this context, Wendel extended a €15 million liquidity line to Mecatherm (15 million of which had been drawn as of end-December 2017) and provided a guarantee of €11 million to Mecatherm's lenders in return for the easing of financial covenants and banking documentation relating to the Mecatherm debt. In March 2018, Wendel also made a cash injection of €25 million into Cromology to enable it to gain financial leeway in particular *vis-à-vis* its bank borrowings, to carry out the recovery of its profitability. Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity *via* the amount of dividends they pay to Wendel. Similarly, changes in the economic and financial position of subsidiaries has an impact on their value, however, this value is taken into account in calculating Wendel's financial leverage (see Note 5 - 1.3 "Equity market risk").

Note 5-2.3 Wendel's liquidity outlook

The next significant financial maturity is the repayment of the April 2018 bond in the amount of €349.8 million. Wendel's liquidity risk over the 12 months following the reporting date is low given its high level of cash and short-term financial investments, and its available undrawn syndicated credit line.

Note 5-2.4 Financing agreements and covenants of Wendel and its holding companies**1. Bonds issued by Wendel - documentation**

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

2. Wendel's syndicated loan - documentation and covenants (undrawn as of December 31, 2017)

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. The net debt taken into account corresponds to Wendel bonds and the syndicated loan, when drawn, reduced by cash.

Net debt of the Group subsidiaries is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of:
 - unsecured gross debt plus off-balance-sheet commitments similar in nature to unsecured financial debt of Wendel and its financial holding companies, less available cash (not pledged or in escrow) of Wendel and the financial holding companies;
 and
 - the sum of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow);
 must not exceed one.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2017 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

Note 5-2.5 Financial debt of operating subsidiaries - documentation and covenants

1. Bureau Veritas' financial debt

This debt is without recourse to Wendel.

As of December 31, 2017, Bureau Veritas' gross financial debt was €2,449.0 million, and its cash balance was €364.3 million. Bureau Veritas also has a confirmed and undrawn line of credit of a total amount of €450 million.

The financial covenants applicable as of December 31, 2017 were met:

- the ratio of adjusted net financial debt to consolidated EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization and Provisions) adjusted for the last 12 months of any acquired entity must be less than 3.25. As of December 31, 2017, this ratio was 2.37;
- the ratio of adjusted consolidated EBITDA of the last 12 months of any acquired entity to net finance costs must be greater than 5.5. As of December 31, 2017, this ratio was 10.18.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As of December 31, 2017, the notional amount of Constantia Flexibles' gross financial debt amounted to €526.4 million (including accrued interest and excluding issuance costs). Its cash balance was €64.7 million (plus deposits pledged as collateral in the amount of €62.5 million).

The ratio of net financial debt to EBITDA for the last 12 months must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of December 31, 2017.

The documentation related to Constantia Flexibles' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

3. Cromology's financial debt

This debt is without recourse to Wendel.

As of December 31, 2017, Cromology's bank debt was €281.0 million (including accrued interest, and excluding deferred issuance costs and shareholder loan). Its cash balance was €41.5 million.

Cromology benefited from a cash injection of €25 million from Wendel in March 2018. This injection will enable Cromology to gain financial leeway in particular vis-à-vis its bank borrowings, to carry out its development and the recovery of its profitability.

The debt is subject to the following covenants:

- adjusted LTM EBITDA divided by net cash interest expense must be greater than 2.59 (this minimum rises to 2.70 in 2018). This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- consolidated net debt (excluding shareholder loan) divided by adjusted LTM EBITDA must be less than 4.94 (this ceiling declines to 3.75 in 2020). The test is performed quarterly.

As of December 31, 2017, these covenants were respected.

The documentation related to this debt contains the standard restrictions for this type of credit facility. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt, and payment of dividends are prohibited, restricted, or require the prior approval of the lenders.

4. Stahl's financial debt

This debt is without recourse to Wendel.

As of December 31, 2017, Stahl's gross bank debt was €582.4 million (including accrued interest, and excluding issuance costs). Its cash balance was €41.1 million.

The ratio of consolidated net debt to LTM EBITDA must be less than or equal to five. This covenant was respected as of December 31, 2017.

The documentation related to Stahl's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

5. Mecatherm's financial debt

As of December 31, 2017, the notional amount of Mecatherm's debt was €38.7 million (including accrued interest and a drawn €15 million liquidity line granted by Wendel and drawn, and excluding issuance costs). Its cash balance was €7.2 million.

Given the volatile economic environment of and operating difficulties encountered in recent years, Mecatherm and its bank lenders have agreed to suspend financial covenant testing until business income is above a certain threshold defined by contract. As part of this agreement, Wendel agreed to provide a €15 million liquidity line (€15 million of which had been drawn as of December 31, 2017) to enable Mecatherm to finance its general corporate needs, and to grant a €11 million first-demand guarantee to the banks to cover the servicing of Mecatherm's bank debt. The recourse of Mecatherm's bank lenders to the Wendel Group is limited to this guarantee. At the closing date, Mecatherm is in discussions with its lenders to restructure its bank debt.

6. CSP Technologies' financial debt

This debt is without recourse to Wendel.

As of December 31, 2017, the notional amount of CSP Technologies' bank debt was \$184.2 million, or €153.6 million (including accrued interest, and excluding issuance costs). Its cash balance was \$8.3 million, or €6.9 million. As of that date, the covenants were as follows:

- the ratio of LTM EBITDA to net interest expense must be greater than or equal to 2.25 (this minimum ratio rises to 2.5 from March 2019). This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- the ratio of consolidated net debt (gross debt less cash capped at \$10.5 million) to LTM EBITDA must be less than or equal to 5.75 (this maximum ratio falls to 4.00 at the end of 2020). It is tested quarterly.

These covenants were met as of December 31, 2017.

The documentation related to CSP Technologies' debt contains standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

7. Nippon Oil Pump's financial debt

This debt is without recourse to Wendel.

As of end-December 2017, the face value of Nippon Oil Pump's gross bank debt was JPY 3.6 billion (€26.6 million). Its cash balance was JPY 1.2 billion (€8.6 million).

The financial covenants specify a minimum level of shareholders' equity and stipulate that net income cannot be negative for two consecutive years. These covenants were met as of December 31, 2017, when the annual test was performed.

8. Tsebo's financial debt

This debt is without recourse to Wendel.

As of December 31, 2017, Tsebo's gross bank debt was €129.6 million (including accrued interest and excluding issuance costs). It is denominated in rands. Its cash balance was €21.7 million. The financial covenants apply to the Mauritian parent company, to the South African scope and to a limited number of other African companies. They are tested twice annually, at end-March and end-september. These are as follows:

- the ratio of LTM EBITDA to the amount of interest paid must be greater than or equal to 2.00 as of end-September 2017 (this minimum ratio rises to 3.00 in 2021);
- the ratio of consolidated net debt to LTM EBITDA must be less than or equal to 4.00 as of end-September 2017 (this maximum ratio falls to 2.25 in 2021); and
- the ratio of operating cash flow to interest expense must be greater than 1.25.

These covenants were met at end-September 2017.

The documentation related to Tsebo's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

Note 5-3 Managing interest-rate risk

As of December 31, 2017, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	5.1		2.0
Cash and short-term financial investments ⁽¹⁾	-0.3		-1.9
Impact of derivatives	0.3	0.4	-0.7
INTEREST-RATE EXPOSURE	5.1	0.4	-0.6
	104%	8%	-12%

(1) Excluding €0.1 in short-term financial investments not sensitive to interest rates.

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2017 during which they will hedge interest rate risk.

A +100 basis point change in the interest rates on which the interest rate exposure of the consolidated Group is indexed would have an impact of around €+5.1 million on net finance income before tax over the 12 months after December 31, 2017, based on net financial debt as of December 31, 2017, interest rates on that

date, and the maturities of existing interest rate hedging derivatives. This positive impact on a rate increase is the effect of a very significant Group cash position (exposed to floating rates) and a number of financing measures incorporating floor rates that make them insensitive to part of the rate increase.

As of December 31, 2016, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries) to interest rates was also limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	6.0		2.9
Cash and short-term financial investments ⁽¹⁾	-0.3		-2.6
Impact of derivatives	0.0	0.9	-0.9
INTEREST-RATE EXPOSURE	5.8	0.9	-0.5
	94%	15%	-9%

(1) Excluding €0.1 in short-term financial investments not sensitive to interest rates.

Note 5-4 Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk, and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group's geographical and sectoral diversification, there was no significant concentration of credit risk in trade receivables.

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. However, given the high amount of cash and short-term financial investments at the close of 2017 (see Note 5-2 "Managing liquidity risk"), significant amounts could be placed with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 5-5 Managing currency risk

Note 5-5.1 Wendel

Certain Group investments operate in several countries, and as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The investments with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, Allied Universal, and CSP Technologies. Owing to the exposure of part of those assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency through the use of derivatives. As such, €800 million in euro-dollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the euro-dollar exchange rate on the Group's net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. As a result, changes in fair value related to change in the euro-dollar exchange rate are recognized in equity (impact of €+102 million in 2017). A 5% increase in the value of the US dollar against the euro would have a negative impact of €37 million in equity in respect of cross-currency swaps.

Note 5-5.2 Bureau Veritas

Due to the international nature of its activities, Bureau Veritas is exposed to currency risk arising from the use of several foreign currencies even though natural hedges may exist due to the fact that many of the entities where services are supplied locally have corresponding costs and revenues.

Currency risk from operations

For the Bureau Veritas' activities in local markets, costs and revenues are mainly expressed in local currency. For the activities related to global markets, a portion of net sales is denominated in US dollars.

The share of US dollar-denominated consolidated net sales in 2017 for countries with a functional currency other than US dollar or its correlated currencies is 9%.

Accordingly, a 1% fluctuation of the US dollar against any currencies would have an impact of 0.1% on the Bureau Veritas' consolidated net sales.

Conversion risk

Since the presentation currency of the financial statements is the euro, Bureau Veritas must convert into euros the income and expenses in currencies other than the euro when preparing the financial statements. This conversion is carried out at the average rate for the period. As a result, changes in the exchange rate of the euro against other currencies affect the amount of the items concerned in the consolidated financial statements, even if their value remains unchanged in their original currency.

In 2017, over 71% of the Group's net sales were the result of the consolidation of the financial statements of entities with a functional currency other than the euro:

- 18.7% of net sales come from entities whose functional currency is the US dollar or its correlated currency (including the Hong Kong dollar);
- 11.2% of net sales come from entities whose functional currency is the Chinese yuan;
- 4.0% of net sales come from entities whose functional currency is the Canadian dollar;
- 3.9% of net sales come from entities whose functional currency is the Australian dollar;
- 3.8% of net sales come from entities whose functional currency is the Brazilian real;
- 3.7% of net sales come from entities whose functional currency is the pound sterling.

The other currencies, taken individually, did not represent more than 4%.

Accordingly, a 1% fluctuation of the euro against the US dollar and the currencies correlated to it would have had an impact of 0.19% on the Bureau Veritas' 2017 consolidated net sales and 0.19% on its operating result 2017.

Note 5-5.3 Constantia Flexibles

In 2017, 33% of Constantia Flexibles' net sales (excluding the Labels division) were generated in currencies other than the euro, including 10% in US dollar. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-1.7% on Constantia Flexibles' 2017 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than €+/-3 million.

As of December 31, 2017, Constantia Flexibles as no more significative financial debt denominated in US dollars.

Note 5-5.4 Cromology

Cromology operates mainly in Continental Europe and has more limited operations in Morocco and Argentina. In 2017, the risks of inflation and changes in exchange rates were concentrated in Argentina, a modest contributor to the Cromology Group's operating income; this company was sold early 2018.

Note 5-5.5 CSP Technologies

The CSP Technologies Group is mainly based in the United States, with the US dollar as its functional currency. Around 75% of its sales are generated in that currency. A +/-5% fluctuation in the US dollar against the euro would have an impact of less than €+/-1 million on 2017 income from ordinary activities in Wendel's financial statements presented in euros.

An intra-Group loan between the US and European companies in the CSP Technologies Group could generate an accounting loss/gain of €-/+1.5 million if the US dollar were to appreciate/depreciate by 5%.

The CSP Technologies Group's bank debt is denominated entirely in US dollars. Moreover, as its functional currency is the dollar, there is no impact on the income statement related to change in this debt resulting from fluctuations in the euro-dollar exchange rate.

Note 5-5.6 Stahl

In 2017, 58% of Stahl's net sales are in currencies other than the euro, including 32% in US dollars, 10% in Chinese yuans, 7% in Indian rupees and 4% in Brazilian reals. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-5% on Stahl's 2017 income from ordinary activities before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or €+/-9 million.

In addition, Stahl has financial debt of €582 million, the majority of which is denominated in US dollars (€545 million) and carried by a company whose functional currency is the euro. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about €-/ +28 million in net finance income/expenses.

Note 5-5.7 Tsebo

Tsebo operates chiefly in South Africa, but its financial statements are presented in dollars. In 2017, over 97% of Tsebo's net sales were the result of the consolidation of the financial statements of entities with a functional currency other than the dollar, of which 78% in South African rand. A +/-5% fluctuation in the value of the dollar against the South African rand would have an impact of around €1 million in income from ordinary activities before impairment and amortization for 2017 (excluding goodwill allocation and non-recurring expenses) in Wendel's financial statements in euros.

Tsebo's bank debt is denominated in South African rand in the amount of €129.6 million. It is carried by a company whose functional currency is the South African rand. As such, changes in exchange rates have no effect on the net income.

Note 5-6 Managing raw materials risk

The Group investments most exposed to the risk of changes in commodity prices are Cromology, Stahl and Constantia Flexibles.

Cromology's raw material and packaging purchases represented approximately €163 million in 2017. Over this period, the 9.4% average increase in the price of all raw materials (driven by the high increase in the price of titanium dioxide) used by Cromology increased expenses by approximately €15 million. Cromology believes that, in the medium term, an increase in the sales price of its products will be able to offset the effect of such increases. In the short term, however, competitive constraints cause increases in selling prices to lag behind those of the purchase price of raw materials, meaning that such increases can only be partially offset. Cromology continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products.

Stahl purchased around €319 million of commodities in 2017. A 10% increase in the price of the commodities used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €32 million on a full-year basis. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles purchased approximately €775 million of raw materials in 2017 (excluding the Labels division). A 10% increase in the price of the raw materials used by Constantia Flexibles would have led to a theoretical increase in the cost of these raw materials of around €78 million on a full-year basis. Constantia Flexibles has a risk hedging policy against fluctuations in aluminum prices through hedging contracts. Moreover, the company believes that an increase in the sales price of its products combined with the hedging would substantially offset the effect of such increases in raw materials.

NOTE 6 Segment information

The analysis of the income statement by operating segment is split between "net income from operating segments", non-recurring items and effects related to goodwill.

Net income from operating segments

Net income from operating segments is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- "net income from investments" is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Constantia Flexibles, Cromology, Stahl as well as CSP Technologies, Mecatherm, Nippon Oil Pump and Tsebo, grouped under Oranje-Nassau Développement) and Wendel's share in the net income of investments accounted for under the equity method (Allied Universal, IHS, Saint-Gobain until the date of deconsolidation (see Note 2 "Changes in scope of consolidation"), as well as exeeet and PlaYce grouped under Oranje-Nassau Développement) before non-recurring items and the impact of goodwill allocation;
- the net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, the cost of the net borrowings put in place to finance Wendel and its holding companies, and the tax expense and income connected with these items. The amounts shown are those recognized at the level of Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating or ordinary activities of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;

- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, as these are linked to the structure of the financial instruments used to invest in the subsidiaries and associates. These items do not usually give rise to a settlement in cash prior to divestment. The tax impact related to these items is considered recurring inasmuch as it has a structural impact on the tax to be paid;
- changes in "fair value";
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt;
- any other significant item unconnected with the Group's recurring operations.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes in allocation within 12 months of the transaction). The affected items are primarily:

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts;
- the related deferred taxes.

These accounting items modify net income from investments by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies' acquisition prices and not their business activities).

Note 6-1 Income statement by business sector for fiscal year 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Equity-method investments			Wendel & holding companies	Group Total
						Saint-Gobain	IHS	Allied Universal		
Net income from operations										
Net sales	4,689.4	1,487.5	704.6	733.3	714.3	-	-	-	-	8,329.1
EBITDA ⁽¹⁾	N/A	188.2	49.0 ⁽²⁾	171.3	N/A	-	-	-	-	-
Adjusted operating income ⁽¹⁾	745.5	110.4	29.2	155.1	60.6	-	-	-0.1	-	-
Other recurring operating items	-	-2.0	-1.8	-9.5	-2.9	-	-	-	-	-
Operating income	745.5	108.4	27.5	145.6	57.7	-	-	-0.1	-62.6	1,022.0
Finance costs, net	-86.8	-59.8	-21.4	-25.1	-28.9	-	-	-	-144.8	-366.7
Other financial income and expense	-17.0	-1.4	4.0	-6.8	-0.7	-	-	-	17.8 ⁽³⁾	-4.0
Tax expense	-204.5	-17.8	3.5	-29.7	-12.6	-	-	0.7	8.7	-251.7
Share in net income of equity-method investments	0.6	-0.2	-0.3	-	1.3	40.7	4.1	11.4	-	57.6
Net income from discontinued operations and operations held for sale	-	53.7	-5.8	-	-	-	-	-	-	47.9
RECURRING NET INCOME FROM OPERATIONS	437.8	82.9	7.5	84.0	16.8	40.7	4.1	11.9	-180.8	505.0
Recurring net income from operations - non-controlling interests	268.0	39.9	0.3	24.9	2.7	-	-	0.1	-	336.0
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	169.8	43.1	7.2	59.1	14.1	40.7	4.1	11.9	-180.8	169.0
Non-recurring income										
Operating income	-139.2	-66.3	-14.1	-35.0	-73.4	-	-	-	-10.0	-338.0
Net financial expense	-	-49.4	-77.7	60.6	-1.1	-	-	-	78.6	11.0
Tax expense	45.8	12.9	7.4	-6.2	15.0	-	-	-1.6	-	73.4
Share in net income of equity-method investments	-	-	-	-	-4.2	-4.7	-43.4	-48.1	83.8 ⁽⁴⁾	-16.6
Net income from discontinued operations and operations held for sale	-8.5	307.9	-	-	-	-	-	-	-	299.3
NON-RECURRING NET INCOME	-101.9	205.1	-84.5	19.4	-63.7	-4.7	-43.4	-49.7	152.4	29.1
of which:										
■ Non-recurring items	-51.5	242.3 ⁽⁵⁾	-89.3	36.6	-15.2	-4.7	-38.0 ⁽⁷⁾	-42.5	152.4	190.1
■ Impact of goodwill allocation	-50.4	-37.2	4.8	-17.2	-6.4	-	-	-7.2	-	-113.6
■ Assets impairment	-	-	-	-	-42.1 ⁽⁶⁾	-	-5.4	-	-	-47.4
Non-recurring net income - non-controlling interests	-60.3	80.4	-8.0	4.3	-17.6	-	-0.4	-0.2	-	-1.9
NON-RECURRING NET INCOME - GROUP SHARE	-41.6	124.7	-76.4	15.1	-46.1	-4.7	-43.0	-49.4	152.4	31.0
CONSOLIDATED NET INCOME	335.9	288.1	-76.9	103.4	-46.9	36.0	-39.3	-37.7	-28.4	534.1
Consolidated net income - non-controlling interests	207.7	120.3	-7.7	29.2	-14.9	-	-0.3	-0.2	-	334.1
CONSOLIDATED NET INCOME - GROUP SHARE	128.2	167.8	-69.2	74.2	-32.0	36.0	-38.9	-37.6	-28.4	200.0

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

(2) Cromology's EBITDA is now presented after changes in depreciation on current assets (the presentation of the 2016 financial year is also modified to this effect).

(3) The amount of €17.8 million corresponds to dividends received from Saint-Gobain after the date of deconsolidation (see Note 2 "Changes in scope of consolidation").

(4) This positive amount of €83.8 million is primarily related to the sale of Saint-Gobain shares (see Note 2 "Changes in scope of consolidation").

(5) This amount includes the income from the divestment of the "Labels" division for €318.9 million.

(6) This item notably includes €-17.8 million in impairment on Mecatherm and €-21.2 million in impairment recorded by Tsebo on its "Security" division (see Note 7-1 "Goodwill impairment test").

(7) This item includes + €27.3 million of dilution effect on IHS (see Note 2 "Change in scope of consolidation") and a exchange loss of €-68.3 million (offset by a change in the same amount in translation reserves).

The detail of Oranje-Nassau Développement's contribution to the 2017 income statement by business sector is as follows:

In millions of euros	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	PlaYce	Oranje- Nassau Dévelop- pement
Net income from operations							
Net sales	461.0	84.3	120.5	48.5	-	-	714.3
EBITDA ⁽¹⁾	27.0	7.3	-	10.7	-	-	-
Adjusted operating income ⁽¹⁾	22.4	5.3	23.7	9.1	-	-	60.6
Other recurring operating items	-0.8	-0.5	-1.3	-0.2	-	-	-2.9
Operating income	21.6	4.8	22.4	8.9	-	-	57.7
Finance costs, net	-14.8	-1.0	-12.7	-0.3	-	-	-28.9
Other financial income and expense	-0.2	-0.5	-0.1	-	-	-	-0.7
Tax expense	-5.1	-	-4.7	-2.8	-	-	-12.6
Share in net income of equity-method investments	0.7	-	-	-	0.8	-0.3	1.3
Net income from discontinued operations and operations held for sale	-	-	-	-	-	-	-
RECURRING NET INCOME FROM OPERATIONS	2.2	3.4	5.0	5.8	0.8	-0.3	16.8
Recurring net income from operations - non-controlling interests	2.5	-	0.1	0.1	-	-	2.7
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	-0.4	3.3	4.9	5.7	0.8	-0.3	14.1
Non-recurring income							
Operating income	-39.9	-21.8	-9.2	-2.6	-	-	-73.4
Net financial expense	-4.4	-	3.3	-	-	-	-1.1
Tax expense	-0.3	1.4	13.0	1.0	-	-	15.0
Share in net income of equity-method investments	-	-	-	-	-4.2	-	-4.2
Net income from discontinued operations and operations held for sale	-	-	-	-	-	-	-
NON-RECURRING NET INCOME	-44.5	-20.4	7.1	-1.6	-4.2	-	-63.7
of which:							
■ Non-recurring items	-17.0	-1.7	3.4	-0.1	0.2	-	-15.2
■ Impact of goodwill allocation	-6.3	-0.9	3.7	-1.6	-1.4	-	-6.4
■ Asset impairment ⁽²⁾	-21.2 ⁽²⁾	-17.8	-	-	-3.1	-	-42.1
Non-recurring net income - non-controlling interests	-17.7	-	0.1	-	-	-	-17.6
NON-RECURRING NET INCOME - GROUP SHARE	-26.8	-20.4	7.0	-1.6	-4.2	-	-46.1
CONSOLIDATED NET INCOME	-42.4	-17.0	12.0	4.1	-3.4	-0.3	-46.9
Consolidated net income - non-controlling interests	-15.2	-	0.2	-	-	-	-14.9
CONSOLIDATED NET INCOME - GROUP SHARE	-27.2	-17.0	11.8	4.1	-3.4	-0.3	-32.0

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

(2) Impairment recorded by Tsebo on its "security" division (see Note 7-1 "Goodwill impairment tests").

Note 6-2 Income statement by business sector for fiscal year 2016

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Allied Barton	Equity-method investments			Wendel & holding companies	Group Total
							Saint-Gobain	IHS	Allied Universal		
Net income from operations											
Net sales	4,549.2	1,461.1	737.3 ⁽²⁾	655.7	279.3	-					7,682.7
EBITDA ⁽¹⁾	N/A	182.7	57.7 ⁽²⁾	155.6	N/A	-					
Adjusted operating income ⁽¹⁾	734.9	105.4	35.9	140.2	45.1	-			-0.2		
Other recurring operating items	-	-2.0	-1.8	-6.4	-3.3	-1.2			-		
Operating income	734.9	103.4	34.2	133.8	41.9	-1.2			-0.2	-58.1	988.6
Finance costs, net	-89.9	-73.4	-19.2	-8.8	-15.1	-			-	-142.8	-349.2
Other financial income and expense	3.4	-3.0	-0.4	3.4	-0.5	-			-		2.9
Tax expense	-224.5	-25.1	2.4	-33.1	-6.4	-			-0.8	-2.4	-289.8
Share in net income of equity-method investments	0.8	0.1	0.5	-	-1.1	-	106.6	-44.5	1.7	-	64.2
Net income from discontinued operations and operations held for sale	-	65.1	-	-	4.2	31.0	-	-	-	-	100.3
RECURRING NET INCOME FROM OPERATIONS	424.7	67.1	17.5	95.3	23.0	29.8	106.6	-44.5	0.7	-203.3	516.9
Recurring net income from operations - non-controlling interests	258.5	32.5	1.5	23.4	0.3	1.5	-	-0.2	-	-	317.5
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	166.2	34.6	16.1	71.9	22.6	28.3	106.6	-44.3	0.7	-203.3	199.4
Non-recurring income											
Operating income	-125.2	-37.8	-16.0	-22.9	-15.3	-	-	-	-	-95.2	-312.3
Net financial expense	-	-14.4	-69.0	-11.5	-2.5	-	-	-	-1.0	-37.4 ⁽⁵⁾	-135.9
Tax expense	46.4	11.4	12.3	8.4	9.6	-	-	-	-	-	88.1
Share in net income of equity-method investments	-	-	-	-	-14.3	-	9.8	-152.6	-27.8	-147.9 ⁽⁶⁾	-332.8
Net income from discontinued operations and operations held for sale	-	-28.1	-	-	-0.6	-72.6	-	-	-	136.3 ⁽⁷⁾	35.0
NON-RECURRING NET INCOME	-78.8	-68.9	-72.7	-26.0	-23.0	-72.6	9.8	-152.6	-28.9	-144.3	-658.0
of which:											
■ Non-recurring items	-32.1	-23.1	-81.8	-13.6	-6.2	-58.2	6.8	-152.6 ⁽⁴⁾	-10.2	-144.3	-515.2
■ Impact of goodwill allocation	-46.7	-45.8	9.1	-12.4	-9.0	-14.5	17.9	-	-18.7	-	-120.1
■ Assets impairment	-	-	-	-	-7.8	-	-14.9 ⁽³⁾	-	-	-	-22.7
Non-recurring net income - non-controlling interests	-46.8	-27.2	-7.2	-6.3	-0.2	-3.6	-	-0.8	-0.1	0.5	-91.8
NON-RECURRING NET INCOME - GROUP SHARE	-32.0	-41.7	-65.4	-19.7	-22.9	-69.0	9.8	-151.8	-28.7	-144.8	-566.2
CONSOLIDATED NET INCOME	345.9	-1.8	-55.1	69.3	-0.1	-42.9	116.4	-197.1	-28.2	-347.6	-141.1
Consolidated net income - non-controlling interests	211.7	5.3	-5.8	17.1	0.2	-2.1	-	-1.0	-0.1	0.5	225.7
CONSOLIDATED NET INCOME - GROUP SHARE	134.2	-7.0	-49.4	52.2	-0.3	-40.7	116.4	-196.1	-28.0	-348.1	-366.8

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

(2) Without Argentine, classified as discontinued operations in 2017, the 2016 net sales amounted to €700.7 million and the 2016 EBITDA to €56.0 million.

(3) This item includes asset impairments recognized by the Saint-Gobain Group.

(4) IHS: this item consists mainly of a foreign exchange loss (offset by a change in the same amount in translation reserves) and a dilution result of +€3.5 million.

(5) This item includes a €123.6 million loss on the repurchase of Wendel bonds.

(6) This item was impacted by the sale of Saint-Gobain shares for €-229.6 million and the deconsolidation of IHS shares held by co-investors for €81.7 million.

(7) This item includes the results of the sale of AlliedBarton and Parcour for €58.2 million and €78.3 million respectively (excluding discontinuation of depreciation expense for Parcour).

The detail of Oranje-Nassau Développement's contribution to the 2016 income statement by business sector is as follows:

In millions of euros	Parcours ⁽²⁾	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	PlaYce	Oranje-Nassau Développement
Net income from operations							
Net sales	-	118.7	114.5	46.1	-	-	279.3
EBITDA ⁽¹⁾	N/A	13.7	N/A	8.6	-	-	
Adjusted operating income ⁽¹⁾	N/A	11.8	26.6	6.8	-	-	45.1
Other recurring operating items	-0.1	-0.5	-1.4	-1.2	-	-	-3.3
Operating income	-0.1	11.3	25.1	5.5	-	-	41.9
Finance costs, net	-	-1.4	-13.4	-0.4	-	-	-15.1
Other financial income and expense	-	-0.5	0.1	-0.1	-	-	-0.5
Pre-tax income, including management fees	-0.1	N/A	N/A	N/A			-
Tax expense	-	-1.1	-3.2	-2.1	-	-	-6.4
Share in net income of equity-method investments	-	-	-	-	-0.5	-0.5	-1.1
Net income from discontinued operations and operations held for sale	4.2	-	-	-	-	-	4.2
RECURRING NET INCOME FROM OPERATIONS	4.1	8.3	8.7	2.9	-0.5	-0.5	23.0
Recurring net income from operations - non-controlling interests	-	0.1	0.1	0.1	-	-	0.3
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	4.1	8.2	8.6	2.9	-0.5	-0.5	22.6
Non-recurring income							
Operating income	-	-1.7	-10.7	-2.8	-	-	-15.3
Net financial expense	-	-	-2.5	-	-	-	-2.5
Tax expense	-	3.8	4.8	1.0	-	-	9.6
Share in net income of equity-method investments	-	-	-	-	-14.3	-	-14.3
Net income from discontinued operations and operations held for sale	-0.6	-	-	-	-	-	-0.6
NON-RECURRING NET INCOME	-0.6	2.1	-8.4	-1.8	-14.3	-	-23.0
of which:							
■ Non-recurring items	-0.2	-0.2	-1.4	-0.1	-4.1	-	-6.2
■ Impact of goodwill allocation	-0.4	2.3	-7.0	-1.6	-2.3	-	-9.0
■ Assets impairment	-	-	-	-	-7.8	-	-7.8
Non-recurring net income - non-controlling interests	-	-	-0.1	-	-	-	-0.2
NON-RECURRING NET INCOME - GROUP SHARE	-0.6	2.0	-8.3	-1.7	-14.3	-	-22.9
CONSOLIDATED NET INCOME	3.4	10.4	0.3	1.1	-14.8	-0.5	-0.1
Consolidated net income - non-controlling interests	-	0.1	-	-	-	-	0.2
CONSOLIDATED NET INCOME - GROUP SHARE	3.4	10.2	0.3	1.1	-14.8	-0.5	-0.3

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

(2) The result of Parcours reflected in the economic presentation of income excludes the discontinuation of depreciation, pursuant to IFRS 5 (see Note 2 "Changes in scope of consolidation"), the offsetting entry of this adjustment being recognized in income from the sale of this investment.

Note 6-3 Balance sheet by business sector as of December 31, 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	IHS	Allied Universal	Wendel & holding companies	Group Total
Goodwill, net	2,337.0	460.4	211.6	128.6	437.4	-	-	-	3,575.0
Intangible assets, net	837.7	508.6	212.2	290.8	332.4	-	-	-	2,181.8
Property, plant & equipment, net	486.3	574.0	81.9	141.3	109.3	-	-	13.5	1,406.1
Non-current financial assets	119.7	281.7	6.2	2.4	5.8	-	-	967.6	1,383.3
Pledged cash and cash equivalents	-	-	-	-	0.2	-	-	0.4	0.7
Equity-method investments	4.6	0.8	1.4	-	30.4	281.2	215.9	-	534.3
Deferred tax assets	138.4	11.8	28.6	13.5	2.4	-	-	0.5	195.2
Total non-current assets	3,923.8	1,837.2	541.8	576.6	917.8	281.2	215.9	982.0	9,276.4
Assets of discontinued operations and operations held for sale	1.2	-	17.9	1.3	-	-	-	-	20.5
Inventories and work-in-progress	19.8	215.4	91.1	107.4	47.3	-	-	-	481.1
Trade receivables	1,364.9	152.3	116.3	158.4	103.4	-	-	2.3	1,897.5
Other current assets	188.3	40.2	61.4	28.2	16.2	-	3.8	9.6	347.7
Current income tax payable	52.7	5.0	-	12.0	2.8	-	-	12.6	85.0
Other current financial assets	24.2	14.3	-	0.3	-	-	-	383.7	422.5
Cash and cash equivalents	364.3	64.7	43.3	41.1	44.4	-	0.3	1,347.2	1,905.3
Total current assets	2,014.2	491.9	312.2	347.3	214.1	-	4.1	1,755.3	5,139.1
TOTAL ASSETS									14,435.9
Shareholders' equity - Group share									2,164.2
Non-controlling interests									1,092.5
Total shareholders' equity									3,256.7
Provisions	299.7	64.0	41.9	23.8	11.4	-	-	24.4	465.1
Financial debt	2,240.0	505.4	309.5	528.7	288.1	-	-	2,544.5	6,416.2
Other current financial liabilities	126.8	60.1	0.2	118.6	14.2	-	-	256.0	575.9
Deferred tax liabilities	194.3	156.5	107.9	31.4	80.3	-	25.2	0.1	595.6
Total non-current liabilities	2,860.9	785.9	459.5	702.4	394.0	-	25.1	2,825.0	8,052.8
Liabilities of discontinued operations and operations held for sale	1.0	-	16.1	-	-	-	-	-	17.1
Provisions	-	52.7	0.8	0.1	5.6	-	-	0.1	59.4
Financial debt	209.0	18.9	2.6	42.1	34.4	-	-	405.8	712.7
Other current financial liabilities	123.9	18.9	-	2.7	3.4	-	-	141.1	289.9
Trade payables	372.6	254.3	104.9	78.2	85.6	-	0.1	5.1	900.7
Other current liabilities	747.0	70.0	98.4	40.6	57.4	-	3.7	21.9	1,039.1 ⁽¹⁾
Current income tax payable	73.6	21.9	-	7.5	4.1	-	-	0.4	107.5
Total current liabilities	1,526.0	436.8	206.6	171.2	190.6	-	3.8	574.3	3,109.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY									14,435.9

(1) As at December 31, 2017, this amount included deferred revenue of €151.2 million.

The detail of Oranje-Nassau Développement's contribution to the 2017 balance sheet by business sector is as follows:

In millions of euros	Mecatherm	CSP Technologies	Tsebo	Nippon Oil Pump	exceet	PlaYce	Oranje-Nassau Développement
Goodwill, net	66.3	152.4	202.1	16.7	-	-	437.4
Intangible assets, net	65.1	101.3	145.1	20.8	-	-	332.4
Property, plant & equipment, net	5.7	77.2	14.5	11.8	-	-	109.3
Non-current financial assets	0.8	0.3	3.0	1.7	-	-	5.8
Pledged cash and cash equivalents	-	0.2	-	-	-	-	0.2
Equity-method investments	-	-	5.1	-	-	25.3	30.4
Deferred tax assets	-	-	2.4	-	-	-	2.4
Total non-current assets	137.9	331.3	372.3	51.0	-	25.3	917.8
Assets of discontinued operations and operations held for sale	-	-	-	-	-	-	-
Inventories and work-in-progress	8.4	23.7	7.7	7.5	-	-	47.3
Trade receivables	11.4	16.2	59.9	15.9	-	-	103.4
Other current assets	2.8	2.0	11.2	0.3	-	-	16.2
Current income tax payable	-	0.4	2.4	-	-	-	2.8
Other current financial assets	-	-	-	-	-	-	-
Cash and cash equivalents	7.2	6.9	21.7	8.6	-	-	44.4
Total current assets	29.7	49.2	103.0	32.2	-	-	214.1
Provisions	4.3	0.2	-	6.9	-	-	11.4
Financial debt	-	145.0	119.8	23.4	-	-	288.1
Other current financial liabilities	0.8	7.1	4.5	1.7	-	-	14.2
Deferred tax liabilities	14.4	17.1	41.2	7.6	-	-	80.3
Total non-current liabilities	19.5	169.4	165.5	39.6	-	-	394.0
Liabilities of discontinued operations and operations held for sale	-	-	-	-	-	-	-
Provisions	5.6	-	-	-	-	-	5.6
Financial debt	22.9	1.3	7.0	3.2	-	-	34.4
Other current financial liabilities	-	-	3.4	-	-	-	3.4
Trade payables	8.6	6.9	64.1	6.0	-	-	85.6
Other current liabilities	20.6	9.9	24.1	2.8	-	-	57.4
Current income tax payable	-	2.2	0.2	1.7	-	-	4.1
Total current liabilities	57.8	20.4	98.8	13.6	-	-	190.6

Note 6-4 Balance sheet by business sector as of December 31, 2016

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Saint-Gobain	IHS	Allied Universal	Wendel & holding companies	Group Total
Goodwill, net	2,349.5	770.4	211.6	62.1	275.6	-	-	-	-	3,669.3
Intangible assets, net	884.3	827.0	210.9	100.2	216.3	-	-	-	0.1	2,238.8
Property, plant & equipment, net	518.6	785.7	86.4	138.1	92.8	-	-	-	14.3	1,635.9
Non-current financial assets	70.5	43.9	5.9	0.6	2.8	-	-	-	261.8	385.5
Pledged cash and cash equivalents	-	-	-	-	0.2	-	-	-	0.5	0.7
Equity-method investments	5.0	1.2	1.7	-	50.4	1,662.3	434.2	258.4	-	2,413.2
Deferred tax assets	142.9	13.6	28.7	14.4	-	-	-	-	1.4	200.9
Total non-current assets	3,970.9	2,441.8	545.2	315.4	638.1	1,662.3	434.2	258.4	278.0	10,544.2
Assets and operations held for sale	-	-	-	2.0	-	-	-	-	-	2.0
Inventories and work-in-progress	20.6	275.8	91.0	77.3	43.8	-	-	-	-	508.5
Trade receivables	1,325.5	242.4	136.6	125.1	67.5	-	-	-	1.9	1,899.0
Other current assets	150.0	48.7	50.3	17.0	5.7	-	-	-	11.9	283.6
Current income tax payable	48.9	9.6	-	11.6	0.3	-	-	-	-	70.5
Other current financial assets	54.7	5.1	0.3	0.6	0.2	-	-	-	381.3	442.2
Cash and cash equivalents	1,094.1	123.2	47.0	313.9	11.2	-	-	0.5	971.4	2,561.3
Total current assets	2,693.9	704.8	325.1	545.5	128.7	-	-	0.5	1,366.4	5,765.0
TOTAL ASSETS										16,311.2
Shareholders'equity - Group share										2,257.7
Non-controlling interests										1,039.4
Total shareholders'equity										3,297.1
Provisions	299.9	64.8	40.5	23.0	12.0	-	-	-	25.1	465.3
Financial debt	2,492.9	1,154.5	302.5	546.1	196.6	-	-	-	2,885.1	7,577.7
Other current financial liabilities	82.9	149.8	0.4	5.0	8.4	-	-	-	271.7	518.2
Deferred tax liabilities	221.9	262.4	120.8	15.5	56.4	-	-	-	1.0	677.9
Total non-current liabilities	3,097.7	1,631.5	464.2	589.6	273.4	-	-	-	3,182.8	9,239.1
Liabilities held for sale	-	-	-	-	-	-	-	-	-	-
Provisions	-	56.7	2.3	0.1	6.9	-	-	-	0.2	66.1
Financial debt	589.5	159.1	6.4	13.4	30.4	-	-	-	568.4	1,367.2
Other current financial liabilities	114.3	28.4	0.5	1.7	-	-	-	-	258.3	403.1
Trade payables	347.7	306.5	103.6	62.4	17.8	-	-	0.1	12.1	850.2
Other current liabilities	693.6	77.3	95.3	51.9	51.6	-	-	-	14.6	984.2 ⁽¹⁾
Current income tax payable	66.4	26.7	-	8.6	2.0	-	-	-	0.3	104.1
Total current liabilities	1,811.4	654.7	208.0	138.0	108.8	-	-	0.1	853.8	3,774.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY										16,311.2

(1) As of December 31, 2016, this amount included deferred revenue of €134.4 million.

The detail of Oranje-Nassau Développement's contribution to the 2016 balance sheet by business sector is as follows:

In millions of euros	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	PlaYce	Oranje-Nassau Développement
Goodwill, net	84.1	173.4	18.2	-	-	275.6
Intangible assets, net	66.0	124.8	25.4	-	-	216.3
Property, plant & equipment, net	6.6	73.3	13.0	-	-	92.8
Non-current financial assets	0.7	0.3	1.8	-	-	2.8
Pledged cash and cash equivalents	-	0.2	-	-	-	0.2
Equity-method investments	-	-	-	24.7	25.7	50.4
Deferred tax assets	-	-	-	-	-	-
Total non-current assets	157.4	372.0	58.3	24.7	25.7	638.1
Assets and operations held for sale	-	-	-	-	-	-
Inventories and work-in-progress	10.0	25.8	8.0	-	-	43.8
Trade receivables	34.2	17.2	16.1	-	-	67.5
Other current assets	2.2	3.2	0.3	-	-	5.7
Current income tax payable	0.3	-	-	-	-	0.3
Other current financial assets	-	0.2	-	-	-	0.2
Cash and cash equivalents	2.0	3.3	6.0	-	-	11.2
Total current assets	48.8	49.6	30.4	-	-	128.7
Provisions	4.1	0.2	7.7	-	-	12.0
Financial debt	17.9	149.7	29.0	-	-	196.6
Other current financial liabilities	1.0	5.4	2.0	-	-	8.4
Deferred tax liabilities	16.4	30.6	9.4	-	-	56.4
Total non-current liabilities	39.4	185.9	48.1	-	-	273.4
Liabilities held for sale	-	-	-	-	-	-
Provisions	6.9	-	-	-	-	6.9
Financial debt	15.0	11.9	3.5	-	-	30.4
Other current financial liabilities	-	-	-	-	-	-
Trade payables	7.3	5.8	4.7	-	-	17.8
Other current liabilities	36.5	13.1	2.0	-	-	51.6
Current income tax payable	-	0.1	2.0	-	-	2.0
Total current liabilities	65.7	30.9	12.2	-	-	108.8

Note 6-5 Cash flow statement by business segment for 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Allied Barton	Allied Universal	Wendel & holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	752.8	199.9	36.5	100.9	83.2	-	-0.8	-64.6	-	1,107.9
Net cash flows from investing activities, excluding tax	-312.4	661.9	-21.0	-153.5	-15.3	-	-	844.6	-14.2	990.0
Net cash flows from financing activities, excluding tax	-959.9	-894.7	-17.7	-198.0	-18.1	-	-	-400.2	14.2	-2,474.4
Net cash flows related to taxes	-182.4	-23.7	-1.3	-20.4	-14.8	-	0.7	-3.7	-	-245.6

The detail of Oranje-Nassau Développement's contribution to the 2017 cash flow statement by business sector is as follows:

In millions of euros	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	28.3	11.1	32.8	11.0	83.2
Net cash flows from investing activities, excluding tax	6.7	-1.6	-19.5	-1.0	-15.3
Net cash flows from financing activities, excluding tax	-2.3	-3.7	-8.4	-3.7	-18.1
Net cash flows related to taxes	-10.8	-0.6	-0.4	-3.0	-14.8

Note 6-6 Cash flow statement by business segment for 2016

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Allied Barton	Allied Universal	Wendel & holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	811.1	273.9	48.0	138.6	43.8	70.0	-0.1	-49.9	-	1,335.6
Net cash flows from investing activities, excluding tax	-338.3	-119.1	-27.2	-38.3	-56.0	286.6	0.4	2,035.1	-738.4	1,004.7
Net cash flows from financing activities, excluding tax	315.1	-62.1	-7.2	149.0	9.3	-393.0	-3.5	-1,480.7	738.4	-734.8
Net cash flows related to taxes	-213.8	-35.1	1.3	-13.2	0.3	-0.8	-0.8	-6.9	-	-269.0

The detail of Oranje-Nassau Développement's contribution to the 2016 cash flow statement by business sector is as follows:

In millions of euros	Tsebo	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	-	6.4	30.8	6.6	43.8
Net cash flows from investing activities, excluding tax	-	-2.4	-51.3	-2.3	-56.0
Net cash flows from financing activities, excluding tax	-	-8.8	21.9	-3.8	9.3
Net cash flows related to taxes	-	1.6	-1.1	-0.2	0.3

5.8 Notes on the balance sheet

The accounting principles applied to the aggregates on the balance sheet are described in Note 1-11.1 "Presentation of the balance sheet".

NOTE 7 Goodwill

The accounting principles applied to goodwill are described in Note 1-10.1 "Goodwill".

In millions of euros	12/31/2017		
	Gross amount	Impairment	Net amount
Bureau Veritas	2,483.0	-146.0	2,337.0
Constantia Flexibles	460.4	-	460.4
Cromology	403.3	-191.7	211.6
Stahl	128.6	-	128.6
Oranje-Nassau Développement	494.9	-57.6	437.4
TOTAL	3,970.3	-395.3	3,575.0

In millions of euros	12/31/2016		
	Gross amount	Impairment	Net amount
Bureau Veritas	2,500.0	-150.5	2,349.5
Constantia Flexibles	770.4	-	770.4
Cromology	410.0	-198.4	211.6
Stahl	62.1	-	62.1
Oranje-Nassau Développement	293.9	-18.3	275.6
TOTAL	4,036.4	-367.1	3,669.3

The principal changes during the year were as follows:

In millions of euros	2017	2016
Net amount at beginning of the year	3,669.3	4,305.0
Changes in scope ⁽¹⁾	133.8	-675.7
Impact of changes in currency translation adjustments and other	-189.1	39.9
Impairment for the year ⁽²⁾	-39.0	-
NET AMOUNT AT THE END OF THE YEAR	3,575.0	3,669.3

(1) This item notably includes the effect of Constantia Flexibles' divestment of its "Labels" business for €-317.3 million, the first-time consolidation of Tsebo for €228.1 million, the impact of Stahl's acquisition of BASF's leather chemicals business for €69 million and €126.6 million related to goodwill resulting from the acquisitions made by Bureau Veritas (see Note 2 "Changes in scope of consolidation").

(2) Impairment of €17.8 million was recorded on Mecatherm, moreover Tsebo has depreciated its "security" division for €21.2 million.

Note 7-1 Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the Accounting principles section, Note 1-10.1 "Goodwill"). The Group's CGUs are its fully consolidated subsidiaries as of December 31, 2017: Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Tsebo, CSP Technologies, Mecatherm, and Nippon Oil Pump.

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date on which the financial statements were finalized on the positions existing at December 31, 2017. Forecasts are inherently uncertain and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2017 closing date.

The tests are performed in accordance with IAS 36 "Impairment of assets". They consist in comparing the carrying value of subsidiaries and associates with their recovery value (the highest between value the fair value and the value in use).

Note 7-1.1 Impairment test on the goodwill of Bureau Veritas (listed company)

The carrying amount of the Bureau Veritas shares at year-end 2017 (€4.7 per share, or €833 million for the shares held) was significantly below their fair value (closing share price: €22.79 per share, or €4,037.8 million for the shares held). As a result, there was no need to apply value in use for the impairment test, and no impairment has been recognized.

Note 7-1.2 Goodwill impairment tests of unlisted subsidiaries: Constantia Flexibles, Cromology, Stahl, Tsebo, CSP Technologies, Mecatherm and Nippon Oil Pump

The values in use determined by Wendel for these tests were based on discounted future cash flows. The business plans used were prepared by Wendel on the basis of those drawn up by the subsidiaries, and using the latest information available on the underlying markets. For each subsidiary, the value calculated for Wendel's share of the capital (including shareholder loans where appropriate) is compared to the carrying amount (share of shareholders' equity increased, where appropriate, for shareholder loans eliminated on consolidation).

The value in use of Mecatherm calculated as of December 31, 2017 was less than the net carrying amount. Additional impairment of €17.8 million was therefore recorded for this investment, bringing its net carrying amount to €72.4 million. The tests performed on the other investments did not result in the recognition of other impairments.

The description of the tests on unlisted investment is as follows:

In millions of euros		Constantia Flexibles	Cromology	Stahl
Net book value before test (Group share)		668	99	31
Depreciation recognized in 2017 after test (Group share)		-	-	-
Net book value after test (Group share)		668	99	31
Duration of business plan		4 years	5 years	5 years
Discount rate	Rate as of 12/31/2017	8.0%	8.0%	9.0%
	Rate as of 12/31/2016	8.0%	8.0%	9.0%
	Profit/loss impact in case of 0.5% increase	-	-	-
	Profit/loss impact in case of 0.5% decrease	-	-	-
	Threshold at which the value in use becomes less than the carrying amount	9.2%	>15%	>15%
Post-business plan growth	Rate as of 12/31/2017	2.0%	2.0%	2.0%
	Rate as of 12/31/2016	2.0%	2.0%	2.0%
	Profit/loss impact in case of 0.5% decrease	-	-	-
	Profit/loss impact in case of 0.5% increase	-	-	-
	Threshold at which the value in use becomes less than the carrying amount	0.6%	<0	<0
Post-business plan operating margin rate	Profit/loss impact of a 1% reduction in the operating margin rate	-	-	-

For Orange Nassau Développement's investments, the description is as follows:

In millions of euros		Tsebo ⁽¹⁾	Mecatherm	CSP Technologies	NOP
Net book value before test (Group share)		95	89	186	29
Depreciation recognized in 2017 after test (Group share)		-	- 18	-	-
Net book value after test (Group share)		95	72	186	29
Duration of business plan		4 years	5 years	5 years	5 years
Discount rate	Rate as of 12/31/2017	13.0%	9.0%	8.0%	6.3%
	Rate as of 12/31/2016	N/A	9.0%	8.0%	6.3%
	Profit/loss impact in case of 0.5% increase	-	- 7	- 16	-
	Profit/loss impact in case of 0.5% decrease	-	10	-	-
	Threshold at which the value in use becomes less than the carrying amount	17.3%	N/A	8.2%	14.3%
Post-business plan growth	Rate as of 12/31/2017	5.5%	2.0%	2.5%	1.0%
	Rate as of 12/31/2016	N/A	2.0%	2.5%	1.0%
	Profit/loss impact in case of 0.5% decrease	-	- 5	- 12	-
	Profit/loss impact in case of 0.5% increase	-	7	-	-
	Threshold at which the value in use becomes less than the carrying amount	<0	N/A	2.3%	<0
Post-business plan operating margin rate	Profit/loss impact of a 1% reduction in the operating margin rate	-	-9	-3	-

(1) The test parameters for Tsebo correspond to a business plan denominated in South African rand.

As with every investment, Tsebo has performed a test on each CGU recognized at its level. This test resulted in Tsebo recording impairment of €21 million on its "Security" division. This impairment is recorded in Wendel's financial statements in accordance with its accounting principles.

NOTE 8 Intangible assets

The accounting principles applied to intangible assets are described in Notes 1-10.2 "Intangible assets", 1-10.3 "Other intangible assets" and 1-10.5 "Impairment of tangible and intangible assets".

The details by subsidiary are presented in Note 6 "Segment information".

In millions of euros	12/31/2017		
	Gross amount	Depreciation and provisions	Net amount
Amortizable assets			
Internally generated	74.2	-26.6	47.6
Acquired			
Concessions, patents, and licenses	214.8	-101.4	113.4
Customer relationships	2,499.2	-1,102.8	1,396.4
Software	248.4	-155.0	93.4
Other intangible assets	63.6	-41.1	22.5
Intangible assets in progress	16.5	-	16.5
	3,042.5	-1,400.3	1,642.2
With indefinite useful life			
Brands	525.8	-33.9	491.9
TOTAL	3,642.5	-1,460.7	2,181.8

In millions of euros	12/31/2016		
	Gross amount	Depreciation and provisions	Net amount
Amortizable assets			
Internally generated	57.8	-20.1	37.7
Acquired			
Concessions, patents, and licenses	180.5	-94.4	86.1
Customer relationships	2,569.4	-1,040.3	1,529.1
Software	213.3	-127.7	85.6
Other intangible assets	73.8	-42.0	31.8
Intangible assets in progress	27.7	-	27.7
	3,064.7	-1,304.4	1,760.2
With indefinite useful life			
Brands	471.0	-30.1	440.8
TOTAL	3,593.4	-1,354.6	2,238.8

The principal changes during the year were as follows:

In millions of euros	2017	2016
Amount at beginning of the year	2,238.8	2,705.3
Acquisitions	42.8	44.6
Internally generated assets	15.7	10.9
Changes in scope ⁽¹⁾	176.2	-328.8
Impact of currency translation adjustments and other	-86.2	21.6
Amortization and impairment losses for the year	-205.5	-214.9
AMOUNT AT END OF THE YEAR	2,181.8	2,238.8

(1) In 2017, changes in the scope of consolidation mainly include the acquisition of Tsebo for €157.5 million, the acquisitions made by Bureau Veritas for €82.2 million and Stahl for €201.4 million, notably through the acquisition of the BASF's leather chemical business, as well as the impact of Constantia Flexibles' divestment of its "Labels" business for €-266.0 million.

NOTE 9 Property, plant & equipment

The accounting principles applied to property, plant & equipment are described in Notes 1-10.4 "Tangible assets" and 1-10.5 "Impairment of tangible and intangible assets".

The details by subsidiary are presented in Note 6 "Segment information".

In millions of euros	12/31/2017		
	Gross amount	Depreciation and provisions	Net amount
Land	120.6	-2.1	118.5
Buildings	445.0	-154.2	290.8
Plant, equipment, and tooling	1,788.1	-987.6	800.5
Other property, plant & equipment	465.7	-332.0	133.7
Assets under construction	62.6	-	62.6
TOTAL	2,882.0	-1,475.9	1,406.1

In millions of euros	12/31/2016		
	Gross amount	Depreciation and provisions	Net amount
Land	128.7	-1.7	127.0
Buildings	483.9	-144.9	339.1
Plant, equipment, and tooling	1,878.7	-947.9	930.8
Other property, plant & equipment	462.6	-315.8	146.7
Assets under construction	92.3	-	92.3
TOTAL	3,046.2	-1,410.2	1,635.9

The principal changes during the year were as follows:

In millions of euros	2017	2016
Amount at beginning of the year	1,635.9	1,592.7
Acquisitions ⁽¹⁾	261.0	274.8
Divestments	-13.1	-33.1
Changes in scope ⁽²⁾	-161.1	32.3
Impact of currency translation adjustments and other	-74.8	13.9
Depreciation and provisions recognized during the year	-241.8	-244.8
AMOUNT AT END OF THE YEAR	1,406.1	1,635.9

(1) Acquisitions concern mainly Bureau Veritas for €115.4 million and Constantia Flexibles for €88.4 million.

(2) Changes in the scope of consolidation mainly include the divestment by Constantia Flexibles of its "Labels" business for a negative €190.6 million, as well as the first-time consolidation of Tsebo for €14.6 million.

NOTE 10 Equity-method investments

The accounting principles applied to equity-method investments are described in Note 1-3 "Methods of consolidation".

In millions of euros	12/31/2017	12/31/2016
Saint-Gobain ⁽¹⁾	-	1,662.3
IHS	281.2	434.2
exceet ⁽¹⁾	-	24.7
Allied Universal	215.9	258.4
PlaYce	25.3	25.7
Investments of Constantia Flexibles	0.8	1.2
Investments of Bureau Veritas	4.6	5.0
Investments of Tsebo	5.1	-
Holding companies	1.4	1.7
TOTAL	534.3	2,413.2

(1) See Note 2, "Changes in scope of consolidation".

The change in equity-method investments broke down as follows:

In millions of euros	2017
Amount at beginning of the year	2,413.2
share in net income for the period	
Saint-Gobain	41.0
IHS	-66.6
exceet	-3.4
Allied Universal	-36.7
PlaYce	-0.3
Other	0.5
Dividends for the year	-0.7
Impact of changes in currency translation adjustments	-146.1
Divestments ⁽¹⁾	-1,689.4
Impact of dilution on Saint-Gobain	-5.0
Impact of dilution on IHS	27.3
Changes in scope of consolidation	3.0
Other	-2.5
AMOUNTED AS OF DECEMBER 31, 2017	534.3

(1) This reflects the disposal and reclassification of Saint-Gobain shares for a negative €1,672.1 million (see Note 2 "Changes in scope").

Note 10-1 Additional information on IHS

The main IHS accounting data (at 100%) are the following (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12/31/2017	12/31/2016
Carrying values at 100%		
Total non-current assets	2,418.9	3,470.3
Total current assets	931.5	813.0
Goodwill adjustment (Wendel)	58.2	66.3
TOTAL ASSETS	3,408.6	4,349.5
Non-controlling interests	-	73.0
Total non-current liabilities	1,753.5	2,163.2
Total current liabilities	339.4	408.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,092.8	2,571.6
<i>including cash and cash equivalents</i>	<i>538.8</i>	<i>451.6</i>
<i>including financial debt</i>	<i>1,651.7</i>	<i>1,808.6</i>

In millions of euros	2017	2016
Net sales	982.2	817.9
EBIT	223.6	75.5
Financial result, excluding foreign exchange	-121.5	-198.9
Currency impact on financial liabilities ⁽¹⁾	-331.2	-812.8
Adjustment for prior financial years	34.0	18.8
Net income - Group share	-320.6	-800.9

(1) Owing to the devaluation of the naira, the IHS Group recognized a currency translation carrying charge related to liabilities denominated in dollars carried by Nigerian companies whose functional currency is the naira.

During the course of 2017, the Nigerian foreign exchange market has evolved. Prior to April 2017, there was only one official exchange rate, reported by the Central Bank of Nigeria (CBN). In April 2017, the CBN issued a circular entitled "Establishment of investors' and exporters' FX window" which led to the introduction of a new foreign exchange window, called the NAFEX (Nigerian Autonomous Foreign Exchange Rate Fixing). This FX window was designed to facilitate the access to hard currencies for economic players operating in Nigeria.

In this context, IHS Management's analysis concluded that the NAFEX rate should be applied in translating foreign currency transactions in its Nigerian subsidiaries starting from 31st December 2017.

Wendel has been informed that certain accounts belonging to IHS Nigeria Limited, INT Towers Limited and IHS Towers NG Limited domiciled in Nigerian banks have been blocked at the end of 2017. These measures relate to certain "post no debit" instructions received by some IHS banks in Nigeria from the Nigeria Economic and Financial Crimes Commission (EFCC).

IHS has indicated that, to its knowledge, there has been no formal allegation made or investigation against it as part of the EFCC's inquiries, and that it will continue to fully co-operate with the EFCC's information requests, while working constructively with them to understand the basis of their actions in respect of IHS accounts.

As of 31st December 2017, the amount held in those bank accounts that are blocked was USD106.8m over a total cash amount held by IHS of USD753m. While IHS management currently expects that the affected accounts will be released once the EFCC's inquiries are completed, it is not possible at this time to predict the matter's likely duration or outcome. All necessary governance measures are taken by the IHS board of directors to closely monitor this matter.

Based on these elements, Wendel considers that this investigation has no impact on the value of IHS shares accounted for using the equity method as of December 31, 2017.

Note 10-2 Additional information on Allied Universal

The main Allied Universal accounting data (at 100%) are listed below (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12/31/2017	12/31/2016
Carrying values at 100%		
Total non-current assets	2,916.7	3,428.3
Total current assets	790.7	836.5
Goodwill adjustment (Wendel)	-178.6	-
Impact of the revaluation of acquired assets and liabilities	321.4	3.3
TOTAL ASSETS	3,850.3	4,268.0
Non-controlling interests	1.5	0.5
Total non-current liabilities	2,732.1	3,227.3
Total current liabilities	466.5	399.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,200.0	3,627.3
<i>including cash and cash equivalents</i>	3.8	10.2
<i>including financial debt</i>	2,517.9	2,762.7

In millions of euros	2017
Net sales	4,704.0
Operating income	120.6
Business income	40.8
Net income - Group share	-55.6
Impact of the revaluation of acquired assets and liabilities	-54.8

Note 10-3 Additional information on PlaYce

The main PlaYce accounting aggregates (at 100%) are listed below (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12/31/2017	12/31/2016
Carrying values at 100%		
Total non-current assets	62.9	54.4
Total current assets	10.8	16.9
Impact of the revaluation of acquired assets and liabilities	8.7	8.7
TOTAL ASSETS	82.4	80.0
Total non-current liabilities	-	-
Total current liabilities	19.2	15.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	19.2	15.7
<i>including cash and cash equivalents</i>	11.9	18.2
<i>including financial debt</i>	19.2	15.7

In millions of euros	2017
Net sales	7,3
Income from ordinary activities	0,1
Net income - Group share	- 0,9

Note 10-4 Impairment tests on equity-method investments

No impairment test was performed on IHS, Allied Universal, and PlaYce because no indication of impairment was identified on these investments.

NOTE 11 Trade receivables

In millions of euros	12/31/2017			12/31/2016
	Gross amount	Impairment	Net amount	Net amount
Bureau Veritas	1,420.9	-56.0	1,364.9	1,325.5
Constantia Flexibles	154.8	-2.5	152.3	242.4
Cromology	142.2	-25.8	116.3	136.6
Stahl	163.0	-4.7	158.4	125.1
Oranje-Nassau Développement	107.6	-4.2	103.4	67.5
Wendel and holding companies	2.3	-	2.3	1.9
TOTAL	1,990.7	-93.2	1,897.5	1,899.0

Unprovisioned past-due trade receivables and related accounts for the largest subsidiaries were as follows:

- for Bureau Veritas: a total of €388.3 million at December 31, 2017 compared to €417.3 million at December 31, 2016, of which €95.9 million and €141.0 million, respectively, were more than three months past due;
- for Constantia Flexibles: a total of €24.4 million at December 31, 2017 compared to €40.2 million at December 31, 2016, of which €4.2 million and €5.4 million, respectively, were more than three months past due;
- for Cromology: a total of €27.5 million at December 31, 2017 compared to €25.7 million at December 31, 2016, of which €6.7 million and €6.8 million, respectively, were more than three months past due; and
- for Stahl: a total of €21.7 million at December 31, 2017 compared to €16.2 million at December 31, 2016, of which €0.1 million and €0.1 million, respectively, were more than three months past due.

NOTE 12 **Cash and cash equivalents**

The accounting principles applied to cash and cash equivalents are described in Note 1-10.9 "Cash and cash equivalents pledged and unpledged".

	12/31/2017	12/31/2016
In millions of euros	Net amount	Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets	0.4	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	1,347.2	970.8
Cash and cash equivalents of Wendel and its holding companies ⁽¹⁾	1,347.6	971.3
Pledged cash and cash equivalents of subsidiaries and other holding companies, classified as non-current assets	0.2	0.2
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets:		
Bureau Veritas	364.3	1,094.1
Constantia Flexibles	64.7	123.2
Cromology	41.5	39.1
Stahl	41.1	313.9
Oranje-Nassau Développement	44.4	11.2
Other holding companies	2.0	8.9
Cash and cash equivalents of subsidiaries and other holding companies	558.3	1,590.6
TOTAL	1,905.9	2,562.0
of which non-current assets	0.7	0.7
of which current assets	1,905.3	2,561.3

(1) To this cash is added €381.9 million of short-term financial investments at December 31, 2017 and €348.2 million at December 31, 2016 (see Note 5-2.1 "Liquidity risk of Wendel and its holdings"), recorded in other current financial assets.

NOTE 13 Financial assets and liabilities (excluding financial debt and operating receivables and payables)

The accounting principles applied to financial assets and liabilities are described in Notes 1-10.6 "Financial assets and liabilities" and 1-10.7 "Methods of measuring the fair value of financial instruments".

Note 13-1 Financial assets

In millions of euros	Method of recognition of variations	Level	12/31/2017	12/31/2016
Pledged cash and cash equivalents of Wendel and its holding companies	Income statement ⁽¹⁾	1	0.4	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement ⁽¹⁾	1	1,347.2	970.8
Wendel's short-term financial investments	Income statement ⁽¹⁾	1	381.9	348.2
Cash and short-term financial investments of Wendel and its holding companies			1,729.5	1,319.5
Pledged cash and cash equivalents of subsidiaries	Income statement ⁽¹⁾	1	0.2	0.2
Cash and cash equivalents of subsidiaries	Income statement ⁽¹⁾	1	558.1	1,590.5
Assets available for sale - A	Shareholders' equity ⁽²⁾	1 and 3	1,023.2	151.9
Financial assets at fair value through profit or loss	Income statement ⁽¹⁾	1	0.1	26.2
Loans - B	Amortized cost	N/A	64.9	99.2
Deposits and guarantees	Amortized cost	N/A	125.6	77.1
Derivatives - C	Income statement ⁽¹⁾ /Sh. equity ⁽²⁾	See C	92.2	17.4
Other			117.8	107.6
TOTAL			3,711.6	3,389.6
of which non-current financial assets, including pledged cash and cash equivalents			1,383.9	386.2
of which current financial assets, including cash and cash equivalents			2,327.7	3,003.4

(1) Change in fair value through profit or loss.

(2) Change in fair value through shareholders' equity.

Note 13-2 Financial liabilities

In millions of euros	Method of recognition of variations	Level	12/31/2017	12/31/2016
Derivatives - C	Income statement ⁽¹⁾ /Sh. equity ⁽²⁾	See C	59.1	94.9
Minority puts, earn-outs and other financial liabilities of subsidiaries - D	Income statement ⁽¹⁾ /Sh. equity ⁽²⁾	3	442.9	360.6
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - E	Income statement ⁽¹⁾ /Sh. equity ⁽²⁾	3	363.8	465.9
TOTAL			865.8	921.3
of which non-current financial liabilities			575.9	518.2
of which current financial liabilities			289.9	403.1

(1) Change in fair value through profit or loss.

(2) Change in fair value through shareholders' equity.

Note 13-3 Details of financial assets and liabilities

A - Assets available for sale: the Group's holdings in Saint-Gobain, Saham Group and Multi-Color.

Following the loss of significant influence on Saint-Gobain (see Note 2 "Changes in scope of consolidation"), the 14,153,490 remaining shares held by the Group were recognized as assets available for sale in a total amount of €650.8 million as of December 31, 2017.

Based in Morocco, the Saham Group is majority-owned by its founder and has two business lines: insurance and customer relationship centers. It is also expanding in the fields of real estate, health and education. Wendel's investment represents 13.3% of the Saham Group's share capital. It is recognized at fair value in the amount of €121.6 million (compared to €120.8 million at December 31, 2016). In March 2018, the Group signed an agreement to sell its investment in Saham (see Note 36 "Subsequent event").

The Multi-Color shares received as partial remuneration for Constantia Flexibles' divestment of its "Labels" business represent

16.6% of Multi-Color's share capital. This investment is recognized at fair value in the amount of €211.1 million.

The change in fair value recognized during the year is recorded in consolidated reserves under "Gains and losses on assets held for sale" in the negative amount of €58.5 million for Saint-Gobain, €29.4 for Multi-Color and the positive amount of €0.8 million for Saham, in accordance with accounting principles.

B - Loans: The loan granted to Kerneos (leader of aluminate technology) on its disposal by Materis in 2014 was repaid during H1 2017 (as at December 31, 2016, the notional amount was €46.9 million after capitalization of interest).

This item includes Sterigenics debt (world leader in sterilization services), acquired in 2015, the notional amount of which is now \$37 million (\$10 million sold during the period). This debt, maturing in 2023, carries an annual coupon of 6.5%.

The amount also includes debt held by Oberthur (world leader in security solutions for mobility) and the Chryso debt (French leader in admixtures for building materials) with a notional amount of €15 million and €14.9 million as at December 31, 2017.

C - Derivatives:

In millions of euros	Level	12/31/2017		12/31/2016	
		Assets	Liabilities	Assets	Liabilities
Interest rate swaps - hedging of cash flows ⁽¹⁾	2	-	6,7	-	8,1
Interest rate swaps - not qualifying for hedge accounting ⁽¹⁾	2	2,4	7,1	2,3	9,3
Cross currency swaps - hedging of cash flows ⁽¹⁾	-	76,0	-	-	15,6
Optional component of bonds exchangeable for Saint-Gobain shares	2	-	33,3	-	48,4
Other derivatives - not qualifying for hedge accounting	2	13,8	12,0	15,1	13,4
TOTAL		92,2	59,1	17,4	94,9
of which non-current portion		80,4	47,1	2,4	81,7
of which current portion		11,8	12,0	15,0	13,2

(1) See description of the swaps in the following note.

D - Minority puts, earn-outs and other financial liabilities of subsidiaries: at December 31, 2017, this amount corresponds in particular to Bureau Veritas for €234.4 million and Stahl for €121.3 million (including the put written to a non-controlling interest, BASF - see Note 33-5 "Shareholder agreements and co-investment mechanisms".) and Constantia Flexibles for €71.8 million. It is largely comprised of minority put options, deposits and securities received.

E - Minority puts, earn-outs and other financial liabilities of Wendel and holding companies: at December 31, 2017, this amount mainly reflected puts written to a non-controlling interest, Clariant, on its equity in Stahl and to the Turnauer Foundation on 50% of its equity in Constantia Flexibles. It also includes liabilities for certain liquidities granted as part of co-investments. See Note 33-5 "Shareholder agreements and co-investment mechanisms".

Note 13-4 Interest rate swaps and foreign exchange hedges

The value of interest rate swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts.

Notional amount	Characteristics ⁽¹⁾	Qualified as	Start ⁽¹⁾	Maturity ⁽¹⁾	12/31/2017	12/31/2016
<i>Sign convention: (+) assets, (-) liabilities</i>						
Hedging of debt carried by Wendel						
\$885 million/€800 million	Pay 2.23% in US dollars against 0.24% in euros ⁽²⁾		03/2016	11/2022	76.0	-15.6
	Other				-	0.2
					76.0	-15.4
Hedging of subsidiaries' debt						
€180 million	Caps and tunnels on Euribor with maturities between 10/2017 and 10/2019				-0.1	-0.2
€80 million	Pay 0.19% on Euribor (0% floor)	Hedge	Pre-closing	10/2017	-	-0.1
€20 million	Pay 0.20% on Euribor (0% floor)	Hedge	Pre-closing	10/2017	-	-
\$293 million	2.25% cap on Libor		Pre-closing	12/2019	0.5	-
€200 million	Pay 0.75% against Euribor	Hedge	Pre-closing	04/2022	-4.8	-8.4
€400 million	2.00% cap against Euribor		Pre-closing	04/2020	1.9	1.7
ZAR 1,850 million	Pay 7.72% on Jibar		Pre-closing	03/2021	-2.1	-
	Other ⁽³⁾				-6.8	-8.3
					-11.4	-15.2
TOTAL					64.6	-30.7

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.

(2) Wendel has established cross-currency swaps to convert €800 million of its bond debt into US dollars (average exchange rate of 1.1058), see Note 5-5 "Managing currency risk".

(3) This amount includes the Bureau Veritas currency hedges that convert debt denominated in sterling into euros.

NOTE 14 Shareholders' equity

Note 14-1 Total number of shares

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
As of 12/31/2016	€4	47,092,379	1,446,126	45,646,253
As of 12/31/2017	€4	46,253,210	669,402	45,583,808

The reduction of 839,169 shares is due to:

■ the exercise of stock options (89,275 shares);

■ subscriptions to the Company savings plan (15,499 shares); and

■ the cancellation of 943,943 shares.

Note 14-2 Treasury shares

The accounting principles applied to treasury shares are described in Note 1-10.13 "Treasury shares".

As of December 31, 2017, 100,000 shares were held for the purposes of the liquidity contract, unchanged from December 31, 2016.

As of December 31, 2017, Wendel held 569,402 of its shares in treasury outside the context of the liquidity contract (1,346,126 at December 31, 2016). These treasury shares are primarily allocated to cover stock option exercises and grants of bonus and

performance shares and the remainder were retained for potential acquisitions.

The net decrease of 776,724 shares was due to:

- the acquisition of 303,684 shares during the year;
- the sale of 136,465 shares in the exercise of the purchase-type stock option plan and the delivery of performance shares; and
- the cancellation of 943,943 shares.

In total, shares held in treasury represented 1.45% of the share capital as at December 31, 2017.

Note 14-3 Non-controlling interests

In millions of euros	% interestas of December 31, 2017	12/31/2017	12/31/2016
Bureau Veritas Group	59.4%	717.9	832.2
Constantia Flexibles Group	39.5%	284.6	220.5
Cromology Group	9,5%	-34,6	-28,6
Stahl Group	36.6%	0.1	-1.2
Tsebo Group	35,3%	114,6	-
Mecatherm Group	1,4%	2,1	2,0
Other		7,8	14,5
TOTAL		1,092.5	1,039.4

NOTE 15 Provisions

The accounting principles applied to provisions are described in Notes 1-10.10 "Provisions" and 1-10.11 "Provisions for employee benefits".

In millions of euros	12/31/2017	12/31/2016
Provisions for risks and contingencies	203.0	223.5
Employee benefits	321.6	308.0
TOTAL	524.6	531.5
of which non-current	465.1	465.3
of which current	59.4	66.1

Note 15-1 Provisions for risks and contingencies

In millions of euros	12/31/2016	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications	12/31/2017
Bureau Veritas								
Disputes and litigation	57.8	4.1	-10.9	-2.2	0.7	-	-2.3	47.2
Other	63.8	26.5	-14.6	-10.1	-	2.1	-5.3	62.4
Cromology	10.8	2.0	-2.5	-0.3	-	-	-1.4	8.6
Stahl	1.0	0.3	-	-	-	-	-	1.3
Constantia Flexibles	57.1	3.9	-8.1	-	-	-0.1	-	52.8
Oranje-Nassau Développement	9.2	4.3	-5.7	-	-	-	-	7.7
Wendel and holding companies	23.7	0.1	-0.9	-	-	-	-	22.9
TOTAL	223.5	41.2	-42.7	-12.6	0.7	2.0	-9.1	203.0
<i>of which current</i>	66.1							59.4

In millions of euros	12/31/2015	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications	12/31/2016
Bureau Veritas								
Disputes and litigation	57,5	10,2	-8,6	-2,4	0,3	-	0,8	57,8
Other	76,2	22,3	-41,5	-1,4	-	6,8	1,4	63,8
Cromology	9,9	4,4	-1,6	-1,8	-	-	-0,1	10,8
Stahl	1,2	0,3	-	-	-	-0,4	-	1,0
Constantia Flexibles	61,6	4,7	-16,2	-	-	6,9	0,2	57,1
AlliedBarton	68,0	17,6	-17,4	-	-	-66,9	-1,4	-
Oranje-Nassau Développement	11,9	11,0	-5,1	-8,6	-	-	-	9,2
Wendel and holding companies	20,7	3,5	-0,4	-	-	-	-	23,7
TOTAL	307.1	73.9	-90.8	-14.3	0.3	-53.6	0.9	223.5
<i>of which current</i>	136,0							66,1

1. Provisions for risks and contingencies of Bureau Veritas

In the normal course of its activities, Bureau Veritas is party, with respect to certain of its activities, to various disputes and legal actions that aim, among other things, to invoke its professional liability with regard to services it has provided. While Bureau Veritas pays the greatest attention to risk control and the quality of its services, some of those services can give rise to claims and result in financial penalties.

Provisions for litigation on contracts changed because developments in ongoing litigation during the year led to changes in estimates. They also reflected new risks that, taken individually, and given Bureau Veritas' insurance coverage, are not material. Provisions have been recognized on the losses that may result from such litigation, after taking into account the amounts covered by the Bureau Veritas Group's insurance policies.

Accordingly, Bureau Veritas estimated that a total provision of €4.1 million was necessary for certain of these risks in 2017 compared to €10.2 million in 2016, given the development of certain claims.

The calculation of provisions for risks and contingencies as of December 31, 2017 takes into account developments in the exceptional litigation that arose in 2004 in relation to the construction of a hotel and retail complex in Turkey. No amendment was made to the provision for the exceptional litigation that arose in 2004 pertaining to the crash of a Gabon Express flight.

On the basis of the insurance coverage relating to these legal claims, on the information currently available, and after taking into account the opinions of its legal advisors, Bureau Veritas considers that these claims will not have a significant adverse effect on its consolidated financial statements.

In terms of other provisions for risks and contingencies, Bureau Veritas has recognized additional provisions of €26.5 million and has reversed €24.7 million of provisions, giving a net increase of €1.8 million. Provisions for restructuring increased by €1.6 million during the period, while provisions for tax contingencies fell by €2.1 million. The total balance of movements over the year included provisions recognized for losses on contracts and other operating risks.

With regard to all ongoing tax disputes at both Bureau Veritas SA and other legal entities, Bureau Veritas considers, after taking into account the opinions of its Boards, that the provisions for risks recorded in its financial statements, reflect the best estimate of the potential consequences of these disputes.

There are no other government, administrative, legal or arbitration proceedings or investigations (including any proceedings of which Bureau Veritas is aware that are pending or with which Bureau Veritas is threatened) that may have, or have had, during the previous 12 months, significant effects on the financial position or profitability of Bureau Veritas.

2. Provisions for risks and contingencies of Constantia Flexibles

The provisions recognized by Constantia Flexibles mainly include a provision for a pending litigation concerning a ("squeeze out") of shares in Constantia Packaging AG.

3. Provisions for risks and contingencies of Wendel and its holding companies

The principal disputes, claims and risks identified for Wendel and its holding companies are as follows:

- a provision is maintained for an environmental risk concerning potential costs related to the rehabilitation of land which belonged to a Group subsidiary whose operations were discontinued in 1967;
- various appeals have been brought against Wendel by Éditions Odile Jacob in the wake of Wendel's takeover of Editis from Lagardère in 2004. At the European level, in its decision of January 28, 2016, in a final ruling the European Union Court of Justice dismissed the applications made by Editions Odile Jacob. In France, the proceedings brought by Éditions Odile Jacob at the Paris Commercial Court to cancel the sale of Editis to Wendel, which had been suspended pending the outcome of the European proceedings, was reintroduced before the Paris Commercial Court in early 2018; no provision has been set aside;
- the legal actions brought by Wendel managers as a result of the unwinding of a mechanism for participating in the Group's performance were concluded either by the withdrawal or rejection of their claims or a stay pending decisions in other individual cases. No provision has been set aside.

Note 15-2 Employee benefits

The breakdown by subsidiary was as follows:

In millions of euros	12/31/2017	12/31/2016
Bureau Veritas	190.1	178.3
Constantia Flexibles	63.9	64.4
Cromology	34.1	32.0
Stahl	22.6	22.1
Oranje-Nassau Développement	9.3	9.7
Wendel and holding companies	1.6	1.5
TOTAL	321.6	308.0

The change in provisions for employee benefits break down as follows for 2017:

In millions of euros	12/31/2016	Services costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailment and settlement	Changes in scope of consolidation	Translation adjustments and other	12/31/2017
Commitments									
Defined-benefit plans	276.5	6.4	10.7	-12.3	4.9	-0.5	-2.9	-36.1	246.8
Retirement bonuses	164.5	11.1	6.9	-12.4	2.3	1.2	0.7	-7.2	167.2
Other	59.9	4.4	0.7	-3.3	0.8	0.4	-	-1.2	61.8
TOTAL	501.0	21.9	18.4	-28.0	7.9	1.2	-2.2	-44.4	475.7

In millions of euros	12/31/2016	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Changes in scope of consolidation	Translation adjustments and other	12/31/2017
Partially-funded plan assets								
Defined-benefit plans	169.7	3.1	2.5	0.6	-4.8	-2.5	-35.6	133.0
Retirement bonuses	13.5	0.1	0.4	0.4	-2.1	-	-0.7	11.6
Other	9.9	0.1	0.1	0.3	-0.8	-	-	9.6
TOTAL	193.1	3.3	3.0	1.3	-7.7	-2.5	-36.4	154.1
PROVISIONS FOR EMPLOYEE BENEFITS	308.0							321.6

The change in provisions for employee benefits break down as follows for 2016:

In millions of euros	12/31/2015	Services costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailment and settlement	Changes in scope of consolidation	Translation adjustments and other	12/31/2016
Commitments									
Defined-benefit plans	245.9	4.9	30.0	-9.4	5.0	-	-0.2	0.3	276.5
Retirement bonuses	147.6	11.4	9.4	-13.1	2.4	3.1	6.4	-2.6	164.5
Other	67.6	5.8	1.1	-4.6	1.3	-	-18.7	7.3	59.9
TOTAL	461.1	22.2	40.5	-27.0	8.7	3.1	-12.5	5.0	501.0

In millions of euros	12/31/2015	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Changes in scope of consolidation	Translation adjustments and other	12/31/2016
Partially-funded plan assets								
Defined-benefit plans	157.5	3.5	2.6	11.7	-5.3	-	-0.1	169.7
Retirement bonuses	10.5	0.1	1.2	0.4	-2.3	3.6	-	13.5
Other	10.8	0.2	0.1	-0.4	-0.9	-	-	9.9
TOTAL	178.8	3.8	3.9	11.7	-8.5	3.6	-0.1	193.1
PROVISIONS FOR EMPLOYEE BENEFITS	282.3							308.0

Liabilities on defined-benefit plans break down as follows:

In millions of euros	12/31/2017	12/31/2016
Unfunded liabilities	213,6	210,4
Partially or fully-funded liabilities	262,2	290,6
TOTAL	475.7	501.0

Defined-benefit plan assets break down as follows:

	12/31/2017	12/31/2016
Insurance Company funds	0%	14%
Equity instruments	29%	23%
Debt instruments	20%	16%
Cash and other	51%	46%

Expenses recognized on the income statement break down as follows:

In millions of euros	2017	2016
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs during the year	21,9	22,2
Interest costs	3,9	7,6
Expected return on plan assets	- 3,3	- 3,8
Past service costs	4,1	1,1
Impact of plan curtailments or settlements	0,9	3,1
TOTAL	27,5	30,2
Expenses recognized on the income statement with respect to defined-contribution plans	85,5	83,8

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;
- retirement bonuses;
- long-service awards.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate of 1.9%; implied rate of return on plan assets of 2.5%; average salary increase rate of 3.0% (Germany: 2.0%, France: 3.0%, Italy: 1.5%, United Kingdom: 3.3%).

2. Commitment characteristics and actuarial assumptions applied at Constantia Flexibles

Employee benefits for Constantia Flexibles in Germany, Austria, France, Mexico, Turkey, Russia, and Spain concern the following defined-benefit plans, as applicable:

- retirement plans, funded or unfunded;
- retirement bonuses;
- long-service awards.

The principal actuarial assumptions utilized are discount rates between 0.9% and 9.8%, salary increase rates, included between

2.5% and 6.5%, and a rate of return on assets of between 0.9% and 9.8%.

3. Commitment characteristics and actuarial assumptions applied at Cromology

Retirement benefits are calculated mainly on the basis of employees' seniority when they retire. These plans essentially concern France (and to a lesser extent Portugal, Italy, and Switzerland). Actuarial assumptions are determined for each country.

The main assumptions utilized for the European region were as follows: discount rate of between 0.70% and 1.25%, inflation rate of between 0.70% and 1.75%, salary increase rate of between 1.20%, and 3.0%.

4. Commitment characteristics and actuarial assumptions applied at Stahl

Stahl employee benefits in Germany, Italy, the Netherlands, Mexico, the United Kingdom, the United States, India, France, Brazil, Thailand, Indonesia and Switzerland concern the following defined-benefit plans, depending on the country:

- partially-funded retirement plans;
- retirement bonuses;
- long-service awards.

The main actuarial assumptions were as follows: discount rate of 2.3%, inflation rate of 1.6%, salary increase rate of 0.7%, and return on assets of 2.3%.

5. Wendel's commitments

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

surviving spouse on the date of the employee's retirement, and includes supplements for dependent children.

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

At December 31, 2017, 36 retirees and 6 employees of the Company benefited from the plan.

NOTE 16 Financial debt

Principal changes in 2017 are described in Note 5-2 "Managing liquidity risk".

In millions of euros	Currency	Coupon rate	Effective interest rate ⁽¹⁾	Maturity	Repayment	Total lines	12/31/2017	12/31/2016
Wendel and holding companies								
2017 bonds	EUR	4,375%	5,186%	08/2017	at maturity		-	507.4
2018 bonds	EUR	6,750%	5,727%	04/2018	at maturity		349.8	349.8
2019 bonds	EUR	5,875%	5,397%	09/2019	at maturity		212.0	212.0
2019 Saint-Gobain exchangeable bonds ⁽²⁾	EUR	0.000%	1,342%	07/2019	at maturity		500.0	500.0
2020 bonds	EUR	1,875%	2,055%	04/2020	at maturity		300.0	300.0
2021 bonds	EUR	3,750%	3,833%	01/2021	at maturity		207.4	207.4
2023 bonds	EUR	1,000%	1,103%	04/2023	at maturity		300.0	300.0
2024 bonds	EUR	2,750%	2,686%	10/2024	at maturity		500.0	500.0
2027 bonds	EUR	2,500%	2,576%	02/2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor + margin		10/2022	revolving credit	€750 million	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-13.3	-18.8
Accrued interest							56.0	61.2
Loans from non-controlling shareholders							38.3	34.5
							2,950.2	3,453.5
Bureau Veritas								
2017 bonds	EUR	3,750%		05/2017	at maturity		-	500.0
2021 bonds	EUR	3,125%		01/2021	at maturity		500.0	500.0
2023 bonds	EUR	1,250%		09/2023	at maturity		500.0	500.0
2026 bonds	EUR	2,000%		09/2026	at maturity		200.0	200.0
Borrowings and debt from lending institutions maturing in less than 1 year - fixed rate							191.1	24.5
Borrowings and debt from lending institutions maturing in less than 1 year - floating rate							17.9	65.0
Borrowings and debt from lending institutions maturing in 1 to 5 years - fixed rate							591.4	702.9
Borrowings and debt from lending institutions maturing in 1 to 5 years - floating rate							283.6	324.4
Borrowings and debt from lending institutions maturing in more than 5 years - fixed rate							165.0	91.0
Borrowings and debt from lending institutions maturing in more than 5 years - floating rate							-	174.6
							2,449.0	3,082.4
Constantia Flexibles								
2017 bonds	EUR	Fixed		05/2017	at maturity		-	129.1
Bank borrowings	EUR	Euribor + margin		04/2022	at maturity		126.0	886.3
Bank borrowings	USD	Libor + margin		2015-22	amortizing		-	236.6
Bank borrowings	EUR	Euribor + margin		06/2022	amortizing		306.0	20.0
Bank borrowings (EUR, RUB, INR, USD, VND)		Euribor+margin and fixed		2015-22	amortizing		81.1	29.9
Deferred issuance costs							-2.0	-48.7
Other borrowings and accrued interest							13.2	60.4
							524.3	1,313.6
Cromology								
Bank borrowings	EUR	Euribor + margin		08/2021	at maturity		267.0	267.0
Deferred issuance costs							-6.9	-5.2
Materis shareholder loans							37.9	33.5
Other borrowings and accrued interest							14.1	13.6
							312.1	308.9

In millions of euros	Currency	Coupon rate	Effective interest rate ⁽¹⁾	Maturity	Repayment	Total lines	12/31/2017	12/31/2016
Stahl								
Bank borrowings	USD	Libor + margin		12/2021	amortizing		265.6	284.3
Bank borrowings	USD	Libor + margin		06/2022	amortizing		279.5	284.3
Bank borrowings (USD, CNY, INR)		Floating rate		2021-22	amortizing		36.9	-
Deferred issuance costs							-11.6	-10.1
Other borrowings and accrued interest							0.3	1.0
							570.8	559.5
Mecatherm								
Bank borrowings (senior)	EUR	Euribor + margin		2015-18	amortizing		17.9	27.7
Bank borrowings	EUR	Euribor + margin		09/2017	revolving credit	€5 million	5.0	5.0
Deferred issuance costs							-0.2	-0.5
Other borrowings and accrued interest							0.2	0.6
							22.9	32.8
CSP Technologies								
Bank borrowings	USD	Libor + margin		01/2022	amortizing		146.8	157.3
Bank borrowings	USD	Libor + margin		01/2020	revolving credit	\$25 million	0.8	11.4
Deferred issuance costs							-7.3	-9.0
Other borrowings and accrued interest							5.9	1.9
							146.3	161.6
Nippon Oil Pump								
Bank borrowings	JPY	Tibor+margin		2015-19	amortizing		3.7	7.3
Bank borrowings	JPY	Tibor+margin		02/2019	at maturity		22.2	24.3
Deferred issuance costs							0.7	-0.2
Other borrowings and accrued interest							-0.1	1.2
							26.5	32.6
Tsebo								
Bank borrowings	ZAR	Jibar + margin		2022	amortizing		123.3	-
Bank borrowings	USD	Libor + margin		2022	amortizing		2.3	-
Deferred issuance costs							-2.9	-
Other borrowings and accrued interest		ZAR, GHS, ZMW, SLL					4.1	-
							126.7	-
TOTAL							7,128.9	8,944.9
of which non-current portion							6,416.2	7,577.7
of which current portion							712.7	1,367.2

- (1) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.
- (2) The holders of bonds exchangeable for Saint-Gobain shares have the right to exchange them for 9,622,933 Saint-Gobain shares, covering the total €500 million in bonds issued. Wendel would then have the option of delivering the securities or their counter-value in cash. This option for bondholders would be used primarily in the event of the Saint-Gobain share price being higher than the price of €51.96 per share. The optional component of the exchangeable bond is recognized as a financial liability at fair value; see Note 13-2 "Financial liabilities".

Note 16-1 Financial debt maturity schedule

In millions of euros	Less than one year	Between 1 and 5 years	More than 5 years	Total
Wendel and holding companies:				
■ notional amount	-349.8	-1,219.4	-1,237.6	-2,806.8
■ interest ⁽¹⁾	-102.3	-225.8	-93.0	-421.1
Investments:				
■ notional amount	-323.0	-2,877.9	-1,007.8	-4,208.7
■ interest ⁽¹⁾	-152.3	-428.6	-81.7	-662.6
TOTAL	-927.3	-4,751.7	-2,420.1	-8,099.2

(1) Interest is calculated on the basis of the yield curve prevailing on December 31, 2017. Interest on debt and interest rate hedges does not reflect interest earned on invested cash.

Note 16-2 Market value of gross financial debt

The fair value of bond debt is the market price on December 31, 2017.

In millions of euros	12/31/2017	12/31/2016
Wendel and holding companies	3,145.5	3,966.4
Operating subsidiaries	4,301.0	5,824.0
TOTAL	7,446.5	9,790.4

5.9 Notes on the income statement

The accounting principles applied to the aggregates on the income statement are described in Note 1-11.2 "Presentation of the income statement".

NOTE 17 Net sales

The accounting principles applied to net sales are described in Note 1-10.15 "Revenue recognition".

In millions of euros	2017	2016	% Change	Organic growth
Bureau Veritas	4,689.4	4,549.2	3.1%	2.2%
Constantia Flexibles	1,487.5	1,461.1	1.8%	1.6%
Cromology	704.6	737.3	-4.4%	-1.3%
Stahl	733.3	655.7	11.8%	2.2%
Oranje-Nassau Développement				
■ Tsebo	461.0	N/A	N/A	7.2%(1)
■ Mecatherm	84.3	118.7	-29.0%	-29.0%
■ Nippon Oil Pump	48.5	46.1	5.2%	10.4%
■ CSP Technologies	120.5	114.5	5.2%	1.0%
CONSOLIDATED NET SALES	8,329.1	7,682.7	8.4%	1.3%

(1) Organic growth calculated over 12 months.

Consolidated net sales break down as follows:

In millions of euros	2017	2016
Sales of goods	3,619.0	3,116.4
Sales of services	4,710.2	4,566.2
CONSOLIDATED NET SALES	8,329.1	7,682.7

NOTE 18 Business income

In millions of euros	2017	2016
Bureau Veritas	606.3	609.7
AlliedBarton	-	-1.2
Constantia Flexibles	42.1	65.6
Cromology	13.3	18.2
Stahl	110.5	110.9
Oranje-Nassau Développement	-21.3	26.6
Wendel and holding companies	-67.0	-153.5
OPERATING INCOME	683.9	676.3

Note 18-1 R & D costs recognized as expenses

In millions of euros	2017	2016
Constantia Flexibles	9.0	8.8
Cromology	4.9	4.8
Stahl	3.1	3.0
Oranje-Nassau Développement	7.7	2.8
<i>including CSP Technologies</i>	4.0	2.6

Note 18-2 Average number of employees at consolidated companies

	2017	2016
Bureau Veritas	73,417	69,042
Constantia Flexibles	7,241	10,209
Cromology	3,757	3,947
Stahl	1,939	1,798
Oranje-Nassau Développement	37,667	1,147
<i>of which Tsebo</i>	36,511	-
Wendel and holding companies	97	97
TOTAL	124,118	86,240

NOTE 19 Finance costs, net

In millions of euros	2017	2016
Income from cash and cash equivalents ⁽¹⁾	-35.1	26.8
Finance costs, gross		
Interest expense	-325.9	-361.7
Interest expense on loans from non-controlling shareholders	-8.8	-8.9
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method) ⁽²⁾	-61.7	-17.3
	-396.4	-387.9
TOTAL	-431.5	-361.1

(1) This item includes a negative amount of €40.9 million for Wendel and its holding companies, mainly related to a foreign exchange loss on deposit funds denominated in dollars, to which is added €12.1 million from returns on Wendel's investments (recognized under "Other financial income and expenses"), or total expense of €-28.1 million in 2017 (€24.9 million of revenue in 2016).

(2) This item includes a cost of €-47.8 million in 2017 related to the early repayment of Constantia Flexibles' debts following the divestment of its "Labels" division.

NOTE 20 Other financial income and expense

In millions of euros	2017	2016
Gains/losses on disposal of assets available for sale	1.4	0.1
Dividends received from unconsolidated companies ⁽¹⁾	19.6	1.3
Net income on interest rate, currency and equity derivatives	5.4	3.2
Interest on other financial assets	3.2	7.5
Net currency exchange gains/losses	42.8	-12.7
Impact of discounting	-11.6	-13.1
Gain on buyback of debt	-	-123.6
Other	11.1	16.1
TOTAL	71.8	-121.1

(1) Including a dividend of €17.8 million from Saint-Gobain.

NOTE 21 Tax expense

The accounting principles applied to deferred taxes are described in Note 1 - 10.12 "Deferred taxes".

In millions of euros	2017	2016
Current income tax payable	-229.6	-267.7
Deferred taxes	51.4	65.9
TOTAL	-178.3	-201.7

The portion of the Tax on the Added Value of Companies (CVAE) is recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National accounting council) of January 14, 2010.

Deferred taxes recognized in the balance sheet result from temporary differences between the carrying amount and tax bases of assets and liabilities on the balance sheet and break down as follows:

In millions of euros	12/31/2017	12/31/2016
Origin of deferred taxes:		
Post-employment benefits	65.9	78.2
Intangible assets	-552.9	-682.3
Recognized tax-loss carryforwards	81.3	102.5
Other items	5.4	24.6
TOTAL	-400.3	-477.1
of which deferred tax assets	195.2	200.9
of which deferred tax liabilities	-595.6	-677.9

Uncapitalized tax losses amounted to €8,031.8 million for the Group as a whole, of which €7,503.2 million for Wendel and its holding companies.

At December 31, 2017, the balance sheet changes in deferred taxes were as follows:

In millions of euros	2017	2016
Amount at beginning of year	-477.1	-525.2
Income and expenses recognized in the income statement	51.4	65.9
Income and expenses recognized in reserves	4.2	15.5
Reclassification under "Operations held for sale"	91	-
Changes in scope of consolidation	-65.3	-26.0
Currency translation adjustments and other	-4.5	-7.2
TOTAL	-400.3	-477.1

The difference between the theoretical tax based on the standard rate of 34.43% applicable in France and the actual income tax expense of Wendel, its holding companies and its operating subsidiaries broke down as follows:

In millions of euros	Wendel and holding companies	Operating subsidiaries	Total
Income before tax expense, net income from equity-method subsidiaries, and net income from discontinued operations and operations held for sale	-115.0	439.2	324.2
Theoretical amount of tax expense calculated on the basis of a rate of -34.43%	39.6	-151.2	-111.6
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-39.6	-	
Uncapitalized tax losses at the operating subsidiary level	-	-63.6	
Reduced tax rates and foreign tax rates at the operating subsidiary level	-	49.2	
CVAE tax paid by operating subsidiaries	-	-14.9	
Tax on dividends (Wendel and Bureau Veritas)	-3.2	-7.2	
Tax on dividends received from consolidated subsidiaries	-	-18.3	
Dividend tax refund (Wendel)	12.6	-	
Tax rate reduction announced in France	-	43.0	
Other	-	-24.5	
ACTUAL TAX EXPENSE	9.4	-187.6	-178.3

NOTE 22 Net income (loss) from equity-method investments

This item was positively affected by the income on the sale of Saint-Gobain shares and negatively by the currency translation loss recognized by IHS (see Note 10 - 1 "Additional information on IHS"):

In millions of euros	2017	2016
Net income including impact of goodwill allocation		
Saint-Gobain	41.0	117.9
except	-3.4	-14.8
IHS	-66.6	-200.6
Allied Universal	-36.7	-26.1
PlaYce	-0.3	-0.5
Other companies	0.5	1.4
Sale of Saint-Gobain shares ⁽¹⁾	84.1	-229.6
Impact of dilution on the Saint-Gobain investment ⁽¹⁾	-5.0	-1.5
Impact of dilution on the IHS investment ⁽¹⁾	27.3	3.5
Net income from deconsolidation of IHS shares held by co-investors	-	81.7
TOTAL	41.0	-268.6

(1) See Note 2 "Changes in scope of consolidation" with respect to Saint-Gobain and IHS.

NOTE 23 Net income from discontinued operations and operations held for sale

The accounting principles applied to operations discontinued or held for sale are described in Note 1-10.14 "Assets held for sale and operations in the process of disposal".

Note 23-1 Net income from discontinued operations and operations held for sale

In millions of euros	2017	2016
Gain on divestments		
Constantia Flexibles for its Labels division ⁽¹⁾	318.9	-
Parcours	-	38.9
AlliedBarton	-	58.2
	318.9	97.1
share in net income for the period from discontinued operations		
Constantia Flexibles	42.6	37.1
Cromology	- 5.8	-
BV	- 8.5	-
Parcours	-	42.9
AlliedBarton	-	- 41.7
Other	-	0.2
	28.3	38.1
TOTAL	347.2	135.2

(1) See Note 2, "Changes in scope of consolidation" with respect to Constantia Flexibles

Assets and liabilities of operations held for sale mainly concern the Cromology's Argentinian subsidiary Colorin, the nature of which are presented below:

In millions of euros	12/31/2017
Property, plant and equipment	1.2
Inventories	4.2
Trade receivables	12.4
Other assets	1.2
Cash and cash equivalents	0.1
Deferred tax assets	-
TOTAL ASSETS OF OPERATIONS HELD FOR SALE	19.1
Suppliers	7.3
Other liabilities	8.8
TOTAL LIABILITIES OF OPERATIONS HELD FOR SALE	16.1

NOTE 24 Earnings per share

The accounting principles applied to earnings per share are described in Note 1-1.13 "Earnings per share".

In euros and millions of euros	2017	2016
Net income – Group share	200.0	-366.8
Impact of dilutive instruments on subsidiaries	-8.1	-14.8
Diluted net income	191.9	-381.5
Average number of shares, net of treasury shares	45,364,731	45,531,791
Potential dilution due to Wendel stock options ⁽¹⁾	-126,397	-
Diluted number of shares	45,238,334	45,531,791
Basic earnings per share (in euros)	4.41	-8.05
Diluted earnings per share (in euros)	4.24	-8.38
Basic earnings per share from continuing operations (in euros)	-0.23	-10.42
Diluted earnings per share from continuing operations (in euros)	-0.41	-10.75
Basic earnings per share from discontinued operations (in euros)	4.64	2.37
Diluted earnings per share from discontinued operations (in euros)	4.65	2.37

(1) Under the treasury stock method: it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact.

In 2016, net income, Group share was negative, the dilutive instruments of Wendel are thus not taken into account.

5.10 Notes on changes in cash position

NOTE 25 Acquisition of property, plant & equipment and intangible assets

In millions of euros	2017	2016
By Bureau Veritas	144.0	156.5
By Constantia Flexibles	81.8	106.7
By Cromology	21.6	21.7
By Stahl	24.5	22.4
By AlliedBarton	-	1.5
By Oranje-Nassau Développement	28.8	18.2
By Wendel and holding companies	0.4	1.9
TOTAL	301.1	329.0

NOTE 26 Disposal of property, plant & equipment and intangible assets

Disposal of property, plant & equipment and intangible assets includes mainly Bureau Veritas disposals amounting to €8.9 million.

NOTE 27 Acquisition of equity investments

The principal acquisitions undertaken during the period are detailed in Note 2 "Changes in scope of consolidation".

In millions of euros	2017	2016
Tsebo	162.3	-
Sgi Africa	-	26.2
Bureau Veritas	-	-
Reinvestment in IHS	-	41.8
By Bureau Veritas	189.9	181.6
By Constantia Flexibles	19.8	35.8
By Stahl	123.3	22.8
By CSP Technologies	-	39.9
By Cromology	1.2	6.2
By Tsebo	1.8	-
Other securities	16.8	8.9
TOTAL	515.1	356.9

NOTE 28 Disposal of equity investments

In millions of euros	2017	2016
Sale of shares by Constantia Flexibles ⁽¹⁾	825.1	57.7
Sale of Saint-Gobain shares ⁽²⁾	1,085.4	1,155.0
Disposal of Parcour ⁽²⁾	-	240.7
Disposals of exceet shares ⁽²⁾	16.6	-
Other	-	6.8
TOTAL	1,927.1	1,460.1

(1) amount corresponds to Constantia Flexibles' divestment of its "Labels" activity.

(2) See Note 2 "Changes in scope of consolidation".

NOTE 29 Impact of changes in scope of consolidation and of operations held for sale

In 2017, this item corresponds to the first-time consolidation of Bureau Veritas and Constantia Flexibles subsidiaries in the amounts of €18.2 million and €1.3 million respectively, the cash and cash equivalents on the acquisition date of Tsebo pour €32 million and the reclassification as "Assets and liabilities of operations held for sale" of Constantia Flexibles' Labels division in the negative amount of €23.9 million.

In 2016, this item corresponded to the consolidation of Bureau Veritas' subsidiaries in the amount of €10.5 million and the reclassification as "Assets and liabilities of operations held for sale" of AlliedBarton Group's cash and cash equivalents in the amount of €38.7 million.

NOTE 30 Change in other financial assets and liabilities

In 2017, this cash outflow corresponded in particular to the unwinding of co-investments in Stahl and Cromology, as described in Note 4 "Participation of managers in Group investments".

In 2016, \$387 million was received at the date of the merger of AlliedBarton with Universal Services of America (see Note 2 "Changes in scope of consolidation").

NOTE 31 Dividends received from equity-method investments and unconsolidated companies

The €97.4 million in dividends received from Bureau Veritas were eliminated upon consolidation.

The €17.8 million Saint-Gobain dividend was received in June 2017.

NOTE 32 Net change in borrowings and other financial liabilities

Details of financial debt are shown in Note 16 "Financial debt".

In millions of euros	2017	2016
New borrowings by:		
Wendel - Bond issues ⁽¹⁾	-	800.0
Bureau Veritas	172.5	742.4
Constantia Flexibles ⁽²⁾	423.6	47.7
Stahl ⁽³⁾	99.8	596.1
Cromology	20.1	31.4
CSP Technologies	8.2	-
Tsebo	5.1	-
Oranje-Nassau Développement	-	16.5
AlliedBarton	-	31.4
	729.3	2,265.5
Borrowings repaid by:		
Wendel - 2016 and 2017 bonds ⁽¹⁾	507.4	643.7
Wendel - Repurchase of bonds	-	915.4
Constantia Flexibles ⁽²⁾	1,200.1	22.5
Bureau Veritas	715.7	42.2
Oranje-Nassau Développement	22.7	20.7
Stahl ⁽³⁾	17.6	279.8
Cromology	1.6	20.5
AlliedBarton	-	36.2
	2,465.1	1,980.9
TOTAL	-1,735.8	284.6

(1) See Note 5-2.1 "Liquidity risk of Wendel and the holding companies".

(2) These amounts correspond to the new funding put into place for Constantia Flexibles and repayment of the previous funding following the divestment of the "Labels" division (see Note 5-2.5 "Financial debt of operating subsidiaries").

(3) In 2016, the amounts corresponded to the new funding put into place for Stahl and repayment of the previous funding.

5.11 Other

NOTE 33 Off-balance-sheet commitments

As of December 31, 2017, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned.

Note 33-1 Collateral and other security given in connection with financing

In millions of euros	12/31/2017	12/31/2016
Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Constantia Flexibles Group.	526.4	1,323.5
Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Cromology Group.	279.9	279.1
Pledge by CSP Technologies Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the CSP Technologies Group.	148.1	169.6
Joint and several guarantee and/or pledge by Mecatherm Group entities of shares of the companies and of certain trade receivables as collateral for the repayment of the debt owed by the Mecatherm Group. It should be noted that Wendel granted a first-demand guarantee for banks amounting to €11 million as of December 31, 2017	23.1	33.1
Pledge by Nippon Oil Pump Group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Nippon Oil Pump Group.	25.8	31.6
Pledge by Stahl Group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl Group.	582.3	569.6
Pledge by Tsebo Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by Tsebo Group.	129.6	-
TOTAL	1,715.2	2,406.5

Note 33-2 Guarantees given and received in connection with asset acquisitions

Guarantees given as part of asset sales

In connection with the sale of the Parcour Group and Clariant and BASF's receiving an equity stake in Stahl, the Group has provided the usual guarantees within certain limits and over variable periods depending on the type of guarantee involved. At December 31, 2017, there were no outstanding claims under these guarantees.

Guarantees received in connection with asset acquisitions

In connection with the acquisitions of AlliedBarton (merged into Allied Universal), Constantia Flexibles, CSP Technologies, IHS, Saham, PlaYce and Tsebo, and in addition to Clariant and BASF's receiving an equity stake in Stahl, the Group benefited from the usual guarantees within certain limits and over variable periods depending on the type of guarantee involved.

Note 33-3 Off-balance-sheet commitments given and received related to operating activities

In millions of euros	12/31/2017	12/31/2016
Market counter-guarantees and other commitments given		
by Bureau Veritas ⁽¹⁾	356.8	421.2
by Constantia	0.9	7.9
by Cromology	10.5	10.5
by Oranje-Nassau Développement:		
■ Mecatherm	8.2	8.5
■ CSP Technologies	0.4	0.4
■ Tsebo	3.1	-
TOTAL COMMITMENTS GIVEZN	379.9	448.5
Other commitments received	-	-
TOTAL COMMITMENTS RECEIVED	-	-

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent-company guarantees.

Note 33-4 Subscription commitments

In connection with the investment in PlaYce, the Group has agreed to make gradual investments, based on the company's development projects, an amount of up to €120 million over the next few years (including an investment of €25 million in July 2016).

As of December 31, 2017, the Group undertook to invest approximately €25.6 million in certain private equity funds.

Finally, at December 31, 2017, the Group had committed to subscribe €2 million of senior credit lines issued in connection with the financing the acquisition of a non-listed company.

Note 33-5 Shareholder agreements and co-investment mechanisms

As of December 31, 2017, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its subsidiaries or unlisted holding companies (Allied Universal, Constantia Flexibles, Cromology, IHS, Saham, PlaYce, Stahl and Tsebo) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at involving them in their company's performance (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo).

These agreements contain various clauses related to:

- Corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, ban on selling to certain individuals);
- anti-dilution rules in the event of transactions involving the share capital;

- exit terms in the event of a sale (tag-along and drag-along rights) or IPO; and

- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles, Stahl, Saham, Tsebo and Allied Universal shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. Failing such an event, the H. Turnauer Foundation can exercise a put option granted to it by Wendel to sell half of its initial investment at market value, payable in two tranches in cash or in Wendel shares, at the Wendel Group's option. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Stahl,
 - Stahl's minority financial investors (former second-lien and former mezzanine lenders) have a put option to sell shares at a discount, in tranches of one-third of their stake, between 2016 and 2018. The first two tranches were not exercised. The commitment bearing on the third still exercisable was recognized in financial liabilities in accordance with accounting policies applicable to minority put options,
 - Clariant and BASF, minority shareholders of Stahl, benefit from liquidity guarantees granted by the Wendel Group to Clariant in an amount determined by a predefined margin multiple. These commitments were recognized in financial liabilities in accordance with accounting principles applicable to minority puts;

■ for Allied Universal, the Company and its two major shareholders have made various commitments to US department of Defense under the US regulations on Foreign Investment and National Security, primarily bearing on the governance of the company (with two "independent" directors approved by the US authorities, the majority of the members of the Board of Directors being appointed by the two main shareholders who also have reciprocal veto rights over key decisions, some of which can only be exercised with the prior approval of these two independent directors). In the event of a situation resulting in the imposition of additional restrictions under this regulation, Wendel has undertaken to take additional measures (dilution of its investment or restriction of its governance rights) aimed at diluting the influence of foreign interests in Allied Universal. In addition, with regard to the divestment terms, Warburg Pincus and Wendel each have the right to prompt an IPO or a forced sale of all shareholders in a private sale, subject to (in the early years) achieving minimum valuations.

■ For Tsebo, Capital Group, a minority shareholder in Tsebo, has the right beyond a certain investment period to trigger an IPO process subject to performance, valuation and liquidity conditions or, if those are not met, to sell its stake in Tsebo.

The agreements with the management teams (managers or former managers) of subsidiaries (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo) also contain stipulations relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (between the 5th and 13th anniversaries of the completion of the co-investment, depending on the relevant agreement); and
- the handling of executive departures (commitment to sell shares to the Wendel Group in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in Note 4-2 relating to "the participation of subsidiary managers in the performance of their companies".

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending of the situation, Wendel's holdings or the investments itself) can be required to buy back or guarantee the buy back of the shares held by subsidiary managers (or former managers) in Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser, or a value calculated on the basis of an earnings multiple.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co-investment mechanisms, to Allied Universal, Constantia Flexibles, CSP Technologies, IHS, Mecatherm, Nippon Oil Pump, Saham and Tsebo (see Note 4-1 relating to "the participation of Wendel managers in Group investments").

As of December 31, 2017, based on the value of the investments retained in the Net Asset Value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the *pari passu* investments made under the same risk and return conditions as Wendel by all the co-investing managers of subsidiaries and Wendel benefiting from liquidity rights is €47 million. The value of the portion of non-*pari passu* investments of co-investing managers of subsidiaries and managers of Wendel was €171 million.

In accordance with Group accounting principles, a portion of these amounts is recognized within financial liabilities (€29 million). The accounting principles applicable to co-investments are described in Note 1-10.18 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments".

With regard to non-controlling interests granted to joint shareholders, an overall amount of €470 million is recognized as financial liabilities for Wendel and its holding companies (notably for the put granted to Clariant, on its stake in Stahl and the put granted to H. Turnauer Foundation on its stake in Constantia Flexibles), as well as for the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Note 33-6 Other agreements concluded by the Wendel Group for its financing and acquisition or divestment transactions

Subordinated (mezzanine and second-lien) lenders to Stahl who forfeited their claims as creditors during the 2010 restructuring received an earn-out right exercisable only upon the total or partial divestment of Wendel's stake in Stahl. This right is exercisable if Wendel's overall return is more than 2.5 times its 2010 re-investment, and is equivalent to the allocation of 1 to 2 bonus shares per share held by these ex-subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel Group's decision to divest.

As part of the syndication with Capital Group Private Markets of a minority investment in the Tsebo Group, the Wendel Group enjoys an earn-out right on the portion transferred in this manner subject to the achievement by Capital Group Private Markets of minimum profitability thresholds over the duration of its investment in Tsebo in case of disinvestment. The Group has a similar right to the investment made by Maxburg in Constantia Flexibles. These rights were recognized within financial assets whose change in value is recognized on the income statement.

As part of the initial investment in Tsebo Group's South African entities by an investor meeting the criteria set by local B-BBEE regulations ("Broad-Based Black Economic Empowerment" business incentive program to support the economic development of black people in South Africa), Wendel guaranteed the repayment obligations relating to acquisition financing contracted by this investor, thereby helping maintain Tsebo's "B-BBEE level 1" rating. Wendel's guarantee represents an amount of approximately ZAR536 million, which may be increased to ZAR639 million in the event of the extension of the financing term.

Note 33-7 Leasing

Apart from the transactions described below, no finance lease is likely to have a significant impact on Wendel's financial position.

Note 33-7.1 Finance leases (contracts under which the Group retains the risks and rewards connected with ownership of the leased item)

Amount of future rents under finance leases:

In millions of euros	12/31/2017	12/31/2016
More than 5 years	29.6	23.8
Due in 1 to 5 years	21.6	12.8
Due in less than 1 year and accrued interests	7.8	4.7
TOTAL	59.1	41.2

These contracts give rise to a non-current asset and a financial debt on the balance sheet, in accordance with IAS 17 "Leases".

Note 33-7.2 Operating leases (contracts under which the Group does not retain the risks and rewards connected with ownership of the leased item)

Amount of future rents under operating leases:

In millions of euros	12/31/2017	12/31/2016
More than 5 years	63.3	72.2
Due in 1 to 5 years	235.2	259.7
Due in less than 1 year and accrued interests	147.5	164.9
TOTAL	446.0	496.8

The amount of future lease payments comes mainly from Bureau Veritas, for €309.9 million (€330.3 million in 2016).

NOTE 34 Stock options, bonus shares and performance shares

The accounting principles applied to stock options, bonus shares and performance shares are described in Note 1-10.17 "Stock subscription and stock purchase option plans".

The total expense related to allocation of stock options or other share-based compensation for fiscal year 2017 was €25.6 million compared to €28.2 million in 2016.

In millions of euros	2017	2016
Stock options at Wendel	2.5	3.2
Grant of bonus shares at Wendel	5.1	4.2
Stock options at Bureau Veritas	2.2	2.8
Grant of bonus shares at Bureau Veritas	15.8	18.0
TOTAL	25.6	28.2

The principal stock option plans granted in 2017 were as follows:

1. **Wendel**

Pursuant to the authorization given by shareholders at their May 18, 2017 General Meeting, options giving the right to subscribe to 235,895 shares were allocated on July 7, 2017 with a strike price of €134.43 and a ten-year life. These options have the following features:

- a service condition: the definite allocation of the options is subject to a two-year service condition, the first half vest after one year and all the options vest after two years;
- a performance condition: the number of options granted vests if the increase in the share price (average of the last 50 stock market prices on the date of the General Meeting preceding the anniversary date of the plan) for the 2017-19 period is greater than or equal to 10.25%. One-half vests if the increase in the share price for 2017-17 period is greater than or equal to 5% over the 2017-18 period. The share price used as the point of reference for 2017 is the average of the last 20 share prices on the date of the General Meeting of May 18, 2017, i.e. €134.43 per share.

In 2017, these options were valued using a Monte Carlo model, based on the following principal assumptions: an average rate of return of 2.4%, volatility of 29.7% and the period of illiquidity of the stock options was also taken into account. These options were valued at €21.7 each. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their May 18, 2017 General Meeting, 78,632 performance shares were also granted on July 7, 2017. They are subject to the same service and performance-based conditions as the options granted in 2017 (see previous paragraph). These performance shares are granted subject to a two-year service condition and do not vest until the end of the two-year period. They were valued at €71.8 per share. This value takes into account the period of illiquidity of these performance shares.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2016	Options granted in 2017	Options canceled in 2017	Options exercised in 2017	Adjustment	Number of options outstanding as of 12/31/2017	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Stock purchase options	14,572			-3,000		11,572	22.58 and 41.73	22.58	2.50	11,572
Stock purchase options indexed to NAV/share	812,092	235,895	-63,732	-363,830		620,425	from 44.32 to 134.43	101.94	7.02	405,195
Stock subscription options	-	-	-	-		-	-	-	-	-
Stock subscription options indexed to NAV/share	167,151	-	-48,550	-89,275		29,326	18.96 to 132.96	32.82	1.04	29,326

Performance shares	Shares granted as of 12/31/2016	Awards during the fiscal year	Definitive awards	Cancellations	Shares granted as of 12/31/2017	Grant date	Vesting date
Plan 7-1	67,538		-65,363	-2,175	-	7/15/2015	7/15/2017
Plan 8-1	137,082			-4,965	132,117	7/7/2016	7/9/2018
Plan 9-1		78,632		-17,354	61,278	7/7/2017	7/8/2019
	204,620	78,632	-65,363	-24,494	193,395		

2. Bureau Veritas

By resolution of its Board of Directors on June 21, 2017, Bureau Veritas granted 1,229,060 stock purchase options to some of its employees and to the corporate officer. The options' strike price is €20.65. The allocations are subject to a service condition as well as to the achievement of performance objectives based on 2017 adjusted operating income and on the adjusted operating income/net sales ratio for 2018 and 2019. Stock options have a ten-year life after the grant date. The average unit fair value of options granted during the fiscal year was €1.70 per share (2016: €2.35).

The fair value of the options granted in 2017 was determined according to the following main assumptions and characteristics:

- strike price of 20.65 euros;
- expected stock volatility of 17.0% (2016: 22.7%);

- dividend yield of 2.7% (2016: 2.6%);
- an anticipated four-year duration of the option (2016: four years);
- a risk-free interest rate of -0.36% (2016: 0.34%), determined based on Government bond yields over the anticipated duration of the option.

By resolution of its Board of Directors on June 21, 2017, Bureau Veritas granted 1,207,820 performance shares to some of its employees and to the corporate officer. The allocation is contingent upon carrying out three years of service as well as achieving a performance objective based on the adjusted operating income for 2017 and operating income to net sales ratio for 2018 and 2019.

The weighted average fair value of the performance shares granted in 2017 to certain employees and the corporate officer amounted to €18.94 per share.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2016	Options granted in 2017	Options canceled in 2017	Options exercised in 2017	Adjustment	Number of options outstanding as of 12/31/2017	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Bureau Veritas	6,550,437	1,229,060	-974,129	-893,345	-	5,912,023	8.75 to 21.01	19.49	5.7 years	3,230,260

Performance shares	Shares granted as of 12/31/2017	Grant date	Expiration date
	-	7/22/2013	7/22/2017 or 7/22/2016 for French company employees
	720,000	7/22/2013	7/22/2021 or 7/22/2022
	436,108	7/16/2014	7/16/2018 or 7/16/2017 for French company employees
	991,044	7/15/2015	7/15/2019 or 7/15/2018 for French company employees
	497,052	6/21/2016	6/21/2019
	1,191,420	6/21/2017	6/21/2020
	3,835,624		

NOTE 35 Fees paid to the Statutory Auditors and members of their networks

In thousands of euros	Services rendered in 2017 by		Services rendered in 2017 by	
	Pricewaterhouse Coopers Audit	PwC network members	Ernst & Young Audit	Ernst&Young network members
Certification, Review of parent company financial statements				
■ for Wendel SE	733	-	744	-
■ for its subsidiaries	975	3,809	1,842	2,548
Sub-total	1,708	3,809	2,586	2,548
Services other than certification of financial statements				
■ for Wendel SE	63	-	78	246
■ for its subsidiaries	210	2,592	8	1,560
Sub-total	273	2,592	86	1,806
TOTAL	1,980	6,401	2,672	4,354

Services during the year other than the Statutory Auditors' verification of the financial statements of Wendel SE and the companies over which the latter exercises control are related, for Ernst & Young Audit, to certifications, agreed procedures,

information system reviews and consultations, and for PricewaterhouseCoopers Audit, services legal and tax services, due diligence, agreed procedures, social benefits, certifications.

NOTE 36 Subsequent event

Sale of the investment in Saham Group

On March 8, 2018 Wendel announced the sale of its shares in the Saham Group holding company, for an amount of \$155 million (approximately €125 million). The sale coincides with an agreement under which the Saham Group sold its insurance business to Sanlam, South Africa's leading financial services Group. It is conditional on the effective completion of the transaction between

the Saham Group and Sanlam, which should take place in the second half of 2018. Wendel also has a right to 13.3% of the capital gains realized in the event of Saham selling the other Group business lines (Customer Relationship Centers, Real Estate, Health and Education) during the 24 months following the effective conclusion of the sale, at valuations above certain pre-defined thresholds. In 2013, Wendel invested €100 million in this Group holding for 13.3% of the capital.

NOTE 37 List of principal consolidated companies as of December 31, 2017

Method of consolidation	% of interest net of treasury shares	Company name	Country	Business segment
FC	100	Wendel	France	Management of shareholdings
FC	100	Coba	France	"
FC	100	Eufor	France	"
FC	100	Sofiservice	France	"
FC	98.6	Waldggen	France	"
FC	100	Wendel Japan	Japan	Services
FC	99.5	Africa Telecom Towers	Luxembourg	Management of shareholdings
FC	100	Constantia Coinvestco GP	Luxembourg	Services
FC	99.5	Expansion 17	Luxembourg	"
FC	100	Froeggen	Luxembourg	"
FC	99.5	Global Performance 17	Luxembourg	"
FC	99.5	Globex Africa 1	Luxembourg	"
FC	100	Ireggen	Luxembourg	"
FC	100	Karggen	Luxembourg	"
FC	97.7	Materis Investors	Luxembourg	"
FC	100	Mecatherm GarantCo	Luxembourg	"
FC	99.5	Oranje-Nassau Développement SA SICAR	Luxembourg	"
FC	99.5	Oranje-Nassau Développement NOP	Luxembourg	"
FC	100	Oranje-Nassau GP	Luxembourg	"
FC	98.6	Oranje-Nassau Mecatherm	Luxembourg	"
FC	100	Oranje-Nassau Parcours	Luxembourg	"
FC	61.9	Parfimat	Luxembourg	"
FC	49.4	Matsa	Luxembourg	"
FC	100	Trief Corporation	Luxembourg	"
FC	100	Truth 2	Luxembourg	"
FC	100	Winvest Conseil	Luxembourg	"
FC	100	Winvest International SA SICAR	Luxembourg	Management of shareholdings
FC	100	Win Securitization 2	Luxembourg	"
FC	99.5	NOP Europe	Belgium	"
FC	100	Wendel North America	United States	Services

Method of consolidation	% of interest net of treasury shares	Company name	Country	Business segment
FC	100	Wendel London	United Kingdom	"
FC	100	Wendel Africa	Morocco	"
FC	100	Wendel Singapore	Singapore	Services
FC	100	Sofisamc	Switzerland	Management of shareholdings
FC	60.6	Constantia Flexibles and its subsidiaries	Austria	Flexible packaging
FC	40.6	Bureau Veritas and its subsidiaries	France	Certification and verification
FC	87.9⁽¹⁾	Cromology and its subsidiaries	France	Paint manufacturing and distribution
FC	63.4	Stahl and its subsidiaries	Netherlands	High-performance coatings and leather-finishing products
E	21.3	IHS Holding and its subsidiaries	Mauritius	Mobile telephone infrastructure in Africa
E	33	Allied Universal and its subsidiaries	United States	Security services
Oranje-Nassau Développement includes:				
FC	98.3	CSP Technologies and its subsidiaries	United States	High-performance plastics packaging
FC	98.6	Mecatherm and its subsidiaries	France	Industrial bakery equipment
FC	99	Nippon Oil Pump and its subsidiaries	Japan	Manufacture of trochoid pumps and hydraulic motors
FC	64.7	Tsebo and its subsidiaries	Africa	Services to businesses in Africa
E	40	PlaYce and its subsidiaries	Africa	Commercial real estate in Africa

(1) This is the percentage held from a legal point of view. For consolidation purposes, Cromology was consolidated with a 90.5% interest, integrating the shares of Cromology's managers which may be bought back in the framework of the liquidity offered to them in 2017.

FC: Full Consolidation. Wendel exercises exclusive control over these companies.

E: Companies accounted for by the equity method. Wendel exercises significant influence over or joint control of these companies.

The complete list of consolidated companies and companies with an ownership interest is available on the Group's official website at the following address: <http://www.wendelgroup.com/fr/information-reglementee>.

5.12 Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders of Wendel,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of Wendel for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics for Statutory Auditors (*Code de déontologie*).

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Accounting treatment of acquisitions and divestments of subsidiaries

Description of risk

As part of its investment activity, the Group regularly acquires and sells subsidiaries. The main acquisitions made by Wendel and its subsidiaries in 2017 were Wendel's acquisition of approximately 65% of the capital of Tsebo for €162 million and Stahl's acquisition of BASF's leather chemistry division for €111 million in cash and approximately 16% of Stahl's capital. Wendel's subsidiary, Constantia Flexibles, also sold its Labels division in October 2017, generating a net gain on disposal of €319 million. These changes in scope are described in Notes 2-1.1 and 2-1.5 to the consolidated financial statements.

We deemed the accounting treatment of acquisitions and divestments to be a key audit matter in light of the complexity of the transactions and the involvement of different Group entities.

How our audit addressed this risk

We held discussions with the Finance department, the investment teams and the Legal department in order to gain an understanding of the transactions and particularly the legal structures put into place as part of the acquisitions, the different stages leading to the divestment and the main agreements with the stakeholders.

We obtained and evaluated whether the main legal documents and analyses carried out by Wendel or its advisors in relation to these acquisitions and divestments, in particular acquisition agreements, divestment agreements, shareholder agreements, structure memoranda, details of cash flows and shareholders registers, had been properly reflected in the consolidated financial statements.

- Regarding the Tsebo acquisition, we assessed the control exercised by Wendel on this subsidiary pursuant to IFRS 10. We also analyzed the provisional purchase price allocation with the guidance of experts from the subsidiary's auditor by assessing the identification of the intangible assets (customer relationships and brands) and the main underlying assumptions, particularly cash flow projections, discount rates, the customer churn rate and brand royalty rates.
- With regard to the acquisition of BASF's leather chemistry division by Stahl, we verified that the transaction had been treated as a business combination in accordance with IFRS 3 and not as an acquisition of assets. In this respect, our analysis of the provisional purchase price allocation for this division, undertaken with the guidance of experts from the subsidiary's auditors, focused on the identification of the intangible assets and the main underlying assumptions. As part of this transaction, BASF received approximately 16% of Stahl's capital and Wendel granted BASF a put option on these securities, for which we examined the accounting treatment in the consolidated financial statements.
- With regard to Constantia Flexibles' disposal of its Labels division, we verified the calculation of the gain on disposal and its presentation in the consolidated financial statements in accordance with IFRS 5 with the guidance of Constantia Flexibles' auditors.

Saint-Gobain - Sale of 21.7 million shares and loss of significant influence**Description of risk**

As a result of the sale of 21.7 million Saint-Gobain shares, which took place between May 19 and June 2, 2017, Wendel now owns nearly 2.6% of the capital and 4.5% of the voting rights of this company. In accordance with the applicable governance arrangements, Wendel is now represented by a single director on the Board of Directors and Wendel's management thus considers that the Company ceased to have a significant influence on Saint-Gobain further to the transaction.

As indicated in Notes 2-1.2 and 13-3 to the consolidated financial statements, as of December 31, 2017, the 14.2 million shares still held by Wendel were classified as financial assets available for sale and valued at the December 31, 2017 share price at €651 million and no longer accounted for by the equity method or valued at their value in use. This transaction was therefore accounted for by the recognition of:

- A capital gain on the disposal of all Saint-Gobain shares consolidated by the equity method of €84 million under Net income/loss from equity-method investments;
- A loss of €59 million recognized as shareholders' equity relating to the change in fair value of the Saint-Gobain shares retained by the Group between the date of their reclassification and the closing date.

Given the change in the method of accounting and measurement of the Saint-Gobain shares and the impact of the transaction on net income, we deemed this issue to be a key audit matter.

How our audit addressed this risk

Our audit procedures mainly consisted in:

- Holding discussions with Wendel's Finance department to gain an understanding of the transaction;
- Analyzing the loss of significant influence, particularly by verifying the number of shares held by Wendel at the close of the transaction and Wendel's representation in Saint-Gobain's governing bodies;
- Assessing the compliance of Wendel's accounting treatment with the accounting standards in force, particularly the accounting classification of the remaining Saint-Gobain shares;
- Verifying the calculation of the net proceeds from the sale;
- Verifying the share price used by Wendel to determine the fair value of the shares as of December 31, 2017.

We also assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements pertaining to the changes in scope (Note 2-1.2) and the financial assets (Notes 13-1 and 13-3).

Measurement of goodwill

Description of risk

Goodwill is broken down by Cash Generating Units (CGUs) corresponding to each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl, Cromology, CSP Technologies, Tsebo, Mecatherm and Nippon Oil Pump). An impairment loss is recognized if the recoverable amount of goodwill as determined during the annual impairment test carried out on each CGU or group of CGUs, falls below its carrying amount. In addition, when an impairment loss is recognized by the operating subsidiary on one of its CGUs or groups of CGUs, this loss is maintained in Wendel's consolidated financial statements, as described in Note 1-10.1 to the consolidated financial statements.

As described in Note 7 to the consolidated financial statements, as a result of the impairment tests performed by the management of Wendel and/or its subsidiaries, an impairment of €39 million was recognized for the year ended December 31, 2017.

We deemed the measurement of goodwill to be a key audit matter due to its significance in the Group's financial statements and because determining its recoverable amount, usually on the basis of discounted future cash flow forecasts, requires management to exercise a high degree of judgment and estimation.

How our audit addressed this risk

We examined the process implemented by the management of Wendel and that of the operating subsidiaries to carry out impairment tests.

We examined all of the annual goodwill impairment tests carried out by Wendel and its operating subsidiaries with the guidance, when appropriate, of the subsidiaries' auditors. We adjusted the extent of our work to take into account the level of impairment risk of the CGUs or groups of CGUs.

- For the CGUs or groups of CGUs presenting an impairment risk, our work consisted in:
 - Verifying the compliance of the methodology applied by Wendel and its subsidiaries with current accounting standards;
 - Examining the reasonableness of the projected cash flows in relation to the economic and financial environment in which the CGUs or groups of CGUs operate;
 - Assessing the quality of the process used to determine the projections by analyzing the reasons for any differences between past forecasts and actual outcomes;
 - Assessing the consistency of the long-term growth rates used with available market analyses and the margin rates used in the terminal year with the margin rates of previous and past flows;
 - Assessing the different components of the discount rates used;
 - Verifying the calculation of the sensitivity of the recoverable amount of the CGUs or groups of CGUs to changes in the main assumptions used (long-term growth rate, margin rate used in the terminal year and discount rate).
- For the other CGUs or groups of CGUs, our work consisted in holding discussions with the management of Wendel and/or the operating subsidiary to assess the reasonableness of the cash flows and key assumptions used (long-term growth rate, margin rate in the terminal year and discount rates);

We also assessed the appropriateness of the disclosures provided in Notes 1-10.1 and 7 to the consolidated financial statements, in particular those related to the sensitivity analyses carried out by Wendel's management.

Contribution of equity-method investments to the Group's consolidated net income

Description of risk

As of December 31, 2017, equity-method investments amounted to €534 million in the consolidated balance sheet and their contribution to consolidated net income was €41 million as detailed in Notes 10 and 22 to the consolidated financial statements.

Net income from equity-method investments excluding the sale of Saint-Gobain shares essentially comprised Wendel's investment in the unlisted companies IHS and Allied Universal. As Wendel's management considers that the Company exercises significant influence on IHS and joint control over Allied Universal, these two companies are recognized using the equity method rather than fully consolidated.

Equity-method investments represent a significant share of Wendel's investments. We deemed their contribution to Group net income to be a key audit matter, because, given the lack of majority control over these companies, the availability and the degree of detail of financial information required by Wendel to prepare its consolidated financial statements are more limited than for controlled subsidiaries, thereby increasing the complexity of analyzing their contributions.

How our audit addressed this risk

We held discussions with Wendel's Finance Department to gain an understanding of the procedures implemented by the Company to verify the quality of the IHS and Allied Universal financial information used to prepare Wendel's consolidated financial statements (the "Financial Information").

We transmitted detailed instructions to the auditors of these unlisted equity investments and obtained an audit opinion on the Financial Information as well as a summary of the significant issues identified as part of their work. We held discussions with the auditors of these equity investments concerning the audit risks, the extent of their assessments, the nature of the procedures implemented and their findings. Where appropriate, we examined some items in their working files.

In addition, we assessed the appropriateness of the disclosures provided in Notes 10 and 22 to the consolidated financial statements and particularly the information in Note 10.1 concerning IHS in relation to the Economic and Financial Crime Commission (EFCC) investigation in progress.

Accounting treatment of mechanisms for the participation of management teams in the Group's investments

Description of risk

As described in Note 4 to the consolidated financial statements, Wendel has set up co-investment mechanisms to allow its managers and managers of unlisted subsidiaries (Constantia Flexibles, Stahl, Cromology and Mecatherm) to invest their personal funds in assets in which the Group invests.

In the event of a divestment or an IPO, the managers have a share of the capital gain achieved by the Group, the amount of which may be greater than the amount invested depending on the return achieved by Wendel. In certain cases, the managers may lose their investment if a certain level of return is not achieved. Several years after the initial investment, in the absence of a divestment or an IPO, Wendel has committed to buy back the share invested by the managers at the value defined by an independent expert in order to ensure liquidity.

The accounting treatment of these mechanisms is based on the manner in which they will be redeemed, either as equity instruments as part of a disposal or an IPO, or as cash under liquidity commitments by Wendel or its subsidiaries after the lapse of a predetermined period. Until the redemption method is known, the investments are accounted for based on the method thought to be the most likely. This accounting treatment is described in Note 1-10.18 to the consolidated financial statements.

As of December 31, 2017, the amounts recognized within financial liabilities in relation to these co-investment mechanisms amounted to €29 million and the amount of the commitments to buy back the share invested by managers of Wendel and subsidiaries (off-balance sheet) to €47 million for *pari passu* investments and €171 million for non-*pari passu* investments, as described in Note 33-5 to the consolidated financial statements.

We deemed the accounting treatment of mechanisms for the participation of management teams in the Group's investments to be a key audit matter because:

- The accounting treatment of these mechanisms is complex;
- The recognition or not of a liability reflecting the commitment to buy back the share invested by the managers at their fair value (the redemption method considered the most likely as of December 31, 2017) requires a high degree of judgment from management;
- These investments are made by managers, some of whom are related parties.

How our audit addressed this risk

We held discussions with Wendel's management to gain an understanding of the co-investment mechanisms put in place by Wendel and its operating subsidiaries. For each co-investment mechanism identified, we obtained the main legal documents and verified that the accounting treatment applied by Wendel was in accordance with the Group's accounting policies, as set out in Note 1-10.18 to the consolidated financial statements.

For the co-investment mechanisms for which the most likely redemption is a disposal or an IPO, we assessed the reasoning underlying management's decision not to recognize a liability by looking at the redemption of previous co-investments. In this case, we paid particular attention to the co-investment mechanisms for which the liquidity commitment granted by Wendel to its managers will end soon, by

determining in particular through our consultation of the minutes of meeting of the governing bodies (Executive Board and Supervisory Board), whether a disposal or an IPO is in progress. Otherwise, we verified that a liability has been recognized.

We also assessed the appropriateness of the disclosures provided with respect to off-balance sheet commitments set out in Note 33-5 to the consolidated financial statements and those concerning transactions with related parties set out in Note 3.1, and verified that the value of the commitments to buy back the amounts invested by the managers was determined according to the measurement method described in Note 33-5.

Verification of the information pertaining to the Group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Executive Board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Wendel by the General Meetings of November 24, 1994 for PricewaterhouseCoopers Audit and November 15, 1988 for Ernst & Young Audit.

As of December 31, 2017, PricewaterhouseCoopers Audit and Ernst & Young Audit were in the twenty-fourth year and the thirtieth year of total uninterrupted engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, March 21, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Françoise Garnier

Ernst & Young Audit

Jacques Pierres



PARENT COMPANY FINANCIAL STATEMENTS

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6.1 Balance sheet as of December 31, 2017

Assets

In thousands of euros		12/31/2017			12/31/2016
		Gross amounts	Depr./amort. or provisions	Net amounts	Net amounts
Non-current assets					
Intangible assets and property, plant & equipment		16,864	14,815	2,049	2,284
Non-current financial assets ⁽¹⁾					
Investments in subsidiaries and associates	Note 1	4,483,865	353	4,483,512	4,530,839
Other long-term investments		34	-	34	34
Treasury shares	Note 2	21,656	-	21,656	85,965
Loans and other non-current financial assets		449	-	449	392
		4,506,004	353	4,505,651	4,617,230
TOTAL		4,522,868	15,168	4,507,699	4,619,515
Current assets					
Trade receivables ⁽²⁾		6,283	-	6,283	6,587
Other receivables ⁽²⁾	Note 3	2,354,361	-	2,354,361	3,031,636
Financial instruments	Note 9	75,968	-	75,968	2,625
Marketable securities	Note 4	1,314,967	39	1,314,928	1,252,680
Cash		189,996	-	189,996	45,887
Prepaid expenses		1,047	-	1,047	943
TOTAL		3,942,622	39	3,942,583	4,340,358
Deferred expenses		17,832	9,079	8,753	10,659
Original issue discounts		48,378	44,697	3,681	6,702
TOTAL ASSETS		8,531,699	68,982	8,462,717	8,977,233

(1) Of which less than one year

- -

(2) Of which more than one year

- -

Liabilities and shareholders' equity

In thousands of euros		12/31/2017	12/31/2016
Shareholders' equity			
share capital		185,013	188,370
share premiums		48,652	36,255
Legal reserve		20,224	20,224
Regulated reserves		101,870	101,870
Other reserves		2,250,000	2,250,000
Retained earnings		2,651,833	2,720,832
Net income for the year		116,893	135,543
TOTAL	Note 5	5,374,485	5,453,092
Provisions for risks and contingencies	Note 6	41,518	43,736
Borrowings ⁽¹⁾	Note 7	2,926,870	3,439,896
Other liabilities	Note 8	35,890	27,871
TOTAL⁽²⁾		2,962,760	3,467,767
Issue premiums on borrowings		7,987	12,637
Valuation differences on treasury instruments	Note 9	75,968	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,462,717	8,977,233
(1) Of which short-term bank borrowings		-	-
(2) Of which less than one year		443,360	598,567
Of which more than one year		2,519,400	2,869,200

6.2 Income statement

In thousands of euros		2017	2016
Income from investments in subsidiaries, associates, and the long-term equity portfolio	Note 11	260,005	400,014
Other financial income and expense	Note 12		
Income			
■ Income from loans and invested cash		32,766	53,592
■ Provisions reversed		26,672	22,774
Expenses			
■ Interest and similar expenses		172,975	175,566
■ Depreciation, amortization, and provisions		20,150	24,137
NET FINANCIAL INCOME		126,319	276,678
Operating revenue	Note 13		
Other income		13,828	13,312
Provisions reversed and expenses transferred		1,315	6,067
Operating expenses			
Purchases and external services		14,544	19,949
Taxes other than income taxes		3,582	2,332
Wages and salaries	Note 14	16,810	12,314
Social security costs		8,295	7,218
Depreciation & amortization and deferred expenses		5,860	4,128
Miscellaneous expenses		767	695
OPERATING INCOME		-34,715	-27,257
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX		91,603	249,421
Exceptional income			
On operating transactions		918	53
On capital transactions		12,364	2
Provisions reversed		300	-
Exceptional expenses			
On operating transactions		59	121,914
On capital transactions		15	-
Provisions recognized		118	1,354
EXCEPTIONAL ITEMS	Note 15	13,389	-123,213
INCOME TAXES	Note 16	11,900	9,335
NET INCOME (LOSS)		116,893	135,543

6.3 Cash flow statement

In thousands of euros	2017	2016
Cash flows from operating activities, excluding tax		
Net income	116,893	135,543
Depreciation, amortization, provisions and other non-cash items	5,605	6,844
Gains/losses on divestments	-12,275	-2
Financial income and expense	-126,319	-156,159
Taxes	-11,900	-9,335
Cash flows from operating activities before net finance costs and tax	-27,996	-23,109
Change in working capital requirement related to operating activities	2,027	-1,553
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	-25,970	-24,662
Cash flows from investing activities, excluding tax		
Acquisition of property, plant & equipment and intangible assets	-176	-418
Disposal of property, plant & equipment and intangible assets	9	2
Acquisition of equity investments Note 1	-932	-47,328
Disposal of equity investments Note 1	60,600	-
Changes in other financial assets and liabilities and other	-57	-56
Dividends received Note 11	260,005	400,014
Change in working capital requirements related to investment activities	1,190	205
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	320,638	352,419
Cash flows from financing activities, excluding tax		
Proceeds from issuance of shares Note 5	12,816	4,770
Treasury share buybacks and cancellations Note 2	-49,285	-49,870
Dividends paid Note 5	-107,294	-98,728
New borrowings	-	799,124
Repayment of borrowings Note 7	-507,400	-1,680,932
Net change in intragroup assets and liabilities	698,198	2,342,393
Net finance costs	-88,656	-131,349
Other financial income/expense Note 12	-45,858	13,372
Change in working capital requirements related to financing activities	-5,562	-1,037,692
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	-93,041	161,088
Income taxes Note 16	11,900	9,335
Change in tax assets and liabilities	-12,722	-15,896
NET CASH FLOWS RELATED TO TAXES	-821	-6,561
Effect of currency fluctuations	-	822
CHANGE IN CASH AND CASH EQUIVALENTS	200,807	483,106
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD⁽¹⁾	1,247,867	764,760
CASH AND CASH EQUIVALENTS AT END OF PERIOD⁽¹⁾	1,448,673	1,247,867

(1) Cash and cash equivalents included marketable securities (excluding Wendel treasury shares), cash, and bank borrowings.

6.4 Notes to the parent company financial statements

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6.4.1 Highlights of the year

Dividends received from subsidiaries

Wendel received an interim dividend of €260 million from its subsidiary Oranje-Nassau Groep.

Subsidiaries and associates

In November 2016, Wendel SE purchased 2.8 million Bureau Veritas shares that it did not intend to keep over the long term. The Company sold these shares in May 2017 for €59.7 million, generating a sales gain of €12.4 million. The Wendel Group's holding (around 40% of Bureau Veritas' share capital, or 177,173,360 shares) is held by its indirect subsidiary Truth 2.

Capital and dividend paid

At their general meeting of May 18, 2017, shareholders approved the payment of a cash dividend of €2.35 per share. The total dividend paid was €107.3 million.

The Company repurchased 599,412 Wendel shares over the year for a total of €80.4 million, recognized as non-current financial assets (€42.3 million) and marketable securities (€38.1 million). Wendel also sold 423,193 of its own shares in 2017 for a total of €31.9 million in connection with the exercise of options and the grant of performance shares to employees.

On October 18, 2017, the Company reduced its capital by €101.0 million by canceling 943,943 shares.

As of December 31, 2017 the Company held 669,402 Wendel shares, including 152,635 held as long-term investments, 416,767 as marketable securities, and 100,000 held under the liquidity contract.

Financing

On August 9, 2017, the Company repaid its matured bonds for a total of €507.4 million.

On October 17, 2017, the Company increased the syndicated credit line from €650 million to €750 million, and extended its maturity to October 2022. The syndicated credit line was undrawn as of December 31, 2017.

Intragroup assets and liabilities

The €698 million decrease in net receivables from subsidiaries derived mainly from the following factors:

- an overall increase in amounts borrowed from its subsidiaries of €1,510.6 million, related mainly to:
 - proceeds from the sale of Saint-Gobain shares (€1,085.3 million) and excecet shares (€16.6 million), and
 - dividends from Bureau Veritas, Saint-Gobain, and Stahl received by subsidiaries during the year (€358 million);
- an increase in loans to subsidiaries:
 - €162.0 million to finance the acquisition of Tsebo (business services in Africa) in February 2017, and
 - €290.7 million for short-term investments made by Group subsidiaries;
- Wendel SE received an interim dividend of €260 million from Oranje-Nassau Groep paid through the shareholder loan account.

These financial statements were finalized by Wendel SE's Executive Board on March 13, 2018.

6.4.2 Accounting principles

The balance sheet and income statement have been prepared in accordance with the accounting standards prescribed by the French chart of accounts in effect, applying the same exceptions as in previous years.

The two exceptions to the policies set out in the French chart of accounts are as follows:

- substitution of "Net financial income" as the sub-total representing the Company's activity for "Operating income", as defined by the chart of accounts;
- recognition of all capital transactions on assets other than "Marketable securities" in "Exceptional items". Regarding marketable securities, changes in provisions for impairment and gains and losses on disposal are recognized in "Net financial income".

The valuation methods applied remain unchanged compared to those of prior years.

The gross value of items included in non-current assets corresponds to their acquisition cost or the cost at which they were contributed to the Company, excluding ancillary costs.

Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on an appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available as of the date the accounts were finalized. They are based on the Executive Board's past experience and various other factors deemed reasonable, such as market data and expert valuations, and are reviewed on a regular basis. Uncertainty complicates forecasting, and actual amounts could therefore be different from forecasts. The most significant estimates used in preparing these financial statements concern mainly i) investments in subsidiaries and associates and ii) receivables.

Subsidiaries and associates

The initial value of investments in subsidiaries and associates is historical cost. Internal indicators of loss in value are reviewed annually for each investment. In the event of an indication of loss in value, valuations are updated. The valuation method used depends on the type of business (operating or holding company) and can be based on the ownership share of the net book value of the entity or

of the net asset value after revaluation. In this case, the valuation can be based on a variety of methods, including discounted future cash flows, a multiple of sales or income, external transactions on similar companies, stock market values, etc. When the carrying value falls below net book value, an impairment loss is recognized on the difference.

Loans and receivables

Loans and receivables are valued at face value. An impairment loss is recognized if there is a probability of non-recovery. Loans and receivables related to investments are written down if the net asset value of the subsidiary concerned (or the net book value if it is deemed representative of the recoverable value) becomes negative.

Original issue discounts and premiums, and debt issuance costs

Original issue discounts and premiums are generally amortized using the effective interest method over the term of the corresponding loan. Debt issuance costs are spread over the term of the loan in accordance with the preferential method recommended by CRC Regulation No. 99-02.

Interest rate derivatives

Financial gains and losses arising on interest rate swaps are recognized in the profit and loss account when realized or incurred. A provision for losses is recognized when the value of the swaps is negative and when the swaps do not qualify as hedging instruments.

Currency derivatives

Certain of the Group's equity investments operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, in particular the US dollar. The subsidiaries with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, Allied Universal, and CSP Technologies. In early 2016, given the exposure of these assets to the dollar, €800 million of Wendel SE bond debt was synthetically swapped to debt denominated in dollars using derivative instruments (cross currency swaps).

Wendel SA applies the new regulation ANC 2015-05, relating to forward financial instruments and hedging transactions, published by France's national accounting body on July 2, 2015 and applicable from January 1, 2017, which requires unhedged "isolated open positions" to be recognized at fair value. Derivatives must now be recognized at their fair value within "Treasury instruments" on the balance sheet in order to show the Company's position. Changes in the value of these derivatives are recognized against prepayment and accruals accounts on the balance sheet "Valuation differences on treasury instruments - assets or liabilities". There is no impact on net income.

When the value of these instruments is negative, a provision for risks and contingencies is recognized for this negative amount.

Marketable securities

Marketable securities are measured using the first-in, first-out method. A provision for impairment is recognized if the net book value of the securities is greater than market value.

Accounting for transactions in foreign currencies

Receivables and payables denominated in foreign currencies are converted into euros at the year-end exchange rate. Currency translation differences on items that have not been hedged for exchange rate risks are recognized as currency translation adjustments within assets or liabilities. A provision is made for unrealized foreign exchange losses.

Provisions for pensions

Obligations related to retirement bonuses and defined-benefit pension schemes are determined at each balance sheet date taking into account the age of the Company's employees, their length of service, and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method. A provision is recognized for the portion of the obligation that is not covered by plan assets.

6.4.3 Notes to the balance sheet

NOTE 1 Investments in subsidiaries and associates

	% Interest		Net amounts 12/31/2016	Purchases and subscriptions	Sales and mergers	Change in provisions	Net amounts 12/31/2017
In thousands of euros	12/31/2016	12/31/2017					
French associates							
Sofiservice	100.00	100.00	-				-
Trief Corporation	100.00	100.00	3,860,178				3,860,178
Trief Corporation - technical merger loss	100.00	100.00	384,960				384,960
Bureau Veritas ⁽¹⁾	0.63	-	47,328		47,328		-
Other	-	-	-	917	917		-
Non-French associates							
Oranje-Nassau Groep	100.00	100.00	238,320				238,320
Other			53				53
TOTAL			4,530,839	-	48,245	-	4,483,512

(1) In May 2017, the Company sold all of the Bureau Veritas shares purchased in 2016 for €59.7 million, generating a gain of €12.4 million (see "Highlights of the year").

NOTE 2 Treasury shares

In thousands of euros	% Interest		Net amounts 12/31/2016	Purchases	Sales	Transfers	Change in provisions	Net amounts 12/31/2017
	12/31/2016	12/31/2017						
Wendel shares	1.80%	0.33%	85,965	42,367	-	-106,676 (1)	-	21,656
TOTAL			85,965	42,367	-	-106,676	-	21,656

(1) This amount mainly corresponds to the impact of the capital reduction undertaken by canceling 943,943 treasury shares, as decided by the Executive Board on October 18, 2017.

As of December 31, 2017, Wendel SE held 669,402 of its shares in treasury (1,446,126 as of December 31, 2016).

These treasury shares were allocated as follows:

- 152,635 shares were allocated to potential acquisition activity, and were classified as non-current financial assets (846,990 as of December 31, 2016);
- 416,767 shares were allocated to cover grants under stock-option plans. They were classified as marketable securities within current assets (see Note 4 "Marketable securities");
- 100,000 shares were held under the liquidity contract. They were classified as marketable securities within current assets (see Note 4 "Marketable securities").

NOTE 3 Other receivables

In thousands of euros	12/31/2017			12/31/2016		
	Gross amounts	Provisions	Net amounts	Gross amounts	Provisions	Net amounts
Tax and employee social security receivables	19,358	-	19,358	5,790	-	5,790
Loans and advances connected with investments ⁽¹⁾	2,333,627	-	2,333,627	3,020,749	-	3,020,749
Other ⁽²⁾	1,375	-	1,375	5,097	-	5,097
TOTAL	2,354,361	-	2,354,361	3,031,636	-	3,031,636
Of which related companies	2,333,627			3,020,749		
Of which accrued revenue	20,507			10,619		

(1) These receivables mainly related to advances to holding companies that held the Group's various investments, in particular its stakes in Saint-Gobain and Bureau Veritas. The movement in receivables is set out in the "Highlights of the year".

(2) Includes €1,011 thousand in accrued interest on interest rate and currency derivatives (see Note 9).

NOTE 4 Marketable securities

In thousands of euros	12/31/2017		12/31/2016	
	Net book value	Market value	Net book value	Market value
Wendel shares (excluding liquidity contract) ⁽¹⁾				
shares allocated to stock-option plans ⁽²⁾	42,059	60,181	39,436	57,101
shares allocated to performance share plans ⁽³⁾	-	-	-	-
SUB-TOTAL	42,059	60,181	39,436	57,101
Money-market mutual funds and deposits	887,863	887,863	857,039	857,039
Diversified funds, equities or bonds	91,308	102,464	69,604	72,916
Funds managed by financial institutions	279,467	279,467	275,308	275,308
Liquidity contract				
Wendel shares ⁽⁴⁾	14,231	14,440	11,293	11,440
Mutual fund on deposit for the liquidity contract	-	-	-	-
SUB-TOTAL	1,272,869	1,284,235	1,213,244	1,216,703
TOTAL	1,314,928	1,344,416	1,252,680	1,273,804

(1) Number of Wendel shares held as of December 31, 2017: 416,767. Number of Wendel shares held as of December 31, 2016: 499,136 (see Note 2 "Treasury shares")

(2) shares held for the exercise of purchase-type stock options granted under stock-option plans. The net book value of these shares is the acquisition price of the securities. Any negative difference arising between the book value and the exercise price of the purchase options is provisioned in proportion to the rights acquired within "Provisions for risks and contingencies". As of December 31, 2017, this provision totaled €7,778 thousand.

(3) No shares were allocated to cover performance share plans. In accordance with accounting standards, the loss related to the vesting of performance shares is provisioned in proportion to the extent to which they have vested. As of December 31, 2017, these plans were not hedged, but the value of the allocated shares as of that date was recognized in "Provisions for risks and contingencies". As of December 31, 2017, this provision totaled €16,310 thousand.

(4) Number of Wendel shares held as of December 31, 2017: 100,000. Number of Wendel shares held as of December 31, 2016: 100,000.

NOTE 5 Change in shareholders' equity

Number of shares	In thousands of euros	Share capital (par value €4)	Share premiums	Legal reserve	Regulated reserve	Other reserves and retained earnings	Net income for the year	Total shareholders' equity
47,992,530	Balance as of 12/31/2015 before appropriation	191,970	31,728	20,224	191,820	3,730,968	1,338,591	5,505,301
	Appropriation of 2015 net income ⁽¹⁾					1,338,591	-1,338,591	-
	Dividend					-98,728 ⁽³⁾		-98,728
	Capital reduction							
960,837	■ Executive Board decision 07/07/2016	-3,843			-89,950			-93,793
	Issuance of shares							
23,486	■ company savings plan	94	1,679					1,773
37,200	■ exercises of options	149	2,848					2,997
	2016 net income						135,543	135,543
47,092,379	Balance as of 12/31/2016 before appropriation	188,370	36,255	20,224	101,870	4,970,832	135,543	5,453,092
	Appropriation of 2016 net income ⁽²⁾					135,543	-135,543	-
	Dividend					-107,294 ⁽³⁾		-107,294
	Capital reduction							
-943,943	■ Executive Board decision 10/18/2017	-3,776				-97,247		-101,023
	Issuance of shares							
15,499	■ company savings plan	62	1,599					1,661
89,275	■ exercises of options	357	10,798					11,155
	2017 net income						116,893	116,893
46,253,210	Balance as of 12/31/2017 before appropriation	185,013	48,652	20,224	101,870	4,901,833	116,893	5,374,485

(1) The amount appropriated to retained earnings, as approved by shareholders at their June 1, 2016 Annual Meeting, was increased by €4,495 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.

(2) The amount appropriated to retained earnings, as approved by shareholders at their May 18, 2017 Annual Meeting, was increased by €3,403 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.

(3) A dividend of €2.35 per share was paid in 2017 on 2016 earnings. The dividend paid in 2016 on 2015 earnings was €2.15 per share.

NOTE 6 Provisions for risks and contingencies

In thousands of euros	12/31/2016	Allocations for the year	Reclassification	Reversals during the year		12/31/2017
				used	unused	
Provision for pensions and post-employment benefits	1,208	98				1,306
Provision for allocation of performance shares and purchase options	Note 4	13,349	17,091	6,351		24,089
Provision on swaps	Note 9	15,642			15,642	-
Provision for risks - Tax ⁽¹⁾		1,000	113		271	841
Other risks and contingencies		12,537	2,130	637	23	15,282
TOTAL		43,736	19,432	6,351	15,936	41,518
	Operating income	2,228		-	-	
	Net financial income (expense)	17,091		6,351	15,642	
	Exceptional items	113		-	294	
		19,432		6,351	15,936	

(1) Wendel adjusted its tax recovery provision relating to the tax consolidation of a former Group company from €1,000 thousand to €729 thousand.

The principal disputes, claims, and risks identified for Wendel SE are as follows:

■ various proceedings have been brought against Wendel by Éditions Odile Jacob following Wendel's purchase of Editis from Lagardère in 2004. On January 28, 2016, the Court of Justice of the European Union definitively rejected Éditions Odile Jacob's claims. In the French courts, the proceeding brought by Éditions Odile Jacob seeking the annulment of Wendel's acquisition of Editis, which had been suspended pending the outcome of European proceedings, was reintroduced before the Paris Commercial Court in early 2018. No provision has been recognized;

■ the various judicial procedures initiated by former management-level employees of Wendel as a result of the unwinding of a mechanism for participating in the Group's performance, have resulted in either a dismissal on the merits, a withdrawal on their part, or in a stay of proceedings while awaiting decisions from other specific authorities. No provision has been recognized.

NOTE 7 Financial debt

In thousands of euros	12/31/2017	12/31/2016
4.375% 2017 bonds ⁽¹⁾	-	507,400
6.75% 2018 bonds	349,800	349,800
5.875% 2019 bonds	212,000	212,000
1.875% 2020 bonds	300,000	300,000
3.75% 2021 bonds	207,400	207,400
1.00% 2023 bonds	300,000	300,000
2.75% 2024 bonds	500,000	500,000
2.50% 2027 bonds	500,000	500,000
0% 2019 bonds exchangeable into Saint-Gobain shares ⁽²⁾	500,000	500,000
Syndicated credit facility (Euribor + margin) ⁽³⁾	-	-
Accrued interest	48,325	55,635
SUB-TOTAL	2,917,525	3,432,235
Borrowings connected with investments in subsidiaries and associates		
Sofiservice	7,332	7,600
Other	2,013	62
SUB-TOTAL	9,345	7,662
Other borrowings	-	-
Short-term bank borrowings	-	-
TOTAL	2,926,870	3,439,896
<i>Of which: less than one year</i>	<i>407,470</i>	<i>570,696</i>
<i>1 to 5 years</i>	<i>1,519,400</i>	<i>1,569,200</i>
<i>more than 5 years</i>	<i>1,000,000</i>	<i>1,300,000</i>
<i>accruals</i>	<i>48,325</i>	<i>55,635</i>

(1) On August 9, 2017, the Company repaid its matured bonds.

(2) The holders of the exchangeable bonds have the option to exchange them for 9,622,933 Saint-Gobain shares for the full 500 million euros of bonds issued. Wendel would have the option of delivering the shares or their cash equivalent. The Saint-Gobain shares are held by an indirect subsidiary of Wendel SE.

(3) The Company did not use its syndicated credit line in 2017 (see Note 17).

NOTE 8 Other liabilities

In thousands of euros		12/31/2017	12/31/2016
Trade payables ⁽¹⁾		2,299	3,036
Tax and employee social security liabilities		23,510	11,338
Treasury instruments			
Currency options	Note 9	-	2,625
Accrued interest on interest rate derivatives	Note 9	8,492	10,445
Other		1,589	426
TOTAL		35,890	27,871
<i>Of which related companies</i>		<i>10,459</i>	<i>1,067</i>
<i>Of which accrued expenses</i>		<i>22,591</i>	<i>22,416</i>

(1) The breakdown of trade payables by maturity (Article L.441-6-1 of the French Commercial Code) was as follows:

	As of December 31, 2017	As of December 31, 2016
payment within 30 days:	24	649
payment in more than 30 days:	252	25
invoices not yet received:	2,024	2,363

NOTE 9 Financial instruments

In thousands of euros		12/31/2017		12/31/2016	
		Assets	Liabilities	Assets	Liabilities
Cross currency swaps (CCS)					
Premiums		-	-	-	-
Accrued interest not yet due		1,011	8,492	936	8,968
Provision for risks & contingencies	Note 6	-	-	-	15,642
Treasury instruments - CCS		75,968	-	-	-
Valuation differences on treasury instruments		-	75,968	-	-

Cross currency swaps

Certain of the Group's equity investments operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, in particular the US dollar. The subsidiaries with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, Allied Universal, and CSP Technologies. In early 2016, in order to manage the US dollar currency risk on these assets, €800 million of Wendel SE bond debt was synthetically swapped to debt denominated in dollars (USD 855 million) using derivative instruments (cross currency swaps). The characteristics of the cross currency swap are: Wendel SE pays 2.23% in USD against 0.24% in EUR. These instruments did not qualify for hedge accounting. The interest payment flows are therefore recognized when realized or incurred.

As of December 31, 2016, the fair value was negative. In accordance with applicable accounting principles, a €15,642 thousand provision for risks and contingencies was recognized.

As of December 31, 2017, the value of the instrument was positive for Wendel SE, amounting to €75,968 thousand (see "Accounting principles").

NOTE 10 Off-balance-sheet commitments

In thousands of euros	12/31/2017	12/31/2016
Pledges, mortgages and collateral	-	-
Other guarantees and endorsements given	12,454	12,906
of which:		
■ guarantees given relating to Wendel London Limited's rental of offices (equivalent GBP 11.1m)	12,454	12,906

6.4.4 Notes to the income statement

NOTE 11 Income from investments in subsidiaries, associates, and the long-term equity portfolio

Dividends from: (In thousands of euros)	2017	2016
Oranje-Nassau Groep	260,000	400,000
Other	5	14
TOTAL	260,005	400,014
<i>Of which interim dividends</i>	<i>260,000</i>	<i>400,000</i>

NOTE 12 Other financial income and expense

Income (In thousands of euros)	2017	2016
Other interest and similar income ⁽¹⁾	30,640	30,937
Currency gains ⁽²⁾	2,126	22,655
Provisions reversed ⁽³⁾	22,022	6,670
Amortization of original issue discounts on bonds	4,650	16,104
TOTAL	59,439	76,366
<i>Of which related companies</i>	<i>11,453</i>	<i>19,899</i>

Expenses (In thousands of euros)	2017	2016
Interest on bonds	91,911	142,661
Other interest and similar expenses ⁽⁴⁾	34,391	20,022
Currency losses ⁽²⁾	46,672	12,883
Provisions recognized ⁽⁵⁾	17,130	17,757
Amortization of original issue discounts on bonds	3,020	6,380
TOTAL	193,125	199,702
<i>Of which related companies</i>	<i>6,068</i>	<i>18</i>

- (1) This item primarily comprises interest income on cash investments of €11,775 thousand, interest income on shareholder loans of €11,144 thousand, and interest income on cross currency swaps of €1,011 thousand.
- (2) The currency translation loss of €44,546 thousand primarily relates to cash investments in US dollars. Most of the financial investments and cash invested in US dollars were converted into euros in early February 2018 (post-closing).
- (3) This item primarily relates to the reversal of a provision for risks on stock options granted under stock-option plans and performance share plans of €6,351 thousand (see Note 6) and to the reversal of provisions on cross currency swaps of €15,642 thousand (see Note 9).
- (4) This item primarily relates to a loss on the sale of Wendel shares allocated under stock-option plans and performance share plans of €9,725 thousand and to an interest expense on cross currency swaps of €15,448 thousand.
- (5) This item primarily comprises a provision for risks on stock options granted under stock-option plans and performance share plans of €17,091 thousand (see Note 6).

NOTE 13 Operating revenue

In thousands of euros	2017	2016
Property rental	70	163
Services invoiced to subsidiaries	11,417	12,170
Other income	2,341	978
Expenses transferred ⁽¹⁾	1,315	6,067
Provisions reversed	-	-
TOTAL	15,143	19,378
<i>Of which related companies</i>	<i>13,673</i>	<i>13,057</i>

(1) This item principally relates to debt issuance costs spread over the term of the loans (see "Accounting principles").

NOTE 14 Compensation and staff numbers

See Note 18 for a description of the compensation the Company allocated to the members of the Executive and Supervisory Boards.

Average staff numbers	2017	2016
Management	48	51
Non-management	7	9
TOTAL	55	60

NOTE 15 Exceptional items

Exceptional income primarily comprises the gain on divestment of Bureau Veritas shares, which amounted to €12,354 thousand (see "Highlights of the year")

NOTE 16 Income tax

Income taxes are detailed as follows:

In thousands of euros	2017
Taxable base at a rate of	33.33%
On 2017 income before exceptional items	-120,504
On 2017 exceptional items	12,896
	-107,607
Addbacks/deductions related to tax consolidation	5,865
	-101,742
Deduction of losses carried forward	-
Taxable income of the tax consolidation Group	-101,742
Corresponding tax	-
Contributions of 3.3%	-
Tax on 2017 dividends	-3,219
Receivable on 2014-17 tax on dividends	12,562
Deduction in respect of tax credits	118
Impact of tax consolidation	2,439
INCOME TAX RECOGNIZED IN THE INCOME STATEMENT	11,900

The Company has opted for tax consolidation status, as defined in Articles 223 A-U of the French Tax Code. According to the tax consolidation agreements between Wendel and the other companies in the tax Group, each company contributes to the tax of the Group by paying Wendel the amount it would have paid had it been taxed on a stand-alone basis (i.e. without tax consolidation). Certain Group companies in turn hold subsidiaries. The tax consolidation agreements between Wendel and these companies require the company at the head of such a sub-Group to calculate its contribution to the tax of the Wendel Group based on the sub-Group's overall income as if the company and its subsidiaries were a distinct tax consolidation Group.

This mechanism produced a tax income for Wendel SE equal to the difference between the tax payable and the amount received from subsidiaries. The members of the Wendel tax consolidation Group in 2017 were: the parent company Wendel SE, Sofiservice, Cobra, Eufor, The Mecatherm Group, and Mecatherm.

The net tax "income" in 2017 corresponds essentially to a €12.6 million reimbursement due on the 3% tax on dividends for the years 2014-17.

NOTE 17 Liquidity and debt situation

As of December 31, 2017, gross debt (excl. operating subsidiaries) was composed of €2,869.2 million in bonds (including the bond exchangeable into Saint-Gobain shares) following the repayment of €507.4 million of bonds on maturity in August 2017. Maturities range from April 2018 to February 2027 and the average maturity is 4.2 years.

At the 2017 close, Wendel also had an unused syndicated credit line of €750 million expiring in October 2022, with options to extend it by another two years, subject to the banks' approval. Wendel was in compliance with its financial covenants as of December 31, 2017.

Additionally, within the context of managing currency risk (see Note 9 "Financial instruments"), €800 million of bond debt was swapped to debt denominated in US dollars using derivative instruments (cross currency swaps).

The next significant financial debt maturity is the repayment of the €349.8 million bond maturing in April 2018. Wendel's liquidity risk for the 12 months following the December 31, 2017 closing is low, given the high level of cash and short-term financial investments and the undrawn syndicated credit line available.

Bond indentures

These bonds are not subject to financial covenants, but include standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.)

Wendel's syndicated credit (undrawn as of December 31, 2017) - Documentation and covenants

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. The net debt taken into account therefore corresponds to Wendel bonds and the syndicated credit when drawn, less available cash.

Net debt of the Group subsidiaries is deducted from the gross asset value of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of:
 - (i) the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to
 - (ii) the sum of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow),
 must not exceed 1.

These covenants are tested half-yearly when there are drawdowns under the syndicated credit line. As of December 31, 2017 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

NOTE 18 Related parties

Related parties are Wendel-Participations, and the members of the Supervisory Board and the Executive Board:

Members of the Supervisory Board and Executive Board

Compensation paid by the Wendel Group to the members of the Executive Board in respect of 2017 amounted to €4,382.4 thousand. The value of the options and performance shares allocated to the members of the Executive Board in 2017 totaled €3,875.21 thousand as of the date they were granted. The options and performance shares allocated to the former Chairman of the Executive Board have been canceled following the termination of his duties on December 31, 2017.

Compensation paid to members of the Supervisory Board in 2017 totaled €841.8 thousand, including €766.5 thousand in Wendel SE directors' fees and compensation paid to the Chairman of the Supervisory Board, and €75.3 thousand in directors' fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board. These amounts do not include the salary of the employee representative on Wendel's Supervisory Board, who does not receive Wendel SE director's fees.

Frédéric Lemoine, Chairman of the Executive Board, received a severance package of €5,418 thousand, as the performance conditions had been met.

The Company's commitments to Bernard Gautier, member of the Executive Board, in the event of his departure, are as follows:

- end-of-contract severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board; and
- end-of-appointment severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, subject to certain conditions.

Wendel-Participations

Wendel-Participations is owned by 1,148 Wendel family individuals and legal entities. Wendel-Participations owned 37.58% of Wendel SE's share capital as of December 31, 2017.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a service agreement concluded to apply the Sapin 2 law (anticorruption measures) and to implement CBCR reporting;
- an agreement governing the use of the "Wendel" name and a license agreement governing the "WENDEL Investissement" brand; and
- agreements with Wendel-Participations regarding technical assistance and leasing of premises.

NOTE 19 Subsequent events

On March 8, 2018, Wendel Group announced the sale of its indirect investment in Saham Group's holding company for a total of \$155 million (around €125 million). The transaction is concomitant with an agreement whereby Saham Group sells its insurance division to Sanlam, a leading African financial services group based in South Africa. The sale of Wendel's stake is subject to the closing of the transaction between Saham Group and Sanlam, which should be completed in the second half of 2018.

Wendel Group also benefits from an earn-out, equivalent to 13.3% of capital gains, on any disposal of the remaining businesses of Saham Group (Customer relationship centers, Real estate, Healthcare and Education) occurring in the next 24 months at a valuation greater than certain pre-defined thresholds. The Group invested €100 million in the holding company in 2013 for 13.3% of the capital.

Securities portfolio

In thousands of euros	Number of shares owned	% interest	Gross carrying value
Investments in subsidiaries and associates			
Subsidiaries (over 50% owned)			
a) French			
Sofiservice	8,500	100.0%	354
Trief Corporation	41,881	100.0%	3,860,178
Trief Corporation - technical merger loss			384,960
b) Non-French			
Oranje-Nassau Groep	1,943,117	100.0%	238,320
Other subsidiaries and associates			
French equities	2,500	100.0%	53
			4,483,865
OTHER LONG-TERM INVESTMENTS			
Other French equities	-	-	34
			34

Subsidiaries and associated companies

In thousands of euros	Share capital	Other share-holders' equity (incl. net income or loss)	% of capital held	Gross carrying value of shares held	Net carrying value of shares held	Loans and advances granted	Guarantees given	Sales of previous fiscal year	Net income of previous fiscal year	Dividends received during the year
Detailed information (on subsidiaries and associates whose net carrying value is greater than 1% of the share capital of Wendel)										
French	-	-	-	-	-	-	-	-	-	-
Non-French										
Trief Corporation ⁽¹⁾⁽²⁾	1,364,525	1,489,650	100.0%	4,245,139	4,245,139	690,345	-	837	186,825	-
Oranje-Nassau Groep ⁽²⁾	8,744	162,592	100.0%	238,320	238,320	1,155,359	-	-	16,746	260,000
Overall summary										
French subsidiaries				407	53					
Non-French subsidiaries				-	-					
French associates				-	-					
Non-French associates				-	-					

(1) Including technical merger loss.

(2) Consolidated figures.

Five-year financial summary

Nature of disclosures	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017
1. Capital at year-end					
Share capital ⁽¹⁾	194,525	191,186	191,970	188,370	185,013
Number of ordinary shares in issue	48,631,341	47,796,535	47,992,530	47,092,379	46,253,210
Maximum number of shares that could be issued:					
■ through the exercise of options	500,264	383,796	206,051	167,151	29,326
2. Results of operation ⁽¹⁾					
Revenue (excluding taxes)	10,224	10,695	11,400	13,312	13,828
Income from investments in subsidiaries and associates	470,044	285,027	1,500,019	400,014	260,005
Income before tax, depreciation, amortization and provisions	307,523	133,886	1,337,892	133,052	104,149
Income taxes ⁽⁴⁾	-38,615	-5,859	2,456	-9,335	-11,900
Net income	334,261	118,020	1,338,591	135,543	116,893
Dividends ⁽²⁾	86,449	92,649	103,184	110,667	122,571 ⁽³⁾
of which interim dividends	-	-	-	-	-
3. Net income per share (in euros)					
Income after tax but before depreciation, amortization, and provisions	7.12	2.92	27.86	3.02	2.51
Net income	6.87	2.47	27.89	2.88	2.53
Net dividends	1.85	2.00	2.15	2.35	2.65 ⁽³⁾
of which interim dividends	-	-	-	-	-
4. Employee data					
Average number of employees	66	66	66	60	55
Total payroll ⁽¹⁾	12,337	12,435	11,939	12,314	16,810
Staff benefits paid during the year (social security, social welfare, etc.)	8,200	8,086	9,071	7,218	8,295

(1) In thousands of euros.

(2) Including treasury shares.

(3) Ordinary dividend of €2.65 (subject to approval by shareholders at their Annual Meeting of May 17, 2018).

(4) The negative amounts represent income for the Company.

6.5 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2017

To the annual general meeting of Wendel,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Wendel for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French code of ethics (*code de déontologie*) for statutory auditors.

Observation

Without qualifying our opinion, we draw your attention to the matter set out in the note Accounting Principles - Currency derivatives to the financial statements regarding the first-time application, as from 1 January 2017, of the regulation relating to

forward financial instruments and hedging transactions (Regulation 2015-05 of the Autorité des Normes Comptables (French Accounting Standards Authority)).

Justification of assessments - Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries and associates, and loans and advances connected with investments

Risk identified

As at 31 December 2017, investments in subsidiaries and associates, and loans and advances connected with investments, recorded in the balance sheet for a net carrying amount of 4,484 million euros and 2,334 million euros respectively, represent 53% and 28% of the company's total balance sheet. Investments in subsidiaries and associates are recorded at their acquisition cost and loans and advances connected with investments are recorded at their nominal amount, as described in the "Subsidiaries and associates" and "Loans and Receivables" sections of the note "Accounting Principles" to the financial statements. They are depreciated if their recoverable amount is lower than their carrying amount at the closing date.

We considered that the valuation of investments in subsidiaries and associates, and loans and advances connected with investments, constitutes a key audit matter due to the materiality of these items in the company's financial statements, and because the determination of their recoverable amount requires the use of assumptions, estimates and judgments.

Our response

To assess the estimate of the recoverable amount of the investments in subsidiaries and associates, our work primarily consisted in:

- assessing, on the basis of the information provided to us, whether the valuation method applied and the figures used had been justified by the management;
- verify share price used for valuations based on the valuation of listed securities;
- evaluating the consistency of the estimates with those used for the impairment tests performed on the goodwill in the company's consolidated financial statements;
- using sampling to test the arithmetic accuracy of the recoverable amount calculations used by the company.

For the valuation of loans and advances connected with investments, we evaluated the absence of any indication of impairment on the basis of the valuations used within the framework of impairment testing investments in subsidiaries and associates.

Verification of the management report and of the other documents provided to the shareholders

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information provided in the management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Executive Board's management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We confirm the existence in the Report of the Supervisory Board of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article

L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified the compliance with the documentation provided by your company. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Wendel by the annual general meeting held on 24 November 1994 for PricewaterhouseCoopers Audit and on 15 November 1988 for ERNST & YOUNG Audit.

As at 31 December 2017, PricewaterhouseCoopers Audit and ERNST & YOUNG Audit were in the 29th year and 23rd year of total uninterrupted engagement respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However,

future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French code of ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Done in Neuilly-sur-Seine and at Paris-La Défense, 21 March 2018

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit

Françoise Garnier

ERNST & YOUNG Audit

Jacques Pierres

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7.1 Information on the Company

7.1.1 General information

Company name

Wendel

Registered office

89, rue Taitbout, 75009 Paris (France)

Telephone: +33 1 42 85 30 00 - Fax: +33 1 42 80 68 67

Website: www.wendelgroup.com

Official registration

The Company is registered in the Paris Company Register (*Registre du commerce et des sociétés*) under number 572 174 035; its APE Code is 7010Z.

Date founded and duration

The Company was formed on December 4, 1871 for a period of 99 years, subsequently extended to July 1, 2064, barring a new extension or early dissolution.

Legal structure and applicable legislation

The Company has been a *societas europaea* with an Executive Board and Supervisory Board since July 2015, as decided by shareholders at their Annual meeting of June 5, 2015. It is governed by European and French legislative and regulatory provisions that are or will be in force.

Fiscal year

The fiscal year runs for 12 months, beginning on January 1 of each year.

Access to legal documents and regulated information

Legal documents relating to the Company may be viewed at the registered office. Ongoing or periodic regulated information may be viewed (in French) on the Company's website, at www.wendelgroup.com, under the heading *Information réglementée*.

7.2 Principal by-laws

Wendel's by-laws may be viewed (in French) on the Company's website, at www.wendelgroup.com, under the heading *Information réglementée*.

7.2.1 Purpose of the Company

Pursuant to Article 3 of the by-laws, the Company has the following purpose, in all countries, directly or indirectly:

- any equity holdings in industrial, commercial and financial companies of whatever nature through the creation of new companies, transfers of subscriptions or purchases of shares or ownership rights, mergers, alliances, associations or otherwise; any disposals, exchanges or other operations concerning these shares, ownership rights or equity interests;
- the purchase, rental and operation of any equipment;
- the acquisition, sale and commercial use of any processes, patents, or patent licenses;
- the acquisition, operation, sale or exchange of any real estate or real estate rights;
- and generally, any commercial, industrial, financial, investment and real estate operations directly or indirectly related to the above-mentioned activities or to all similar or connected activities.

7.2.2 Appropriation of net income

Article 27 of the by-laws provides for the following:

1. at least 5% of net profit for each year, less any losses carried forward from prior years, is credited to the legal reserve until such time as the legal reserve represents one-tenth of share capital, as well as any amount credited to reserves pursuant to applicable legislation:
 - distributable earnings include net income for the year plus any unappropriated retained earnings carried forward from prior years;
 - of this amount, shareholders may decide in their Annual meeting to deduct, on the recommendation of the Executive Board:
 - the amounts they consider should be allocated to any special reserve account,
 - the sum required to serve a revenue on shares based on the amount of paid-up, non-repaid capital within the limit of 5% per year,
 - the amounts they consider should be allocated to the general reserve or to share capital repayment;
2. any balance remaining after these appropriations are distributed to shareholders, less the sum allocated to retained earnings;
3. on the condition that all earnings available for distribution have been allocated in the form of dividends and on the recommendation of the Executive Board, shareholders at their Ordinary meeting may allocate any amounts transferred from the share premium account;
4. as an exception to the provisions of the present article, funds may be allocated to the special employee profit sharing reserve under the terms and conditions set by law;
5. dividends are paid in the form and at the times determined by shareholders at their Ordinary meeting or by the Executive Board with the authorization of shareholders at their Ordinary meeting in accordance with applicable legislation. The Executive Board may decide to distribute an interim dividend before the approval of the financial statements for the year in accordance with applicable legislation:
 - On the recommendations of the Executive Board, the shareholders, convened in their Annual meeting to approve the year's financial statements, may offer each shareholder the choice to receive payment of all or a part of the distributed dividend (or interim dividend) in cash or in shares, under the terms and conditions defined by applicable legislation;
6. the shareholders at their Ordinary meeting may also decide to distribute earnings, reserves or share premium amounts in kind, in particular by distributing marketable securities from among the assets on the balance sheet of the Company, with or without a cash option. The shareholders may decide that the rights comprising fractional shares shall not be negotiable or transferable, notwithstanding the provisions of Article 11.III of the by-laws. In the event marketable securities are distributed from among the assets on the balance sheet of the Company, the shareholders may decide that, if the amount of the dividend does not correspond to a whole number of securities, the shareholder will receive the whole number of securities immediately below plus a cash payment for the balance.

In accordance with current legislation, dividends not claimed within five years from the date on which they were to be paid are forfeited and the amounts paid over to the State.

7.2.3 Executive Board membership

See Section 2.1.1 "The Executive Board and its operations".

7.2.4 Supervisory Board membership

See Section 2.1.2 "The Supervisory Board and its operations".

7.2.5 Ownership thresholds that must be reported to the Company

In accordance with Article L.233-7 of the French Commercial Code and Article 28 of the by-laws, any individual or corporate shareholder, acting alone or in concert with other shareholders, who comes to own a number of shares or voting rights representing more than 2% of the share capital or voting rights, or any multiple thereof, is required to so inform the Company within four trading days of crossing this threshold.

The same disclosure requirements apply when the number of shares or voting rights held is reduced to below the 2% threshold or any multiple thereof.

Failure to comply with the above requirements is sanctioned, as prescribed by law, by the deprivation of voting rights for those shares exceeding the fraction that should have been disclosed, for all Shareholders' Meetings held within two years of the date on which the failure to give proper notice to the Company was rectified. This sanction is applicable at the request (recorded in the minutes of the Shareholders' Meeting) of one or more shareholders holding at least 2% of the number of shares or voting rights.

7.3 How to take part in Shareholders' Meetings

All shareholders have the right to participate in Shareholders' Meetings under the conditions set down by the law.

Article 25 of the by-laws provides for the following:

1. Invitation to attend Shareholders' Meetings

Shareholders' Meetings are convened and held as prescribed by European regulations and French laws in force that are applicable to a *societas Europaea*.

They are held at the Company's registered office, or at another location, as indicated in the invitation to the meeting.

2. Participation in Shareholders' Meetings

Any shareholder whose shares are registered in an account in the manner and at the date set by the applicable legal and regulatory provisions may participate in the Shareholders' Meetings on proof of his or her qualification and identity.

All shareholders meeting the required conditions have the right to participate in Shareholders' Meetings personally or by proxy, or to vote by mail.

As proof of shareholders' right to participate in the Company's Shareholders' Meetings, shares must be deposited in a securities account in their name or in the name of the financial intermediary that holds them on their behalf no later than midnight Paris time before the second business day prior to the meeting:

- for holders of registered shares: in the registered securities accounts held by the Company;
- for holders of bearer shares: in the bearer securities accounts of the authorized financial intermediary pursuant to the regulations in force.

In accordance with applicable law, the Executive Board may organize shareholder participation and voting via videoconferencing or other telecommunication systems that enable shareholder identification, including electronic systems. Shareholders who participate in Shareholders' Meetings through videoconferencing or such other system are deemed present for the purposes of calculating the quorum and the majority.

Any proxies or votes submitted using an electronic method prior to the Shareholders' Meeting, as well as the corresponding

acknowledgements of receipt, are considered to be irrevocable and enforceable, it being specified that in the event of the sale of shares prior to the date and time set by legal and regulatory provisions in force, the Company shall accordingly invalidate or amend, as applicable, the proxies or votes cast prior to that date and that time.

3. Voting rights and acquisition of double voting rights

Voting rights attached to the shares are proportionate to the percentage of capital they represent.

Nevertheless, double voting rights are granted to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder.

In the event of a capital increase through the capitalization of reserves, distributable net income or share premium amounts, double voting rights may be granted at issue on the registered shares thus distributed to shareholders in proportion to their existing shares that benefited from this right.

Shares converted to bearer shares or transferred to another owner lose their double voting rights. However, registered shares that are transferred by way of an inheritance, the liquidation of a marital estate or a gift to a spouse or a direct relative do not lose their double voting rights and are considered as having remained the property of the same shareholder for the purpose of determining the two-year minimum holding period. The same terms apply in the event of a transfer resulting from the merger or demerger of a corporate shareholder.

Identifiable bearer shares

Article 9 of the by-laws allows shares to be held in registered or bearer form at the shareholder's discretion.

The Company has the right to request identification of the holders of shares carrying current or future voting rights at its shareholders' meetings and the number of shares so held, in accordance with legislation in force.

Modification of shareholder rights

In the absence of specific provisions in the by-laws, any change in the rights attached to shares is subject to legislation in force.

7.4 Information on share capital

7.4.1 Principal shareholders

As of December 31, 2017, the share capital was composed of 46,253,210 shares with a par value of €4 each, benefiting from 69,553,503 theoretical voting rights and 68,884,101 exercisable voting rights. Double voting rights are granted to fully paid-up shares which have been registered in the same shareholder's name for at least two years, regardless of the shareholder's country of citizenship. As of that date, 23,300,293 shares had double voting rights.

To the best of the Company's knowledge, the main shareholders as of December 31, 2017 were as follows:

	% of share capital
Wendel-Participations SE and related parties ⁽¹⁾	37.6%
Institutional investors outside France	29.9%
Individual shareholders	20.0%
Institutional investors in France	7.6%
Treasury shares	1.5%
Employees and executives	1.4%
Other	2.1%

(1) Pursuant to Article L.233-10 of the French Commercial Code, the figures include Wendel-Participations SE and its Chairman.

To the best of the Company's knowledge:

- no shareholder, other than Wendel-Participations SE, owns more than 5% of the Company's shares;
- Supervisory and Executive Board members hold or represent 1.57% of the share capital and 2.11% of the exercisable voting rights.

There are no securities or other rights representing liabilities of the Company, convertible bonds, exchangeable bonds and/or bonds

redeemable in shares that give or could give access to the capital except for stock options (subscription or purchase) and future performance share plans.

There are no shares that do not represent capital, such as founder shares or voting rights certificates.

As of December 31, 2017, total exercisable stock subscription option grants represented 1.85% of the share capital.

7.4.2 Controlling legal entities or individuals

Wendel-Participations SE

Presentation

Wendel-Participations SE is a holding company that holds Wendel shares. Wendel-Participations SE is owned by 1,148 Wendel family individuals and legal entities. The purpose of Wendel-Participations SE is to:

- invest and manage its own funds and acquire participating interests;
- own (through purchase, subscription at issue, exchange or any other means) and manage any French or foreign listed or unlisted securities, rights to intangible or tangible property, and engage in any type of short-, medium- or long-term capital transactions;
- participate in any guarantee, placement or other syndicates;
- create new companies;
- preserve the assets and other interests of the Wendel family;
- and generally, in France, and in countries outside France, undertake any commercial, industrial, financial, investment or real estate operations directly or indirectly related, in whole or in part, to the above-mentioned activities.

Wendel's control structure

As of December 31, 2017, Wendel-Participations SE (and related parties) had a controlling interest in Wendel with 37.58% of its share capital, 49.98% of its theoretical voting rights, and 50.46% of its exercisable voting rights.

The following measures ensure that this control is appropriately exercised:

- management and oversight are separated through a two-tiered structure, including an Executive Board and a Supervisory Board;
- at least one-third of Supervisory Board members are independent;
- the chairmen of the Supervisory Board committees are independent Board members;
- any transaction in excess of €100 million and any decision binding the Company or its subsidiaries over a long period of time are subject to prior authorization by the Supervisory Board.

Economic and financial ties with Wendel

There are no significant economic or financial relations between Wendel-Participations SE and Wendel, other than the dividends received and the following agreements (Section 8.1 of the registration document):

- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "Wendel" brand, amended in October 2013, October 2015 and April 2018, as mentioned in the Statutory Auditors' special report on related-party agreements and commitments;
- agreements with Wendel-Participations SE covering administrative assistance and leasing of premises, mentioned in the Statutory Auditors' report on related-party agreements and commitments;
- a service agreement under which Wendel-Participations SE entrusts Wendel with implementing the requirements of the 2016 Budget Law concerning country by country reporting and Article 17 of France's "Sapin 2" law (no. 2016-1691) of December 9, 2016 regarding transparency, anti-corruption and modernizing the economy.

7.4.3 Significant changes in share ownership and voting rights in the last three years

	Situation as of 12/31/2017		Situation as of 12/31/2016		Situation as of 12/31/2015	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Wendel-Participations SE ⁽¹⁾	37.6%	50.5%	36.9%	50.3%	36.2%	50.1%
First Eagle	3.7%	2.5%	3.6%	2.4%	3.4%	2.3%
Treasury shares (registered shares)	1.2%		2.9%		3.9%	
Group savings plan	0.9%	1.1%	0.7%	0.8%	0.7%	0.8%
Other shareholders (institutional and individual)	56.6%	46.0%	56.0%	46.4%	55.9%	46.8%
of which individual shareholders	20.0%	21.4%	20.7%	22.1%	20.9%	22.3%
TOTAL SHARES AND EXERCISABLE VOTING RIGHTS	46,253,210	68,884,101	47,092,379	69,078,934	47,995,530	65,451,643

Voting rights are calculated based on the exercisable voting rights as of that date.

(1) Pursuant to Article L.233-10 of the French Commercial Code, the figures include Wendel-Participations SE and its Chairman.

In January 2018, a study was performed, as is done every year, to identify the shareholders of Wendel as of December 31, 2017.

There was relatively little change during the year in Wendel's shareholder structure, with a slight decrease in French institutional investors (7.6% vs. 7.8% as of December 31, 2016), more than

offset by an increase in foreign institutional investors (29.9% vs. 26.2% as of December 31, 2016). The number of individual shareholders decreased to 27,600 vs. 31,500 in the previous year, and their share of capital was fairly stable at 20.0% vs. 20.7% in the previous year.

7.4.4 Changes in share capital in the last three years

Date of change in capital	Type of transaction	Change in number of shares	Number of shares comprising the capital	Par value	Change in share capital (in euros)	Amount of share capital (in euros)	Change in share premiums (in euros)	Amount of share premiums
Situation as of December 31, 2014			47,796,535	€4		191,186,140		23,123,051
	Exercises of options	177,745	47,974,280	€4	710,980	191,897,120	7,040,866	30,163,917
	Issue of shares reserved for employees	18,250	47,992,530	€4	73,000	191,970,120	1,563,660	31,727,577
Situation as of December 31, 2015			47,992,530	€4		191,970,120		31,727,577
	Exercises of options	37,200	48,029,730	€4	148,800	192,118,920	2,847,946	34,575,523
	Issue of shares reserved for employees	23,486	48,053,216	€4	93,944	192,212,864	1,679,249	36,254,772
	Cancellation of shares	- 960,837	47,092,379	€4	- 3,843,348	188,369,516		36,254,772
Situation as of December 31, 2016			47,092,379	€4		188,369,516		36,254,772
	Exercises of options	89,275	47,181,654	€4	357,100	188,726,616	10,797,754	47,052,526
	Issue of shares reserved for employees	15,499	47,197,153	€4	61,996	188,788,612	1,599,342	48,651,868
	Cancellation of shares	- 943,943	46,253,210	€4	- 3,775,772	185,012,840		48,651,868
Situation as of December 31, 2017			46,253,210	€4		185,012,840		48,651,868

7.4.5 Ownership threshold disclosures

During the fiscal year 2017, no ownership threshold disclosures were made to the Company.

7.4.6 Pledging of issuer's shares

To the best of the Company's knowledge, 43,702 registered Wendel shares (in either pure or administered form) were pledged as collateral as of December 31, 2017.

7.5 Principal new investments and acquisitions of controlling interests

Wendel's investment activities generate a certain turnover in its portfolio. Over the past three years, its principal investments and divestments have been as follows:

In 2015, Wendel completed the acquisition of CSP Technologies on January 29 with a \$198 million investment representing 98% of capital, and on March 6, sold 10.9% of Bureau Veritas capital for about €1 billion. On March 27, Wendel completed the acquisition of Constantia Flexibles for an enterprise value of €2.3 billion. After the syndication of a €101 million minority interest of its initial €640 million investment and an additional €31 million investment in November, Wendel's total investment in Constantia Flexibles was €571 million, representing a 61.4% stake. In July, Wendel invested \$109 million in IHS to complete the last tranche of a capital increase launched by IHS in November 2014. On December 1, Wendel acquired 95% of the capital of AlliedBarton Security Services for \$688 million.

In 2016, Wendel made an additional investment of about \$29 million in CSP Technologies to support the company's acquisition of Maxwell Chase Technologies in March. On May 3, Wendel sold all of the capital of Parcours for net proceeds of €241, and sold 5.3% of the capital of Saint-Gobain for €1.155 billion. On July 29, Wendel acquired 40% of the capital of SGI Africa for €25 million, and will gradually invest up to €120 million over the

next several years. At the time of the merger between AlliedBarton and Universal Services of America on August 1 to create Allied Universal, Wendel received about \$387 million in cash and about 33% of the capital of Allied Universal. On August 31, Wendel invested an additional \$46 million in IHS. Wendel also signed an agreement to acquire Tsebo Solutions Group on September 19 for an enterprise value of 5.25 billion ZAR (about €362 million)⁽¹⁾.

In 2017, Wendel completed the acquisition of 65%⁽²⁾ of the capital of Tsebo on February 1, and invested €159 million⁽³⁾ as part of that transaction; sold 3.9% of Saint-Gobain capital for a total amount of €1,085 million at the end of May; and, at the beginning of June, tendered all of its 5.7 million excecet shares (27.8% of share capital) to the offer of Active Ownership Capital, through White Elephant S.à.r.l., for total proceeds of €16.6 million.

The Company's 2017 activities are detailed in Section 1 and in the changes in consolidation scope detailed in the Notes to the consolidated financial statements.

Press releases on Wendel's transactions are posted on its website, at www.wendelgroup.com, under the heading "Press Portal".

As of the date of this registration document, no other investment plans are sufficiently far advanced for Wendel's management to have made any firm commitments.

(1) EUR/ZAR = 14.4955 as of January 31, 2017.

(2) % ownership before co investment from Tsebo's management for a stake of around 2.5% of capital.

(3) After taking into account currency hedging, put in place after signing the agreement in September 2016.

7.6 Financial authorizations

7.6.1 Existing financial authorizations and use thereof

As of December 31, 2017, the following financial authorizations were in effect:

Authorization	Annual meeting date (resolution no.)	Period and expiration date	Authorized amount (par value) or % of share capital	Amount used as of 12/31/2017
A. Issue of shares or other securities giving access to the capital				
■ With preferential subscription rights	05/18/2017 22 nd resolution	14 months 07/18/2018	€75 million	-
■ With waiver of preferential subscription rights	05/18/2017 23 rd resolution	14 months 07/18/2018	€18 million	-
■ Under greenshoe option	05/18/2017 26 th resolution	14 months 07/18/2018	15% of the initial issue	-
■ As consideration for contributions in kind/exchange offers	05/18/2017 27 th resolution	14 months 07/18/2018	10% of the capital and €18 million for exchange offers included in the ceiling set in the 23 rd resolution	-
■ Capitalization of reserves	05/18/2017 28 th resolution	14 months 07/18/2018	€80 million	-
■ Overall ceiling authorized	05/18/2017 29 th resolution	14 months 07/18/2018	€190 million	-
B. Authorization of share buyback program and share cancellations				
■ Share buybacks	05/18/2017 20 th resolution	14 months 07/18/2018	10% of share capital max. price: €200 per share	478,781
■ Cancellation of shares	05/18/2017 21 st resolution	26 months 07/17/2019	10% of capital per 24-month period	1,904,780 shares, i.e. 4% of share capital
C. Employee share ownership				
■ Group savings plan	05/18/2017 30 th resolution	14 months 07/18/2018	€150,000	€61,996
■ Stock options (subscription and/or purchase)	05/18/2017 31 th resolution	14 months 07/18/2018	1% of share capital (common ceiling for options and performance shares)	235,895 shares
■ Performance shares	05/18/2017 32 th resolution	14 months 07/18/2018	0.3333% of capital (this ceiling is applied to the above common ceiling)	78,632 shares

7.6.2 Financial authorizations to be proposed at the shareholders' meeting of May 17, 2018

Authorization	Annual meeting date (resolution no.)	Period and expiration date	Authorized amount (par value) or % of share capital
A. Issue of shares or other securities giving access to the capital			
■ With preferential subscription rights	05/17/2018 15 th resolution	26 months 07/17/2020	€74 million
■ With waiver of preferential subscription rights	05/17/2018 16 th , 17 th and 18 th resolutions	26 months 07/17/2020	€18 million
■ Under greenshoe option	05/17/2018 19 th resolution	26 months 07/17/2020	15% of the initial issue
■ As consideration for securities (contributions in kind)	05/17/2018 20 th resolution	26 months 07/17/2020	10% of share capital
■ Through a public exchange offer	05/17/2018 21 st resolution	26 months 07/17/2020	€18 million included in the ceiling set in the 17 th resolution
■ Capitalization of reserves	05/17/2018 22 nd resolution	26 months 07/17/2020	€80 million
■ Overall ceiling authorized	05/17/2018 23 rd resolution	26 months 07/17/2020	€185 million
B. Authorization of share buyback program			
■ Share buybacks	05/17/2018 14 th resolution	14 months 07/17/2019	10% of the capital max. price: €250 per share
C. Employee share ownership			
■ Group savings plan	05/17/2018 24 th resolution	14 months 07/17/2019	€150,000
■ Stock options (subscription and/or purchase)	05/17/2018 25 th resolution	14 months 07/17/2019	1% of share capital (common ceiling for options and performance shares)
■ Performance shares	05/17/2018 26 th resolution	14 months 07/17/2019	0.5% of capital (this ceiling is applied to the above common ceiling)

The resolutions submitted to shareholders for approval at the May 17, 2018 Shareholders' Meeting will cancel the unused amounts of, and replace, the resolutions with the same purpose that were adopted at the May 18, 2017 Shareholders' Meeting.

7.7 Share buybacks

7.7.1 Legal framework

At their meetings of June 1, 2016 (9th resolution) and May 18, 2017 (20th resolution) shareholders authorized a program allowing the Company to buy back its own shares, limited to the number of shares representing 10% of the share capital at the time of the buyback, for a period of 14 months. The maximum repurchase price under this authorization is €200.

The Executive Board is thus authorized to repurchase the number of shares representing a maximum of 10% of the share capital. For information, at the dates the authorizations were granted, these maximums were 4,800,788 and 4,709,237 shares, respectively.

In accordance with applicable regulations and market practices permitted by the AMF, the objectives of the share buyback program are as follows:

- to deliver shares (as an exchange, payment or other consideration) in the context of acquisitions, mergers, spin-offs or asset contributions, subject to prior authorization by the Supervisory Board;
- to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date;

- to enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Code of Conduct of the Autorité des Marchés Financiers;
- to implement a stock purchase option plan as defined in Articles L.225-177 *et seq.* of the French Commercial Code;
- to allocate performance shares pursuant to Articles L.225-197-1 *et seq.* of the French Commercial Code;
- to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, particularly Articles L.3321-1 *et seq.* and L.3331-1 *et seq.* of the French Labor Code;
- to cancel all or part of the shares repurchased.

This program also allows the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force. In such an event, the Company would inform shareholders via a press release.

At their meeting of May 18, 2017 (21st resolution), shareholders authorized the Executive Board, for a period of 26 months, with prior approval of the Supervisory Board, to reduce the share capital of the Company by no more than 10% per 24-month period through the cancellation of shares repurchased in the various share buyback programs authorized by shareholders.

7.7.2 Liquidity contract

On October 4, 2005, Wendel entered into a liquidity contract with Oddo Corporate Finance, with a view to making a market and ensuring regular price quotations of its shares, and made €5,000,000 and 80,000 shares available to Oddo.

On September 8, 2011, Wendel contributed an additional €10,000,000, bringing the resources available under the liquidity contract to €15,000,000 and 80,000 shares.

Under the liquidity contract, between January 1 and December 31, 2017, Oddo Corporate Finance:

- purchased for the account of Wendel 871,400 shares for a total value of €110,582,751.23 and an average unit value of €126.90;
- sold for the account of Wendel 871,400 shares for a total value of €109,884,025.00 and an average unit value of €126.10.

7.7.3 Implementation of stock-option and performance share plans

Between January 1, 2017 and December 31, 2017, Wendel directly acquired 599,412 of its own shares for delivery in the context of stock option and bonus share plans (295,728 shares) and acquisitions, mergers, spin-offs or asset contributions (303,684 shares).

7.7.4 Delivery of shares in the context of acquisitions, mergers, spin-offs or asset contributions

Between January 1, 2017 and December 31, 2017, Wendel directly acquired 303,684 of its own shares for delivery in the context of acquisitions, mergers, spin-offs or asset contributions. These shares were acquired for a gross value of €42,366,975.49 and an average unit price of €139,510.

7.7.5 Cancellation of shares

Between January 1 and December 31, 2017, Wendel reduced capital by cancelling 943,943 shares.

7.7.6 Summary of transactions on shares held by the Company as of December 31, 2017

The Company has not repurchased or sold shares for any purposes authorized under the program other than those detailed in Section 7.7.1 above.

Wendel did not make use of any derivative instruments in the context of this share buyback program.

In the 24 months prior to December 31, 2017, Wendel canceled 1,904,780 shares.

As of December 31, 2017, the Company held 669,402 of its own shares, or 1.45% of the capital.

Summary of the Company's transactions on its own shares from January 1 to December 31, 2017

	Cumulative gross amounts in 2017	
	Purchases	Sales/Transfers
Number of shares	1,470,812	1,303,593
Average maximum maturity	-	-
Average transaction price	€129.90	€108.76
Average exercise price	-	-
Amounts	€191,059,040.53	€141,774,053.41

Open positions as of December 31, 2017

Open long positions			Open short positions			
Calls purchased	Puts issued (written)	Forward purchases	Calls issued (written)	Puts purchased	Forward sales	
-	-	-	-	-	-	-
-	-	-	-	-	-	-

7.7.7 Description of the program to be proposed to shareholders at the May 17, 2018 General meeting

The 15th resolution to be proposed at the May 17, 2018 shareholders' meeting asks shareholders to approve a new share buyback program, pursuant to Articles L.225-209 *et seq.* of the French Commercial Code, Title IV of Book II of the General Regulation of the AMF and European Commission regulation 2273/2003, dated December 22, 2003.

Under this program, shares can be bought for any of the following purposes:

- to deliver shares (as an exchange, payment or other consideration) in the framework of acquisitions, mergers, spin-offs, or asset contributions;
- to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date;
- to enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Code of conduct of the Autorité des marchés financiers;
- to implement stock purchase option plans as defined in Articles L.225-177 *et seq.* of the French Commercial Code;
- to allocate performance shares pursuant to Articles L.225-197-1 *et seq.* of the French Commercial Code;
- to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, particularly Articles L.3321-1 *et seq.* and L.3331-1 *et seq.* of the French Labor Code;

- to cancel all or part of the shares repurchased.

This program is also intended to allow the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force. In such an event, the Company would inform shareholders via a press release.

The number of shares repurchased under the authorization to be granted to the Executive Board may not exceed 10% of the share capital at the time of the buyback. For information, as of December 31, 2017, this authorization represented 4,625,321 shares, or a maximum theoretical investment of €1,156,330,250 based on the maximum buyback price of €250 per share.

Pursuant to Article L.225-210 of the French Commercial Code, the Company has made a commitment to keep its holding, both direct and indirect, within the limit of 10% of share capital. As of December 31, 2017, the number of Wendel shares held by the Company was 669,402. In light of the shares already held in treasury, the Company would be able to repurchase 3,955,919 shares, or 8.5% of the share capital, for a maximum amount of €988,979,750, based on the maximum unit purchase price of €250. The Company reserves the right to pursue the program to the full extent of its authorization.

The share buyback authorization will be valid for a period of 14 months from the May 17, 2018 shareholders' meeting, *i.e.* until July 17, 2019.

At their meeting of May 18, 2017 (21st resolution), shareholders authorized the Executive Board to reduce the share capital of the Company, through the cancellation of up to 10% of shares repurchased, for a 24-month period, *i.e.* until July 18, 2019.

7.8 Transactions on Company securities by corporate officers

Summary of transactions on Company shares, pursuant to Article L.621-18-2 of the French Monetary and Financial Code, carried out by its corporate officers⁽¹⁾ during 2017.

Name and function	Type of security	Type of transaction	Number of shares
Frédéric Lemoine Chairman of the Executive Board	shares	Sale	173,788
	shares	Exercise of stock options	102,065
	shares	Subscription	5,000
	shares	Number of performance shares vested	17,249
	Options	Number of exercisable options	51,747
Bernard Gautier member of the Executive Board and BJPG, legal entity related to Bernard Gautier	shares	Sale	42,643
	shares	Exercise of stock options	101,500
	shares	Number of performance shares vested	11,500
	Options	Number of exercisable options	34,500
Fabienne Porquier member of the Supervisory Board	shares	Sale	3,450
	shares	Exercise of stock options	1,250
	shares	Subscription	137
Nicolas ver Hulst member of the Supervisory Board	shares	Purchases	182
Nicholas Ferguson member of the Supervisory Board	shares	Purchases	500

(1) Including transactions carried out by closely-related persons, as defined in the AMF instruction of September 28, 2006.

7.9 Shareholder agreements

7.9.1 Commitments concerning Wendel shares

In accordance with the law of August 1, 2003, the Company has been informed of the following share retention commitments between Wendel-Participations SE and Spim and certain individual shareholders:

- commitments to hold shares for a period of six years pursuant to Article 885 I bis of the French Tax Code, dated December 5, 2011, December 19, 2012, and December 3, 2013, relating to 36.74%, 39.12% and 38.58% of the share capital, respectively, at those dates;
- commitments to hold shares for a period of two years pursuant to Article 885 I bis of the French Tax Code, dated December 10, 2015 relating to 38.73% of share capital at that date;
- commitments to hold shares for a period of two years pursuant to Article 787 B of the French Tax Code, dated December 10, 2015,

November 23, 2016 and December 4, 2017 relating to 39.06%, 38.98% and 39.12% of the share capital, respectively, at those dates.

In addition to a commitment to retain shares for a certain amount of time, these commitments also grant a right of first refusal to Wendel-Participations SE and Spim. The shareholders involved in these obligations are not considered to be acting in concert.

As required by Articles 885 I bis and 787 B of the French Tax Code and L.233-11 of the French Commercial Code, these agreements have been reported to the AMF.

Other retention commitments concerning Wendel shares are set out in Section 2.1.6.6.

7.9.2 Shareholder and Corporate governance agreements entered into by the Wendel Group: unlisted companies

As of December 31, 2017, the Wendel Group was party to several agreements governing its relationships with its co-shareholders, whether concerning co-investors in its subsidiaries, or unlisted holdings (Allied Universal, Constantia Flexibles, Cromology, IHS, Saham, PlaYce, Stahl and Tsebo) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at involving them in their company's performance (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo).

These agreements contain various clauses related to:

- Corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, and restrictions on selling to certain persons);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO;
- non-competition commitments and priority commitments with respect to acquisition opportunities.

The Constantia Flexibles, Stahl, Saham, Tsebo and Allied Universal shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. Failing either of those actions, the Wendel Group has granted the H. Turnauer Foundation a put option at market value for half of its initial investment, payable in two tranches in cash or in Wendel shares, at Wendel's option;

■ for Stahl:

- Stahl's minority financial investors (former second-lien and former mezzanine lenders) have a put option to sell shares at a discount, in tranches of one-third of their stake, between 2016 and 2018. The first two thirds were not exercised;
- Clariant and BASF, minority shareholders in Stahl, benefit from medium-term liquidity guarantees granted by Wendel in an amount determined by a predefined margin multiple;

■ for Allied Universal, the company and its two core shareholders have taken various commitments to the US department of Defense in accordance with the regulations on the control of foreign investments in the US and the protection of US national security interests. These commitments primarily relate to the company's governance (with two "outside" directors approved by the US authorities being appointed at the Board of Directors, the majority of the directors still being appointed by the two core shareholders which also have reciprocal veto rights on certain key decisions [including some that can only be exercised with the prior approval of these two outside directors]). In the event of new circumstances leading to more stringent restrictions under these regulations, Wendel has agreed to take further steps for the purpose of diluting the foreign interest in Allied Universal (dilution of its ownership or restriction on its governance rights). In addition, with respect to conditions for exiting the investment, Warburg Pincus and Wendel each have the right to trigger an IPO or to exercise drag-along rights on all shareholders in the event of a private sale, subject (in the initial years) to minimum transaction valuations.

■ for Tsebo, Capital Group, Tsebo's minority shareholder, has the right, beyond a certain investment period, to trigger an IPO, subject to performance, valuation and liquidity conditions; or, failing that, to sell its investment in Tsebo.

The agreements with the management teams (managers or former managers) of the subsidiaries (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo) also carry stipulations relating to:

- the right to liquidate their co-investment in successive tranches, beyond a certain period (between the 5th anniversary and the 13th anniversary of the completion of their co-investment, depending on the agreements concerned), in the absence of a divestment or an IPO; and
- the handling of executive departures (commitment to sell shares to the Wendel Group in the event of an executive departure from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in Note 4.2 to the 2017 consolidated financial statements relating to the participation of subsidiary managers in the performance of Group entities.

As part of the liquidity commitments under these agreements, if no liquidity event (divestment or IPO) takes place before certain predetermined dates, the Wendel Group (Wendel holding companies or the investments themselves, depending on the case) can be required to buy back, or guarantee the repurchase of, the shares held by managers (or former managers) in the Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, Stahl and Tsebo subsidiaries. The value applied to these liquidity commitments is market value, as determined by an independent appraiser, or a value calculated on the basis of a profitability multiple.

This would also be the case for Wendel managers holding shares under co-investment plans in Allied Universal, Constantia Flexibles, CSP Technologies, IHS, Mecatherm, Nippon Oil Pump, Saham and Tsebo (see Note 4.1 to the 2017 consolidated financial statements on the participation of Wendel managers in the Group's investments).

7.9.3 Shareholder and Corporate governance agreements entered into by the Wendel Group: listed companies

7.9.3.1 Joint statement by Wendel and Saint-Gobain

In a statement published on May 26, 2011, Wendel and Saint-Gobain confirmed the framework and objectives of their collaboration by reiterating their commitment to the following principles:

- support for the strategy approved by the Board of Directors and implemented by Executive Management and focused on three main pillars: Construction Products, Building Distribution and Innovative Materials. Each of these businesses provides Saint-Gobain with specific advantages which together will help drive growth, notably through targeted acquisitions.
- respect for Saint-Gobain's independence and equal treatment for all shareholders; and
- stability of the shareholder base, Wendel's contribution to Saint-Gobain's projects and its long-term commitment to Saint-Gobain.

This statement provides in particular, for:

- a cap on Wendel's investment, held directly or indirectly, alone or in concert, to 21.5% of the company's capital, except in the case of passive accretion. This cap will no longer apply if another shareholder acting alone or in concert crosses the threshold of 11% of Saint-Gobain's capital, or if a tender offer is launched for Saint-Gobain;

- a right of first offer for the benefit of Saint-Gobain should Wendel consider transferring shares representing at least 5% of Saint-Gobain's capital, on one or more occasions, to a limited number of buyers;
- in terms of governance, given that Wendel's investment is now less than 10% of Saint-Gobain's voting rights, Wendel is entitled to only one seat on the Board;
- mutual consultation on any draft resolution to be put to the vote of Saint-Gobain's shareholders at the general Shareholders' Meetings.

Finally, Wendel agrees not to join a tender offer if the terms of the offer have not been approved by Saint-Gobain's Board of Directors and to abstain from any action that may provoke, encourage or help any such offer to succeed as well as from publicly recommending such an offer, it being specified that Wendel shall nevertheless remain free to tender all or some of its shares if such an offer were to occur.

The commitments provided for under these agreements are valid for a period of ten years from the end of the Shareholders' Meeting of June 9, 2011.

7.10 Factors likely to have an impact in the event of a takeover offer

Pursuant to Article L.225-100-3 of the French Commercial Code, to the best of the Company's knowledge, the items that might have an impact in the event of a takeover bid are as follows:

- the 37.6% of the Company's shares and 50.46% of its exercisable voting rights held by Wendel-Participations SE and its related parties of as of December 31, 2017;
- agreements authorizing the Company and its international offices to use the "Wendel" name and the "Wendel" brand. These agreements contain a cancellation clause in the event that Wendel-Participations SE's stake in the Company should fall below 33.34% of the shares for 120 consecutive days (see Section 8.1 of the Statutory Auditor's special report on related-party agreements and commitments with related third parties);
- the granting of double voting rights to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder (see Section 7.3);
- change-of-control clauses in bond indentures and certain loan agreements of Wendel and its subsidiaries (see "Managing Liquidity Risk" in Note 5.2 to the consolidated financial statements);
- right of first refusal: the share-retention commitments of certain shareholders grant a right of first refusal to Wendel-Participations SE or Spim (see Section 7.9.1 above);
- appointment of members of the Executive Board: members of the Executive Board are appointed by the Supervisory Board, of which 45% are independent members and 55% are members from Wendel-Participations SE;
- prior authorization from the Supervisory Board required to amend the by-laws;
- termination payments for Executive Board members: the departure of the members of the Executive Board in the event of a change in control of the Company would result in termination payments, as decided at the meetings of the Supervisory Board of May 6, 2009, February 11, 2010, November 16, 2017 and November 29, 2017 (see Section 2.1.7);
- crossing statutory thresholds: the crossing of every 2% threshold of share capital or voting rights holding must be disclosed.

SHAREHOLDERS' MEETING OF MAY 17, 2018

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8.1 Statutory Auditors' special report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments 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 auditing standards applicable in France

(General Meeting of Shareholders for the approval of the financial statements for the year ended December 31, 2017)

To the Shareholders,

In our capacity as Statutory Auditors of Wendel, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

It is also our responsibility, where applicable, to provide you with the information required under Article R. 225-58 of the French Commercial Code regarding the implementation, during the year, of agreements and commitments already approved by the General Meeting of Shareholders.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments submitted for the approval of the general meeting of shareholders

Agreements and commitments authorized during the year

In accordance with Article L. 225-88 of the French Commercial Code, we were informed of the following agreements and commitments that were previously authorized by your Supervisory Board.

A. With André François-Poncet, new Chairman of Wendel's Executive Board

Termination benefits for André François-Poncet

At meetings held on November 16 and 29, 2017, the Wendel Supervisory Board approved and authorized the following commitments in relation to termination benefits for André François-Poncet, Chairman of the Executive Board since January 1, 2018:

- Removal in 2018:

In the event of his removal from office in 2018 for reasons other than failure, the Chairman of the Executive Board will be entitled to the equivalent of 12 months' fixed compensation.

Payment of the benefits is subject to the fulfillment of the following two performance conditions: (i) the dividend distributed with respect to the 2017 financial year must be greater than or equal to that distributed with respect to the 2016 financial year; and (ii) Wendel's net debt must be less than €2.5 billion.

- Removal in 2019:

In the event of his removal from office in 2019 for reasons other than failure, the Chairman of the Executive Board will be entitled, for each month of service, to benefits equal to his monthly fixed compensation at the time of termination.

Payment of the benefits is subject to the fulfillment of the following two performance conditions: (i) the dividend distributed with respect to the 2017 financial year must be greater than or equal to that distributed with respect to the 2016 financial year; and (ii) the Chairman of the Executive Board must have obtained at least 25% of his maximum variable compensation with respect to the 2018 financial year, or a new system for employee participation in Wendel's performance should have been implemented at January 1, 2019.

- Removal as of 2020:

In the event of his removal from office as of 2020 for reasons other than failure, the Chairman of the Executive Board will be entitled, for each month of service, to benefits equal to his monthly fixed compensation at the time of termination, up to a maximum of 24 months' fixed compensation.

Payment of the benefits is subject to the fulfillment of the following two performance conditions: where the year of removal is year n: (i) the dividend distributed with respect to financial year n-2 must be greater than or equal to that distributed with respect to financial year n-3; and (ii) the Chairman of the Executive Board must have obtained at least 37% of his maximum variable compensation with respect to one of the previous two financial years (n-1 or n-2).

- Resignation or removal in the event of loss of control of Wendel by Wendel-Participations:

In the event of his resignation or removal from office following the loss of control (based on voting rights) of Wendel by Wendel-Participations, the Chairman of the Executive Board will be entitled to 36 months' fixed compensation based on the existing level of fixed compensation at the time of departure.

Payment of the benefits is subject to the fulfillment of the following performance criteria: the dividend distributed with respect to each financial year prior to the financial year during which the resignation or removal occurs must be greater than or equal to that distributed with respect to the 2016 financial year.

- For the purposes of the above:

- the term "removal" may refer to the non-renewal of office, a significant change in responsibilities or a significant disagreement over strategy;
- in the event of failure, defined as serious misconduct (as defined by the employment chamber of France's supreme court of appeal, the *Cour de Cassation*) recognized on a unanimous basis by the members of the Supervisory Board, no benefits will be payable unless the removal procedure was begun more than two months after one of the members of the Supervisory Board became aware of the facts resulting in the removal;
- the term "dividend" used for performance conditions refers at all times to the ordinary dividend excluding any extraordinary dividend.

The Supervisory Board deemed it to be in Wendel's best interests to agree to these termination benefits, insofar as Wendel wished to secure the services of André François-Poncet, for whom these benefits were a prerequisite for accepting the post, and as said termination benefits are in compliance with the recommendations of the Afep-Medef Code.

B. With Frédéric Lemoine, former Chairman of Wendel's Executive Board

Co-investments by Frédéric Lemoine

In light of the departure from the Wendel Group of Frédéric Lemoine, former Chairman of the Executive Board, the Supervisory Board decided on September 6, 2017 to authorize the following two adjustments to the reciprocal put and call agreements entered

into by Wendel (through its wholly-owned subsidiary Trief Corporation) and Frédéric Lemoine relating to his interests in co-investments and applicable in the event of the termination of his office:

- with respect to Frédéric Lemoine's pooled co-investments (Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo), the exercise period for the put option granted to him by Wendel has been postponed by one year, as a result of which the option can now be exercised between March 1, 2019 and April 30, 2019. As per the commitment made, the put option may be exercised on the basis of the value of the relevant investments, corresponding to their net asset value in the financial statements of Global Performance 17 SA Sicar at December 31, 2018;
- Wendel has waived its right to exercise the call options granted to it by Frédéric Lemoine on his share of unvested co-investments. Accordingly, the vesting period for all his co-investments will run for the standard four years. In return, Frédéric Lemoine has waived the right to exercise the put option granted to him by Wendel on his deal-by-deal co-investments (Mecatherm, IHS, Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo).

The Supervisory Board deemed these arrangements to be in Wendel's best interests in view of Frédéric Lemoine's contribution to the relevant investments and of the overall balance of the terms negotiated with him with respect to his departure.

C. With Wendel-Participations, shareholder of your Company

Agreement on the provision of country-by-country reporting (CBCR) and anti-corruption (Sapin II Law) services

Following the authorization of the Supervisory Board on October 18, 2017, your Company and Wendel-Participations signed a service agreement on December 18, 2017, whereby your Company provides Wendel-Participations with country-by-country reporting (CBCR) and anti-corruption (Sapin II Law) services. The total amount billed for these services with respect to the 2017 financial year was €50,000 before tax.

The Supervisory Board acknowledged that entering into this agreement was in Wendel's best interests in view of the financial terms and conditions thereof.

Agreements and commitments authorized since the year end

We were informed of the following agreements and commitments authorized since the year end and that were previously authorized by your Supervisory Board.

A. With André François-Poncet, new Chairman of the Executive Board, and Bernard Gautier, member of the Executive Board

Principles of co-investment by members of the Executive Board for 2018-2021

On March 21 and 28, 2018, the Supervisory Board authorized the members of the Executive Board to co-invest with Wendel, in accordance with the following principles.

These principles apply to new investments made between April 2018 and April 2021, when the Executive Board's term of office expires (re-investments in existing companies are subject to the co-investment rules applicable to the initial investment). They replace the rules previously established for the 2017-2020 period for the members of the Executive Board, which were not implemented, as no investments were made.

The amount of the co-investment remains set at 0.5% of the amount invested by Wendel. The pooled portion of the co-investment accounts for 80% of the total co-investment (previously 50%), and the deal-by-deal portion accounts for 20% (previously 50%).

The minimum rate of return is 8% a year for the deal-by-deal portion and 7% a year for the pooled portion.

If a liquidity event occurs, the co-investors will be entitled to 10% (previously 7%) of the capital gain if the minimum rate of return is achieved. Failing this, they will be treated on a *pari passu* basis with Wendel.

The definition of a liquidity event (full or partial) remains unchanged: complete divestment of the company, change in control or sale of over 50% of the shares of the company held in the portfolio, or a stock market flotation of the company concerned. In the event of a stock market flotation, the liquidity event will typically be partial, and will be calculated pro rata based on the investment sold by Wendel. The rate of liquidity events will therefore be in line with the rate of disposals by Wendel. Exceptionally, for the deal-by-deal portion of the co-investment, co-investors may opt for full liquidity.

In the absence of a full liquidity event, liquidity for the remaining investment will be granted to co-investors in three, one-third tranches, in 2026, 2028 and 2030. The valuation is then calculated as follows:

- if the issuer is listed, on the basis of the market price of its securities;
- if the issuer is not listed, on the basis of an independent expert appraisal.

Rights are vested gradually over a five-year period (previously four), in 20% tranches on the anniversary date of the investment. In certain circumstances involving the departure of an Executive

Board member, the vesting period is extended to six years, and does not begin until the second anniversary of the investment. As in the past, departures of members of the Executive Board are subject to reciprocal put and call agreements with a Wendel Group entity.

The Supervisory Board deemed that it was in Wendel's best interests to authorize the Executive Board to invest on the basis of these principles, which:

- provide the Company with the means to attract and motivate the most talented individuals required to optimize its performance in an extremely competitive environment;
- represent a balanced co-investment system;
- help to better align the interests of shareholders with those of the Executive Board, in that the creation of long-term value is shared across a wider pool, and the Executive Board's share of co-investments has been reduced in favor of stock options and performance shares.

On March 28, 2018, the Supervisory Board authorized the members of the Executive Board to co-invest 12.4% of the total share of the co-investment (0.5%), i.e. 4% for the Chairman of the Executive Board and 8.4% for the other member of the Executive Board.

B. With Wendel-Participations, shareholder of your Company

Following the authorization of the Supervisory Board on March 21, 2018, your Company and Wendel-Participations entered into an agreement to amend the trademark licensing agreement of May 15, 2002, authorizing your Company to use the Wendel trademark in Luxembourg for its subsidiary Froeggen, which will thus be renamed Wendel Lab.

The Supervisory Board acknowledged that concluding this agreement was in Wendel's best interests, in that it be able to use a recognized trademark free of charge and for an indefinite period of time when conducting business in Luxembourg.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in previous years

In accordance with Article R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments approved by the General Meeting of Shareholders in previous financial years had remained in force during the year ended December 31, 2017.

A. With Frédéric Lemoine, former Chairman of the Executive Board, and Bernard Gautier, member of the Executive Board

1. Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between 2006 and 2008 (and to later re-investments made by Wendel in these companies)

In 2006 and 2007, Wendel implemented a co-investment system designed to associate Wendel's management team in your Group's performance. As a result, the management team members invested personally alongside your Group in Winvest International SA Sicar, which, at December 31, 2017, held the Group's investments in the unlisted companies Cromology (formerly Materis) and Stahl.

The general principles applicable to these co-investments are as follows:

- (i) the co-investors invest alongside your Group, at Wendel's request, a maximum overall amount of 0.5% of the total amounts invested by Wendel;
- (ii) the co-investors are entitled to 10% of the capital gain (for 0.5% of the total investment), provided that Wendel has achieved a minimum annual return of 7% and a cumulative return of 40% on its investment; failing this, members of the management team will lose the amounts they invested; the minimum annual return condition of 7% will be assessed based on the original value of the investments and investment dates;
- (iii) rights to co-investment benefits will vest gradually over a period of four years in five 20% tranches (20% at the investment date, then 20% at each anniversary date); however, the members of the management team have committed, in the event of departure, to sell on demand their unvested shares at their original value;
- (iv) the capital gain will be realized at the time of divestment, or, in the absence of divestment, at the end of ten years, on the basis of an expert opinion.

Based on these terms, the members of the management team reached an agreement with your Group in 2010 and 2011 with respect to put options and call options, which could be exercised:

- either upon the occurrence of a liquidity event affecting Cromology (formerly Materis) or Stahl, a liquidity event being defined as complete divestment of the company concerned, a change in control, sale or repayment of more than 50% of the financial instruments held by your Group in the company concerned, the stock market flotation of the company concerned, or the end of the ten-year period as from the initial investment (December 31, 2016); or
- in the event of the departure from your Group of the management team member concerned.

In the case of a liquidity event, your Group has undertaken to buy from the members of the management team their shares in Winvest International SA Sicar representative of the company concerned, at a price such that the latter receive 10% of the capital gain made on this company, subject to your Group having obtained a minimum annual return of 7% and a cumulative return of 40% on its investment. Failing this, the members of the management team have undertaken to sell, to your Group, their shares in Winvest International SA Sicar representative of the company concerned, for the token sum of €1.

In the event of the departure of a member of the management team:

- the person concerned has undertaken to sell to your Group:
 - his or her unvested shares in Winvest International SA Sicar at their original value, regardless of the reasons for his/her departure from the Group, and
 - his or her vested shares in Winvest International SA Sicar, (a) at their market value in the event of gross misconduct resulting in dismissal or removal from office or non-renewal of office, (b) for €1 with an earn-out at market value in the case of a liquidity event when the departure is due to dismissal or removal from office for serious misconduct; and (c) at their original value or the market value, whichever is higher, in the event of death.
- your Group has undertaken to purchase from the person concerned:
 - his or her unvested shares in Winvest International SA Sicar at their original value in the event of his/her dismissal, removal from or non-renewal of office (except in the event of gross/serious misconduct), or in the event of death, and
 - his or her vested shares in Winvest International SA Sicar at their market value in the event of his/her dismissal, removal from or non-renewal of office (except in the event of gross/serious misconduct), and at the higher of the original value or the market value in the event of death.

In keeping with these co-investment principles, the co-investments in Stahl and Cromology (formerly Materis) acquired in 2006 were unwound at December 31, 2016 to coincide with the liquidity opportunity established on the basis of these principles, corresponding to the expiry of a ten-year period from the acquisition date, and in the absence of a prior disposal or stock market flotation.

The value of these companies was established by an independent expert of international renown in keeping with the aforementioned principles and based on a multi-criteria approach. The assessment concluded that:

- for Stahl, Wendel's IRR at December 31, 2016 was over 24%, and the investment multiple more than 6x, exceeding the minimum return conditions (7% a year and 40% cumulative return); based on the independent assessment, 35 co-investors received €78.9 million, broken down as follows: 6.56% for the former Chairman of the Executive Board and 16.05% for the other member of the Executive Board (present since the initial investment was made), 33.75% for 16 other Group managers, and 43.64% for 17 former Group managers;
- for Cromology (formerly Materis), Wendel's minimum return conditions (7% a year and 40% cumulative return) were not met, and the co-investors lost the full amount of their investment.

On January 31, 2018, the Supervisory Board acknowledged that this framework agreement had been terminated following the unwinding at December 31, 2016 of the co-investments in Stahl and Cromology (formerly Materis), which were the last companies covered by the agreement.

2. Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between 2011 and 2012 (and to later re-investments made by Wendel in these companies)

In 2011, Wendel integrated a *pari passu* principle into its co-investment system, resulting in a change in the co-investment principles applicable to the management team for acquisitions carried out by Wendel in 2011 and 2012. The members of the team invested personally alongside your Group in Oranje-Nassau Développement SCA Sicar, which at December 31, 2017 held the Group's investments in the unlisted companies Mecatherm and IHS.

The general principles applicable to these co-investments are as follows:

- (i) the co-investors invest alongside your Group, at Wendel's request, a maximum overall amount of 0.5% of the total amounts invested by Wendel;
- (ii) 30% of the amount invested by the management teams is invested under the same conditions as Wendel (*pari passu* co-investment);
- (iii) the remaining 70%, i.e., a co-investment of 0.35% of the total invested by Wendel, gives entitlement, in the case of events defined in paragraphs (v) and (vi) below, to 7% of the capital gains (leveraged co-investment), on condition that Wendel has obtained a minimum annual return of 7% and a cumulative return of 40% on its investment; failing this, the co-investors will lose the 70% invested;

- (iv) the rights to leveraged co-investment benefits are vested gradually over a period of four years in five 20% tranches (20% at the investment date, then 20% at each anniversary date);
- (v) the potential capital gain is realized in the event of total divestment, change of control, sale of over 50% of the shares owned by your Group or the stock market flotation of the company concerned; depending on the situation, the liquidity granted to the co-investors may be total or in proportion to the shareholding transferred;
- (vi) at the end of an eight-year period as from the initial investment by your Group and failing any total divestment or stock market flotation, the potential capital gain is also realized on one-third of the amounts invested by the co-investors; the same holds true after ten years, then twelve years, if no total divestment or stock market flotation has taken place in the meanwhile; in these cases, the co-investment is valued at the end of each period by an internationally-recognized independent expert.

In the event of departure of a member of the management team, the commitments made and received by the co-investors and your Group are identical to those under the framework agreement on the co-investments made by the management team relating to acquisitions made by Wendel between 2006 and 2008 (and to the subsequent re-investments made by Wendel in these companies) as described above.

This framework agreement remains in effect and is unchanged. The put and call option agreements concluded with each of the Executive Board members, which outline the rules applicable to their co-investments in 2011-2012 in the event of their departure from the Wendel Group, are still in effect, subject to the adjustments made to the agreements relating to Frédéric Lemoine, as described above with respect to the new co-investment agreement made with him as former Chairman of the Executive Board.

With respect to the co-investment in Parcours, which was acquired in 2011 and sold in 2016 to ALD Automotive (a subsidiary of Société Générale), the vendor warranty exercised against Wendel was charged to the co-investors proportionate to their respective shares, i.e., €9,280.84 for Frédéric Lemoine and €6,196.66 for Bernard Gautier.

On January 31, 2018, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2011-2012 co-investment program, given that the members of the Executive Board have co-invested based on these terms and are still committed to Mecatherm and IHS.

3. Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between April 2013 and April 2017 (and to later re-investments made by Wendel in these companies)

In 2013, Wendel changed the rules for investments made by the Group in new companies acquired between April 2013 and April 2017 in order to add a pooled share and increase the minimum return condition for the Group. The members of the Wendel management team invested personally alongside your Group in Expansion 17 SCA Sicar and Global Performance 17 SCA Sicar, which at December 31, 2017 held the Group's investments in the unlisted companies Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo.

The general principles applicable to these co-investments are as follows:

- (i) 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% (carried interest deal by deal);
- (ii) 35% of the amount co-invested gives the right to 3.5% of the capital gain calculated on all of the co-investments of the period, on the condition that Wendel's annual return, calculated for all of these investments as a whole, is at least 7% (pooled carried interest); if Wendel has not fully divested each of the investments of the period, or has listed them on a stock exchange, any capital gain will be allocated equally in 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);
- (iii) the remaining 30% is co-invested *pari passu* with Wendel, 15% on a deal-by-deal basis and 15% on a pooled basis;
- (iv) the co-investors having committed to participating in the 2013-2017 co-investment program are required to invest in all of the investments for the period with respect to the pooled portion (carried interest and *pari passu*); failing this, the co-investor concerned will lose all of his or her rights, except for cases of force majeure, where the co-investor will simply be diluted *pro rata* for the unsubscribed portion;
- (v) co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis (carried interest and *pari passu*), without obligation.

The other co-investment rules have not changed:

- the amount co-invested may not exceed 0.5% of Wendel's investment;
- liquidity events are defined as total divestment, change of control, sale of over 50% of the securities held by the Group or the stock market flotation of the company concerned;

- for investments on a deal-by-deal basis, one-third of the amount invested is distributed to the co-investors, failing any total divestment or stock market flotation, eight, ten and twelve years after the initial investment;
- carried interest rights vest gradually over four years in five 20% tranches, including 20% at the investment date; for Global Performance 17 SCA Sicar, this period begins with the first investment;
- in the event of the departure of a member of the management team, the commitments made and received by the co-investors and your Group are identical to those under the framework agreement on the co-investments made by the management team relating to acquisitions made by Wendel between 2006 and 2008 (and to the subsequent re-investments made by Wendel in these companies), as described above.

The Executive Board's share of the co-investment is equal to one-third of the total co-investment, i.e., 20% for the former Chairman of the Executive Board and 13.33% for Bernard Gautier.

On February 11, 2015, the Supervisory Board specified that the date to be used to determine any applicable rate of exchange is the date of the capital increases of Expansion 17 SCA Sicar and Global Performance 17 SCA Sicar, reflecting the co-investments of the members of the Executive Board.

This framework agreement remains in effect and is unchanged. The put and call option agreements made with each of the Executive Board members, which outline the rules applicable to their co-investments in 2013-2017 in the event of their departure from the Wendel Group, are still in effect, subject to the adjustments made to the agreements relating to Frédéric Lemoine, as described above with respect to the new co-investment agreement made with him as former Chairman of the Executive Board.

On January 31, 2018, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2013-2017 co-investment program, given that the members of the Executive Board have co-invested based on these terms and are still committed to Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo.

B With Frédéric Lemoine, former Chairman of Wendel's Executive Board

Termination benefits for Frédéric Lemoine

At a meeting on November 29, 2017, the Supervisory Board acknowledged that the two performance conditions for the payment of Frédéric Lemoine's termination benefits—capped at two years' of his last fixed and target variable compensation—had been met.

These performance conditions had been established by the Supervisory Board on February 11, 2010 and published on February 16, 2010. They were then reconfirmed by the Board when Frédéric Lemoine's term on the Executive Board was renewed on March 27, 2013 and March 22, 2017, and approved by the General Meeting of Shareholders on May 28, 2013 and May 18, 2017.

The first condition was to meet at least 50% of the variable compensation targets for two of the three financial years preceding his departure. The Supervisory Board confirmed this condition had been met: in 2014, 85% of targets were met, followed by 87.51% in 2015 and 85.23% in 2016. The total benefit allocated at end-December 2017 to Frédéric Lemoine stood at €2,709 thousand.

The second condition related to the performance of the net asset value per share (NAV) at the end of Frédéric Lemoine's term compared to the NAV over the previous 12 months. If higher than 90%, the total termination benefit would be payable. The Supervisory Board acknowledged that the NAV per share at November 17, 2017 (€181.3) was 114.2% of the average NAV over the past 12 months (€158.8), resulting in the payment of €2,709 thousand to Frédéric Lemoine at end December 2017.

C. With Bernard Gautier, member of the Executive Board of your Company

1. Variable compensation of Bernard Gautier

Bernard Gautier has held an employment contract since he joined Wendel in 2003. In 2005 he was appointed to the Executive Board and his employment contract was maintained. His fixed and variable compensation is paid to him in respect of his employment contract.

At the proposal of the Chairman of the Executive Board and based on the opinion of the Governance Committee, on March 21, 2018 the Supervisory Board authorized Wendel to pay Bernard Gautier 92.13% of the maximum amount with respect to his 2017 variable compensation and based on the targets met. Consequently, Bernard Gautier was allocated €889,976 in variable compensation for the 2017 financial year.

2. Termination benefits for Bernard Gautier

As part of the renewal of the Executive Board members' terms of office for a four-year period as from April 7, 2017, on March 22, 2017 the Supervisory Board decided to maintain the termination benefits granted to Bernard Gautier by the Supervisory Board on March 27, 2013.

On the same date, the Supervisory Board decided to maintain the arrangements relating to Bernard Gautier's potential departure from the Group as follows:

In the event of termination of his employment contract, Bernard Gautier will be entitled to benefits equal to the annual average of his gross fixed and target variable compensation allocated with respect to the last three financial years for which the financial statements have been closed prior to notice of his dismissal (or the legal date of termination of his contract in the event of a termination by mutual consent or resignation).

If these benefits exceed those provided for in the collective bargaining agreement, the surplus will only be allocated if, for two of the last three financial years prior to the year in which he was notified of his dismissal (or the legal date of termination of his contract in the event of a termination by mutual consent or resignation), Bernard Gautier has received variable compensation equal to or greater than 50% of his target variable compensation for the three financial years in question.

These benefits are payable in the event of a termination by mutual consent, dismissal (save for dismissal for gross/serious misconduct) or resignation if following on from his removal from office, non-renewal of his term as a corporate officer, resignation as a corporate officer following a significant change in responsibilities, a change of control, or a significant disagreement over Wendel or group strategy.

In the event Bernard Gautier ceases to be a member of the Executive Board, he will receive benefits equal to the annual average of his gross fixed and target variable compensation granted by the Supervisory Board with respect to the last three financial years for which the financial statements have been closed prior to his departure, subject to the following performance conditions:

- 50% is subject to the payment, over two of the last three financial years for which the financial statements have been closed prior to his departure, of variable compensation equal to or greater than 50% of his target variable compensation for the three financial years in question;
- 50% is subject to the NAV per share at the end of the term of office (Actual NAV) being greater than or equal to 90% of the average NAV per share over the previous six months (Benchmark NAV). If the Actual NAV is between 60% and 90% of the Benchmark NAV, the amount of the benefits allocated will be reduced by 2.5 times the difference (consequently, if the Actual NAV is 20% lower than the Benchmark NAV, the amount of benefits allocated would be reduced by half: $20\% \times 2.5 = 50\%$); if the Actual NAV is less than 60% of the Benchmark NAV, no benefits will be allocated.

The benefits are payable in the event of departure further to the removal or non-renewal of the term of office of a member of the Executive Board, the resignation of a member from the Executive Board following a dismissal or a termination of the employment contract by mutual consent, a significant change in responsibilities, a change of control or a significant disagreement over Wendel or group strategy.

These termination benefits were approved by the General Meeting of Shareholders on May 18, 2017.

D. With Wendel-Participations, shareholder of your Company

1. Service agreement for administrative assistance

On September 2, 2003, Wendel entered into a service agreement with Wendel-Participations to provide administrative assistance services. Wendel invoiced a total of €13,000 before tax under this agreement in respect of 2017.

On January 31, 2018, the Supervisory Board acknowledged it was in Wendel's best interests to maintain this agreement, given that it allows for synergies and smooth relations between the two companies.

2. Agreement to rent premises

On September 2, 2003, Wendel entered into an office rental agreement with Wendel-Participations. Wendel invoiced a total of €43,262.79 before tax under this agreement in respect of 2017.

On January 31, 2018, the Supervisory Board acknowledged it was in Wendel's best interests to maintain this agreement, which has been entered into on an arm's length basis.

3. Agreements on the use of the Wendel trademark

By way of two agreements dated May 15, 2002, SLPS and Wendel-Participations authorized your Company to use the Wendel family name as its corporate and commercial name, and granted your Company an exclusive license to use the trademark "WENDEL Investissement".

These agreements were entered into without consideration and for an indefinite period, with the stipulation that they may be revoked if the direct or indirect interest of the family companies in the capital of your Company remains less than 33.34% for 120 consecutive days. If this right of revocation is not exercised within 60 days after the expiration of the said 120-day period, the right to use the name and the exclusive license to use the trademark will become final and irrevocable.

One of the agreements was amended on October 25, 2013 to define rules for the use of the Wendel trademark abroad as part of the international expansion of Wendel's business in North America, Germany, Austria, Africa, South-East Asia, China and Japan, thus enabling your Company to use the Wendel trademark in these geographic areas.

In the context of the reopening of an office in London, on December 8, 2015, your Company and Wendel-Participations, owner of the Wendel trademark, signed an amendment to the licensing agreement of May 15, 2002 authorizing the use of the Wendel trademark for this office. No other amendments were made to the trademark licensing agreement, which received prior authorization from the Supervisory Board on October 22, 2015. The Supervisory Board considered that it was important for the Company to be visible on the UK market under the Wendel trademark.

On January 31, 2018, the Supervisory Board acknowledged it was in Wendel's best interests to maintain these agreements, which allow it to use a recognized trademark free of charge and for an indefinite period of time when conducting business in France and abroad.

Neuilly-sur-Seine and Paris-La Défense, April 9, 2018

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit
Françoise Garnier

Ernst & Young Audit
Jacques Pierres

8.2 Statutory auditors' report on the issue of shares and various securities with or without cancellation of preferential subscription rights

This is a free translation into English of the Statutory Auditors' report on the issue of shares and various securities with or without cancellation of preferential subscription rights 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 auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of May 17, 2018 – 15th, 16th, 17th, 18th, 19th, 20th, 21st and 23rd resolutions)

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegations of authority to your Executive Board to proceed with various issues of shares and securities, operations upon which you are called to vote.

On the basis of its report, your Executive Board proposes that:

- you delegate authority to it, with the possibility to sub-delegate such authority, in the conditions laid down by law, subject to prior authorization by the Supervisory Board in accordance with article 15-V b) of the Memorandum and Articles of Association, for a period of twenty-six months, to decide whether to proceed with the following operations and to fix the final terms and conditions thereof, and proposes to cancel your preferential subscription rights if appropriate:
 - the issue, without cancellation of preferential subscription rights, of shares of the company or securities of any nature giving access to a portion of the share capital to be issued by the company or one of the companies referred to in article L.228-93 of the French Commercial Code (15th resolution),
 - the issue, with cancellation of preferential subscription rights, by means of an offer to the public of shares of the company or securities of any nature giving access to a portion of the share capital to be issued by the company or one of the companies referred to in with article L.228-93 of the French Commercial Code (16th resolution),

- the issue, with cancellation of preferential subscription rights, by means of offers referred to in section II of article L. 411-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and, within the limit of 10% of the share capital per year, of shares of the company or securities of any nature giving access to a portion of the share capital of the company or one of the companies referred to in article L. 228-93 of the French Commercial Code or giving access to the allocation of debt securities (17th resolution),
- the issue of shares or securities that are shares of the company in the event of a public exchange offer initiated by your company (21st resolution);
- you authorize it, by the 18th resolution and within the scope of the implementation of the delegation of authority referred to in the 16th and 17th resolutions, to set the issue price within the legal annual limit of 10% of the share capital;
- you delegate the requisite authority to it, for a period of twenty-six months, to proceed with an issue of shares or securities giving access to the capital of the company in consideration for contributions in kind made to the company and comprising shares or securities giving access to the capital, up to a maximum of 10% thereof (20th resolution).

The nominal amount of the capital increases that may be carried out immediately or in the future may not exceed €74,000,000 in respect of the 15th resolution and €18,000,000 in respect of the 16th and 21st resolutions, it being specified that these amounts will be deducted from the overall limit of €185,000,000 common to the 15th, 16th, 19th and 22nd resolutions (as fixed in the 23rd resolution).

These limits take into account the additional number of securities to be created within the context of the implementation of the delegations of authority referred to in the 15th, 16th and 17th resolutions, in the conditions provided for in article L. 225-135-1 of the French Commercial Code, if you adopt the 19th resolution.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R.225-113 *et seq.* of the French Commercial Code. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in the report.

We performed the procedures we deemed necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Executive Board's report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the proposed issue, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the Executive Board's report in respect of the 16th, 17th and 18th resolutions.

Moreover, as the methods used to determine the issue price of the equity securities to be issued within the context of the implementation of the 15th, 20th and 21st resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the cancellation of preferential subscription rights proposed in the 16th and 17th resolutions.

In accordance with article R.225-116 of the French Commercial Code, we will issue a supplementary report, if appropriate, when your Executive Board has exercised these delegations of authority in the event of the issue of securities that are equity securities giving access to other equity securities or giving access to the allocation of debt securities, in the event of the issue of securities giving access to equity securities to be issued and in the event of the issue of shares with cancellation of preferential subscription rights.

Neuilly-sur-Seine and Paris-La Défense, April 9, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Françoise Garnier

ERNST & YOUNG Audit

Jacques Pierres

8.3 Statutory auditors' report on the issue of shares or securities giving access to the capital with cancellation of preferential subscription rights reserved for employees that are members of one or more company savings schemes set up within the group

This is a free translation into English of the Statutory Auditors' report on the issue of shares or securities giving access to the capital with cancellation of preferential subscription rights reserved for employees that are members of one or more company savings schemes set up within the group 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 auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of May 17, 2018 – 24th resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegation of authority to the Executive Board to decide whether to issue shares or securities giving access to the Company's capital, for a maximum nominal amount of €150,000, with cancellation of preferential subscription rights, reserved for employees that are members of one or more company savings schemes set up within the group, an operation upon which you are called to vote.

This issue is submitted for your approval in accordance with article L. 225-129-6 of the French Commercial Code and article L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

On the basis of its report, your Executive Board proposes that you delegate authority to it, with the possibility to sub-delegate such authority, in the conditions laid down by law, subject to prior authorization by the Supervisory Board in accordance with article 15-V b) of the Memorandum and Articles of Association, for a period of fourteen months, to decide whether to issue shares or securities, on one or more occasions, and to cancel your preferential subscription rights relating to the shares or securities to be issued. If necessary, it will fix the final terms and conditions of issue under this operation.

It is the Executive Board's responsibility to prepare a report in accordance with articles R. 225-113 *et seq.* of the French Commercial

Code. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.

We performed the procedures we deemed necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Executive Board's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the proposed issue, we have no matters to report as to the methods used to determine the issue price of the equity securities to be issued provided in the Executive Board's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions, and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report when your Executive Board has exercised this delegation of authority, in the event of the issue of shares or securities that are equity securities giving access to other equity securities, and in the event of the issue of securities giving access to equity securities to be issued.

Neuilly-sur-Seine and Paris-La Défense, April 9, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Françoise Garnier

ERNST & YOUNG Audit
Jacques Pierres

8.4 Statutory auditors' report on the authorization to award stock subscription and/or purchase options to corporate officers and employees

This is a free translation into English of the Statutory Auditors' report on the authorization to award stock subscription and/or purchase options to corporate officers and employees 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 auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of May 17, 2018 - 25th resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your company and in compliance with articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby report on the authorization to award stock subscription and/or purchase options to those who will be designated from among the corporate officers referred to in article L. 225-185 of the French Commercial Code and employees of the Company and of the companies or groups of companies that are related to it within the meaning of article L. 225-180 of said Code, an operation upon which you are called to vote.

On the basis of its report, your Executive Board proposes that you authorize it, for a period of fourteen months, to award stock subscription and/or purchase options.

The number of shares that may be purchased or subscribed for by exercising the options awarded under this authorization may not exceed 1% of the company's capital at the date of the award, it being specified that the number of performance shares awarded under the 32nd resolution will be deducted from this overall limit.

The total number of shares that may be purchased or subscribed for by Executive Board members by exercising the options awarded to them under this authorization may not exceed 0.124% of the company's capital.

It is the responsibility of the Executive Board to prepare a report on the reasons for awarding stock subscription and/or purchase options and on the proposed methods for the determination of the subscription and/or purchase price. Our role is to express an opinion on the proposed methods for the determination of the subscription and/or purchase price of the shares.

We performed the procedures we deemed necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted notably in verifying that the proposed methods for the determination of the share subscription and/or purchase price are included in the Executive Board's report and are in accordance with French laws and regulations.

We have no matters to report as to the proposed methods for the determination of the share subscription and/or purchase price.

Neuilly-sur-Seine and Paris-La Défense, April 9, 2018

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Françoise Garnier

ERNST & YOUNG Audit

Jacques Pierres

8.5 Statutory auditors' report on the authorization to award free existing shares or shares to be issued to corporate officers and employees

This is a free translation into English of the Statutory Auditors' report on the authorization to award free existing shares or shares to be issued to corporate officers and employees 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 auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of 17 May, 2018 - 26th resolution)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorization to award free existing shares or shares to be issued by your company to the employees and corporate officers of Wendel as defined in section II of article L. 225-197-1 of the French Commercial Code, or to the employees and corporate officers of the companies or groups of companies that are related to it within the meaning of article L. 225-197-2 of the French Commercial Code, an operation upon which you are called to vote.

On the basis of its report, your Executive Board proposes that you authorize it, for a period of fourteen months, to award free existing shares or shares to be issued.

The total number of existing performance shares or performance shares to be issued that may be awarded under this authorization may not exceed 0.5% of the company's capital at the date of the award, it being specified that the number of performance shares

awarded will be deducted from the maximum number of shares that may be issued under the 31st resolution, namely, 1% of the company's capital.

The total number of performance shares that may be awarded to Executive Board members may not exceed 0.105% of the company's capital.

It is the responsibility of the Executive Board to prepare a report on the proposed operation. Our role is to report on any matters relating to the information provided to you regarding the proposed operation.

We performed the procedures we deemed necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Executive Board's report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Executive Board's report relating to the proposed authorization to award free existing shares or shares to be issued.

Neuilly-sur-Seine and Paris-La Défense, April 9, 2018

The Statutory Auditors

French original signed by

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8.6 Supplementary report from the Executive Board Article R.225-116 of the French Commercial Code Capital increase reserved for members of the 2017 Wendel Group Savings Plan

Using the power delegated to it by the shareholders at their Combined Shareholders' Meeting on May 18, 2017, by virtue of the thirtieth resolution and after obtaining the approval of the Supervisory Board on that same date, the Executive Board decided on July 10, 2017, to carry out a capital increase reserved for members of the Wendel Group savings plan, for whom the shareholders' preferential subscription rights were canceled at the same meeting.

The purpose of this report, prepared in accordance with Article R.225-116 of the French Commercial Code, is to describe the final terms and conditions of the capital increase carried out with the approval of the shareholders.

Final terms and conditions of the capital increase

Size of the reserved capital increase:

On July 10, 2017, the Executive Board decided to set the maximum par value of the reserved capital increase at €150,000, or 37,500 shares with a par value of €4.00 per share.

On July 26, 2017, the Executive Board noted that 15,499 shares had been subscribed by the close of the subscription period, increasing the Company's share capital by €456,496, of which €61,996 consists of shares issued for the Group savings plan and €394,500 consists of shares issued as a result of stock option exercises.

The Company's share capital currently stands at €188,780,612 divided into 47,195,153 shares, all of the same class, with a par value of €4.00 per share.

Subscription price:

On July 10, 2017, the Executive Board set the discount at 20% of the reference price, noting that:

- the reference price, calculated on the basis of the average closing share price for the 20 trading days prior to July 10, 2017, was €133.98;
- the subscription price, set at 80% of the reference price, was €107.19.

Each new share having a par value of €4.00 was therefore issued with a share premium of €103.19.

Beneficiaries:

The beneficiaries of the offer are the members of the Wendel Group Savings Plan (i.e., employees and corporate officers with at least three months of service with the Company as of the closing date of the subscription period).

Cancellation of preferential subscription rights:

At the Combined Shareholders' Meeting of May 18, 2017, the shareholders' preferential subscription rights were canceled in favor of the beneficiaries of the capital increase.

Rights attached to shares:

The new shares were issued with ownership rights taking immediate effect and treated in the same way as existing shares.

Maximum subscription rights:

Each beneficiary has the right to subscribe to new shares in accordance with the terms and conditions of the Wendel Group Savings Plan and any amendments thereto.

Matching contribution:

For 2017, the matching contribution is 200% of the subscriber's voluntary contribution, up to a limit of 79 Wendel shares. The amount of 79 shares represents the largest whole number of shares that may be subscribed without the employers' contribution exceeding the legal limit of €5,648.83 per savings plan member.

Adjustments to the reserved capital increase:

If the total number of shares requested had exceeded the maximum number of shares offered in connection with the reserved capital increase, share requests would have been reduced. Reductions would be as follows:

- no reduction would have been applied to share requests that are eligible for the matching contribution;
- share requests made in connection with the reinvestment of dividends from Company shares held in the Wendel Group Savings Plan would have been fulfilled before other requests;
- all other share requests would have been fulfilled in proportion to the remaining quantity of shares requested by each subscriber.

Since the total number of shares requested was less than the maximum number of shares offered in connection with the reserved capital increase, the share capital was increased only by the number of subscribed shares.

Subscription period:

The subscription period ran from July 13, 2017, to July 25, 2017, inclusive.

The subscription period could have closed at any time before July 25, 2017, if all beneficiaries had either returned their subscription form or notified the Company that they had chosen to waive their right to subscribe to the shares offered.

Listing of new shares:

Admission to trading of the Company's new shares on Eurolist by Euronext was requested as soon as possible after the capital increase.

Impact of the capital increase

The Company issued 15,499 new shares.

In accordance with Article R.225-115 of the French Commercial Code, the Executive Board hereafter reports on the impact of this issue on the situation of holders of equity shares in the Company and holders of securities giving access to the Company's capital. The impact of the issue was assessed on the basis of the latest parent company financial statements, dated June 30, 2017.

■ Impact on book value as of June 30, 2017:

After taking into account the 15,499 shares subscribed in connection with the capital increase described in this report, book value per share declined by €0.00 on the basis of a total of 47,179,654 shares issued, comprising the Company's share capital, and by €0.00 on the basis of a total of 47,210,980 shares issued or potentially issuable.

■ Theoretical impact on the share's current market value based on the average share price for the 20 trading days prior to July 10, 2017:

After taking into account the 15,499 shares subscribed in connection with the capital increase described in this report, the share's market price declined by €0.01 per share on the basis of a total of 47,179,654 shares issued, comprising the Company's share capital, and by €0.01 per share on the basis of a total of 47,210,980 shares issued or potentially issuable.

July 26, 2017

Frédéric Lemoine

Chairman of the Executive Board

Bernard Gautier

Member of the Executive Board

8.7 Statutory Auditors' supplementary report on the increase in capital with cancellation of preferential subscription rights reserved for members of a company savings scheme set up within the Group

This is a free translation into English of the Statutory Auditors' supplementary report on the increase in capital with cancellation of preferential subscription rights reserved for members of a company savings scheme 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 auditing standards applicable in France.

Executive Board meeting of July 26, 2017

To the Shareholders

In our capacity as Statutory Auditors of your company and in compliance with article R. 225-116 of the French commercial code (*code de commerce*), and further to our special report dated April 7, 2017, we hereby report on the increase in capital with cancellation of preferential subscription rights, reserved for members of a company savings scheme set up within the Group, authorized by your Ordinary and Extraordinary Shareholders' Meeting on May 18, 2017, in its thirtieth resolution.

This increase in capital is subject to your approval in accordance with article L. 225-129-6 of the French commercial code and articles L. 3332-18 et seq. of the French labour code (*code du travail*).

The Shareholders' Meeting had delegated authority to your Executive Board to decide whether to proceed with such an operation, for a period of fourteen months and a maximum amount of €150,000. Exercising this delegation of authority, your Executive Board decided, at its meeting on July 10, 2017, to proceed with an increase in capital limited to the nominal amount of €150,000, by issuing 37,500 ordinary shares with a nominal value of €4 each and a share premium of €103.19, reserved for members of the Group Savings Scheme. The employees and corporate officers concerned must have been with the Group for at least three months as of the date of the close of the subscription period.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R. 225-115 and R. 225-116 of the French commercial code. Our role is to report on the fairness of the financial information taken from interim accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue provided in the report.

We performed the procedures we deemed necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying:

- the fairness of the financial information taken from the interim accounts drawn up as at June 30, 2017 under the responsibility of the Executive Board, using the same methods and the same presentation as the last annual accounts. We performed procedures on these interim accounts which consisted of discussion with the members of the management responsible for accounting and financial aspects, verifying that the interim accounts had been drawn up according to the same accounting principles and methods of measurement and presentation as those used to draw up the last annual accounts, and implementing analytical procedures;
- the compliance with the terms of the operation as authorized by the Ordinary and Extraordinary Shareholders' Meeting;
- the information provided in the Executive Board's supplementary report on the choice of constituent elements used to determine the issue price and on its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from these interim accounts and included in the Executive Board's supplementary report;
- the compliance with the terms of the operation as authorized by the Ordinary and Extraordinary Shareholders' Meeting of May 18, 2017 and the information provided to the shareholders;
- the choice of constituent elements used to determine the issue price and its final amount;
- the presentation of the effect of the issuance on the financial position of the holders of shares and securities giving access to the capital as expressed in relation to shareholders' equity, and on the market value of the share;
- the cancellation of the preferential subscription rights, upon which you have voted.

Neuilly-sur-Seine and Paris-La Défense, July 27, 2017

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit
Françoise Garnier

ERNST & YOUNG Audit
Jacques Pierres

8.8 Observations from the Supervisory Board for the shareholders

To the Shareholders,

Throughout 2017, the Supervisory Board, with the meticulous and diligent support of its committees, carried out its control and oversight of the Executive Board. In 2017, the Supervisory Board met ten times. The Audit Committee met six times and the Governance Committee met eight times.

In 2017, Wendel portfolio companies actively pursued acquisitions and disposals, notably Bureau Veritas, Allied Universal, Constantia Flexibles and Stahl.

Wendel finalized the acquisition of Tsebo, pan-African leader in business services, continued to divest from Saint-Gobain and tendered its excess shares to a takeover bid initiated by a shareholder.

Over the 12 months from March 2017 to March 2018, NAV rose by 3.3%.

On March 21, 2018, the Supervisory Board examined Wendel's parent company and consolidated financial statements as prepared by the Executive Board. The Executive Board has no observations to bring to your attention, and recommends approval of the financial statements. The consolidated financial statements for the year ended December 31, 2017, show consolidated net sales of €8.3 billion, up 8.4%, and net income, Group share, of €200 million, compared with a loss of €366.8 million in 2016.

The contribution of all Group companies to net income from operations was €703.6 million, down 2.3% from 2016. This slight decline is attributable to changes in the scope of consolidation (Saint-Gobain deconsolidated after the sale of shares in June 2017).

The Supervisory Board has approved the Executive Board's proposal to set the 2017 dividend at €2.65 per share, an increase from the previous year's dividend.

With regard to governance, the Supervisory Board appointed André François-Poncet as Chairman of the Executive Board, effective January 1, 2018. The Board warmly thanks Frédéric Lemoine for the work he accomplished in his nine years as Chairman of the Executive Board, during which Wendel regained its financial footing and invested in promising new geographic sectors.

Shareholders are asked to approve the renewal of the term of Guylaine Saucier, who has brought the Board financial expertise for the past eight years.

The Board is pleased to welcome its new Chairman, Nicolas Ver Hulst, and its new Vice-Chairman, Gervais Pellissier, as of the close of the Shareholders' Meeting of May 17, 2018.

All Supervisory Board members express their warmest thanks to their Vice-Chairwoman and Chairwoman of the Governance Committee, Dominique Hériard Dubreuil, who during her eight years on the Board contributed significantly to the good health and strong governance of Wendel.

The Board members also thank Chairman François de Wendel for the work he has accomplished since 2013. They are pleased that he will remain with the Board until 2020.

Finally, the Board recommends shareholder approval of all resolutions submitted by the Executive Board at the Annual Meeting.

8.9 Report of the Executive Board on the resolutions submitted to the shareholders at their Annual Meeting on May 17, 2018

Ordinary General Meeting

2017 financial statements, allocation of income and related-party agreements

The purpose of the **first** and **second resolutions** is to approve Wendel's financial statements as of December 31, 2017.

The parent company financial statements show net income of €116.9 million.

The consolidated financial statements show net income of €534.1 million and net income, Group share, of €200 million.

The **third resolution** proposes to allocate net income for the year ended December 31, 2017, and distribute a dividend of €2.65 per share, an increase from the dividends paid for the past three years.

	2014	2015	2016
Dividend	€2.00	€2.15	€2.35

The ex-dividend date is May 22, 2018, and the dividend will be paid on May 24, 2018.

For individuals whose tax residence is France, the dividend is subject either to a fixed rate of 12.8% (Article 200 A of the French Tax Code), or to a progressive tax rate applied after the 40% exclusion allowed under Article 200 A, 2 and 158-3 1° of the French Tax Code. The dividend is also subject to withholding of 17.2% for social security.

The **fourth resolution** proposes to approve the Statutory Auditors' special report on related-party agreements entered into in 2017 and early 2018. The report describes the consequences of the departure of Frédéric Lemoine on his co-investments, and of the co-investment by members of the Executive Board for the period 2018-2021.

The **fifth resolution** proposes to approve two related-party agreements made with Wendel-Participations and detailed in the Statutory Auditors' special report. The first is for the application of anticorruption measures (Sapin 2 law) and CBCR inside Wendel Group. The other is for the use of the Wendel brand for "Wendel Lab" business in new sectors or new geographic zones.

The purpose of the **sixth resolution** is to approve commitments made in the event the term of the new Chairman of the Executive Board is terminated, in accordance with Article L.225-90-1 and Article L.225-86 et seq. of the French Commercial Code.

Supervisory Board: renewal of one term and appointment of one new member

The **seventh resolution** proposes to renew the appointment of Guylaine Saucier for a four-year term.

Vote on compensation of corporate officers

The **eighth, ninth and tenth resolutions** propose to approve the 2018 compensation policy for members of the Executive Board and Supervisory Board. The compensation policy for members of the Executive Board and Supervisory Board is described in Sections 2.1.7.1 and 2.1.7.2 of the Company's 2017 registration document. For the second year in a row, shareholders are asked to vote pursuant to the new Article L.225-82-2 of the French Commercial Code.

For the first time, pursuant to Article L. 225-100 of the French Commercial Code, shareholders are asked to approve compensation for the 2017 fiscal year owed or granted to Executive Board Chairman Frédéric Lemoine, Executive Board member Bernard Gautier and Supervisory Board Chairman François de Wendel. This is the purpose of the **eleventh, twelfth and thirteenth resolutions**. Details on compensation are presented in Section 2.1.7.11 of the 2017 registration document. The variable compensation for Frédéric Lemoine will be paid after shareholder approval.

Share buyback program

The **fourteenth resolution** proposes to renew the authorization granted to the Company to buy back its own shares as provided for by law. The maximum purchase price has been set at €250, with authorization valid for 14 months.

The share buyback program can only be used for the purposes defined by law and set out in this resolution. In practice, the Company may make use of this program to buy back and then cancel shares, to carry out acquisitions, to make a market in the Company's shares, or to hedge stock options or performance shares. In 2017, Wendel purchased directly 599,412 treasury shares.

Under no circumstances may the Company acquire more than 10% of its capital (e.g., 3,955,919 shares, on the basis of the share capital as of December 31, 2017, and taking into account the shares held in treasury as of that date). This authorization is without force during a takeover bid.

Extraordinary General Meeting

Renewal of financial authorizations

The **fifteenth through twenty-third resolutions** propose to renew, for a period of 26 months, existing financial authorizations that are soon to expire. The maximum par value of the corresponding capital increases is set at €185 million.

The authorizations are for the issue of shares or securities giving immediate or future access to the capital of the Company, with preferential subscription rights either maintained or cancelled, depending on the opportunities arising in financial markets, and the interests of the Company and its shareholders. They provide the Company flexibility and the ability to act quickly by allowing the Executive Board, with prior approval of the Supervisory Board, to carry out market transactions as needed to implement the Group's strategy.

These authorizations are without force during a public offering period.

The authorized amount for a capital increase with cancellation of preferential subscription rights reflects current best practices, recommendations from proxy advisors and investors.

The Executive Board did not make use of any of these authorizations in 2017.

The **fifteenth resolution** proposes to authorize the Executive Board to increase the share capital, with preferential subscription rights maintained, by a maximum par value of €74 million.

The **sixteenth resolution** proposes to authorize the Executive Board to increase capital, with cancellation of preferential subscription rights but with the possibility of granting the shareholders a priority period, by a maximum par value of €18 million and at a price that is at least equal to the weighted average share price for the three trading days prior to the price-setting, to which a discount of up to 5% may be applied. The total authorization for capital increases with cancellation of preferential subscription rights is €18 million.

The **seventeenth resolution** proposes to authorize the Executive Board to issue securities for private placements, with cancellation of preferential subscription rights, by a maximum of 10% of the capital per year and using the price setting method set forth by law. The **eighteenth resolution** proposes to authorize the Executive Board to increase capital through a private placement or public offering, with cancellation of preferential subscription rights, by a maximum of 10% of the capital per year, at a price at least equal to the average closing Wendel share price over the 20-day period preceding the issue, to which a discount of up to 5% may be applied. The par value of any such share issues would be included in the maximum amount of €18 million set in the sixteenth resolution.

The **nineteenth resolution** proposes to authorize the Executive Board to increase the size of the above issues, in the event of excess demand, by up to 15% of the initial issue, with maintenance or cancellation of preferential subscription rights. Any such increases must not exceed the overall authorized ceiling.

The **twentieth resolution** proposes to authorize the Executive Board to increase the share capital, with cancellation of preferential subscription rights, as consideration for contributions in kind consisting of securities, by a maximum of 10% of the capital. The **twenty-first resolution** proposes to authorize consideration for contribution in kind consisting of shares, in connection with a public exchange offer, by a maximum par value of €18 million. This authorization would enable the Company to acquire equity investments in listed or unlisted companies and to pay for those acquisitions by means of shares rather than cash. The par value of any such share issues would be included in the maximum amount of €18 million set in the sixteenth resolution.

The **twenty-second resolution** proposes to authorize the Executive Board to carry out a capital increase for the benefit of Company shareholders through the capitalization of reserves, profits or premiums, of a maximum par value of €80 million. This capital increase may be carried out through the allocation of bonus shares to shareholders and/or an increase in the par value of existing shares.

The **twenty-third resolution** proposes to set at €185 million the maximum aggregate par value of capital increases resulting from the fifteenth, sixteenth, nineteenth and twenty-second resolutions.

Employee savings and employee share ownership

Wendel manages its employee share ownership policy with the aim of limiting the dilutive effect for shareholders.

Group savings plan

The **twenty-fourth resolution** proposes to authorize the Executive Board, for a period of 14 months, to increase the Company's capital, with the prior approval of the Supervisory Board, in favor of the Group's employees and corporate officers and under the Group savings plan, to a maximum par value of €150,000. In accordance with the legislation in force, the issue price of shares may not be higher than the average closing share price for the 20 trading days prior to the Executive Board's decision, nor lower than this average reduced by a maximum of 20%.

The Executive Board implemented the authorization granted by shareholders at the meeting of May 18, 2017. Employee share ownership through the Group savings plan represented 0.9% of the capital as of December 31, 2017.

Grant of stock subscription and/or purchase options and performance shares

The exercise of stock options or stock subscriptions and the vesting of performance shares are subject to service and

performance conditions and, for Executive Board members, to an obligation to hold the shares issued upon the exercise of stock options or the vested performance shares. These conditions are presented in Sections 2.1.7.5 and 2.1.7.7 of the 2017 registration document.

Performance conditions for the Executive Board members are set by the Supervisory Board; performance conditions for the beneficiary employees, where applicable, are set by the Executive Board. These performance conditions are described in the compensation policy for 2018 (section 2.1.7.1).

The **twenty-fifth resolution** proposes to authorize the Executive Board, for a period of 14 months, to grant stock subscription and/or purchase options, for a maximum of 1% of the capital, to employees and corporate officers of the Wendel Group. The price would be set in accordance with legal and regulatory provisions, with no discount.

The **twenty-sixth resolution** proposes to authorize the Executive Board, for a period of 14 months, to grant performance shares to employees and corporate officers, for a maximum of 0.5% of the capital. Any such performance shares would be included in the aggregate maximum amount of 1% set in the twenty-fifth resolution.

In accordance with recommendation 24.3.3 of the Afep-Medef Code, the **twenty-fifth** and **twenty-sixth** resolutions indicate the maximum percentage of stock options and performance shares that can be granted to Executive Board members. Stock options may be granted up to 0.124% of share capital, and performance shares up to 0.105% of share capital.

Powers

Finally, the **twenty-seventh resolution** would grant the necessary powers to accomplish legal formalities.

8.10 Shareholders' Meeting of May 17, 2018

Resolutions pertaining to the Ordinary Meeting

1. Approval of the 2017 parent company financial statements;
2. Approval of the 2017 consolidated financial statements;
3. Net income allocation, dividend approval and dividend payment;
4. Approval of related-party agreements;
5. Approval of related-party agreements;
6. Renewal of commitments made in the event of the termination of the duties of the Chairman of the Executive Board;
7. Renewal of the appointment of one member of the Supervisory Board;
8. Vote on the compensation policy for the Chairman of the Executive Board;
9. Vote on the compensation policy for the member of the Executive Board;
10. Vote on the compensation policy for Supervisory Board members;
11. Vote on compensation owed or granted to the Chairman of the Executive Board;
12. Vote on compensation owed or granted to the member of the Executive Board;
13. Vote on compensation owed or granted to the Chairman of the Supervisory Board;
14. Authorization granted to the Executive Board to purchase Company shares.

Resolutions pertaining to the Extraordinary Meeting

15. Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the capital with preferential subscription rights maintained;
16. Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the capital with preferential subscription rights canceled;

17. Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the Company's capital with preferential subscription rights canceled, by means of a private placement as set forth in Article L.411-2 II of the French Monetary and Financial Code;
18. Authorization for the Executive Board to set, in accordance with the methodology set forth by shareholders at the Annual Meeting, the issue price of shares or securities with preferential subscription rights canceled, to an annual limit of 10% of the Company's share capital;
19. Delegation of power to the Executive Board to increase the number of shares issued in the event of excess demand, with preferential subscription rights maintained or canceled;
20. Delegation of power to the Executive Board to increase capital in consideration for contributions of securities, with preferential subscription rights canceled;
21. Delegation of power to the Executive Board to increase share capital, with preferential subscription rights canceled, by means of a public exchange offer;
22. Delegation of power to the Executive Board to increase share capital through the capitalization of reserves, profits or premiums;
23. Maximum aggregate amount of capital increases;
24. Delegation of power to the Executive Board to increase share capital, with preferential subscription rights canceled, by means of the issue of shares or securities giving access to the capital reserved for members of the Group savings plan;
25. Authorization granted to the Executive Board to grant stock subscription and/or purchase options to corporate officers and employees, with preferential subscription rights canceled;
26. Authorization granted to the Executive Board to grant performance shares to corporate officers and employees, either existing or to be issued, with preferential subscription rights canceled for any shares to be issued.

Resolution pertaining to the Ordinary Meeting

27. Powers for the performance of legal formalities.

A. Resolutions pertaining to the Ordinary Meeting

First resolution

Approval of the 2017 parent company financial statements

The shareholders, voting under the quorum and majority required for Ordinary General Meetings of shareholders,

- having heard the management report of the Executive Board on the activity and situation of the Company in 2017 and the observations of the Supervisory Board;
- and having heard the report of the Statutory Auditors on the parent company financial statements.

Hereby approve the parent company financial statements for the fiscal year beginning on January 1, 2017, and ending on December 31, 2017, as presented by the Executive Board, with net income of €116,893,047.42, as well as the transactions presented in these statements or described in these reports.

Second resolution

Approval of the 2017 consolidated financial statements

The shareholders, voting under the quorum and majority required for Ordinary General Meetings of shareholders,

- having heard the management report of the Executive Board on the activity and situation of the Company in 2017 and the observations of the Supervisory Board;
- and having heard the report of the Statutory Auditors on the consolidated financial statements.

Hereby approve the consolidated financial statements for the fiscal year beginning on January 1, 2017, and ending on December 31, 2017, as presented by the Executive Board, with net income, Group share, of €200,031 thousand, as well as the transactions presented in these statements or described in these reports.

Third resolution

Net income allocation, dividend approval and dividend payment

The shareholders, voting under the quorum and majority required for Ordinary General Meetings of shareholders, acting on the recommendation of the Executive Board, as approved by the Supervisory Board,

1. decide:

- to allocate 2017 net income totaling €116,893,047.42,
- plus retained earnings of €2,651,832,875.34,
- comprising distributable income of €2,768,725,922.76,

in the following manner:

- to shareholders, the amount of €122,586,736.9,
- representing a net dividend €2.65 per share,
- to other reserves, the amount of €0,
- to retained earnings, the remaining amount of €2,646,139,185.86;

2. decide that the ex-dividend date shall be May 22, 2018, and that the dividend shall be paid on May 24, 2018;

3. decide that the dividend that cannot be paid to Wendel treasury shares shall be allocated to retained earnings and that the amounts required to pay the dividend described above on shares resulting from the exercise of stock subscription or purchase options before the ex-dividend date shall be deducted from retained earnings;

4. as a reminder, in accordance with Article 243 bis of the French General Tax Code, the dividends paid out for the past three fiscal years:

Fiscal year	Dividends distributed	Net dividend per share
2014	92,648,748	€2.00
2015	98,727,658	€2.15
2016	107,294,096	€2.35

For individuals whose tax residence is France, the gross dividend is subject either to a fixed rate of 12.8% (Article 200 A of the French Tax Code), or to a progressive tax rate applied after the 40% exclusion allowed under Article 200 A, 2. and 158-3 1° of the French Tax Code. The dividend is also subject to withholding of 17.2% for social security.

Fourth resolution

Approval of related-party agreements

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the special report of the Statutory Auditors on the agreements described in Articles L.225-38 *et seq.* and L.225-86 *et seq.* of the French Commercial Code, hereby approve the agreements entered into during the fiscal year ended December 31, 2017, and in the early part of fiscal year 2018, described in this report and submitted for shareholder approval.

Fifth resolution

Approval of related-party agreements

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the special report of the Statutory Auditors on the agreements described in Articles L.225-38 *et seq.* and L.225-86 *et seq.* of the French Commercial Code, hereby approve the agreements entered into during the fiscal year ended December 31, 2017, and in the early part of fiscal year 2018 with Wendel-Participations SE, described in this report and submitted for shareholder approval.

Sixth resolution

Renewal of commitments made in the event of the termination of the duties of the Chairman of the Executive Board;

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the special report of the Statutory Auditors on the agreements described in Articles L.225-86 *et seq.* and L.225-90-1 of the French Commercial Code, hereby approve the commitments made to André François-Poncet, Chairman of the Executive Board, in the event of termination of his duties described in this report.

Seventh resolution

Renewal of the appointment of Guylaine Saucier as a member of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, note that the term of Guylaine Saucier as a member of the Supervisory Board expires at the end of this Shareholders' Meeting. The shareholders hereby renew this appointment for a four-year term expiring at the end of the Ordinary Shareholders' Meeting called in 2022 to approve the financial statements for the fiscal year ending December 31, 2021.

Eighth resolution

Vote on the compensation policy for the Chairman of the Executive Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Chairman of the Supervisory Board on the compensation policy for Executive Board members, prepared in accordance with Article L.225-82-2 of the French Commercial Code, hereby approve the compensation policy for the Chairman of the Executive Board as described in this report (Section 2.1.7.1 of the 2017 registration document).

Ninth resolution

Vote on the compensation policy for the Executive Board member

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Supervisory Board Chairman on the compensation policy for Executive Board members, prepared in accordance with Article L.225-82-2 of the French Commercial Code, hereby approve the compensation policy for the Executive Board member, as described in this report (Section 2.1.7.1 of the 2017 registration document).

Tenth resolution

Vote on the compensation policy for Supervisory Board members

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Supervisory Board Chairman on the compensation policy for Supervisory Board members, prepared in accordance with Article L.225-82-2 of the French Commercial Code, hereby approve the compensation policy for Supervisory Board members as described in this report (Section 2.1.7.2 of the 2017 registration document).

Eleventh resolution

Vote on compensation owed or granted to Frédéric Lemoine, Chairman of the Executive Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, in accordance with Articles L.225-82-2 and L.225-100 of the French Commercial Code, hereby approve the compensation owed or granted to Executive Board Chairman Frédéric Lemoine for the fiscal year ended December 31, 2017, as detailed in the report on Corporate governance (Section 2.1.7.11 of the 2017 registration document).

Twelfth resolution

Vote on compensation owed or granted to Bernard Gautier, member of the Executive Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, in accordance with Articles L.225-82-2 and L.225-100 of the French Commercial Code, hereby approve the compensation owed or granted to Bernard Gautier, member of the Executive Board, for the fiscal year ended December 31, 2017, as detailed in the report on Corporate governance (Section 2.1.7.11 of the 2017 registration document).

Thirteenth resolution

Vote on compensation owed or granted to François de Wendel, Chairman of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, in accordance with Articles L.225-82-2 and L.225-100 of the French Commercial Code, hereby approve the compensation owed or granted to François de Wendel, Chairman of the Supervisory Board, for the fiscal year ended December 31, 2017, as detailed in the report on Corporate governance (Section 2.1.7.11 of the 2017 registration document).

Fourteenth resolution

Authorization granted to the Executive Board to purchase Company shares at a maximum price of €250

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, acting on the recommendation of the Executive Board approved by the Supervisory Board, in application of Article 15-V b) of the by-laws:

- having heard the report of the Executive Board; and
 - pursuant to Articles L.225-209 *et seq.* of the French Commercial Code, the General Regulation of the Autorité des marchés financiers, and European Commission regulation no. 2273/2003,
1. authorize the Executive Board, with the power of sub-delegation as provided for by law, to buy back shares in the Company within the following limits:
 - the number of shares purchased by the Company during the buyback program shall at no time exceed 10% of the number of shares comprising the Company's share capital; this

percentage shall apply to capital adjusted for transactions that may have impacted the capital after this Shareholders' Meeting (e.g., 4,625,321 shares as of December 31, 2017),

- the number of shares held by the Company at any time shall not exceed 10% of the Company's share capital at the date under consideration;
2. decide that the Company's shares, within the limits defined above, may be purchased for the following purposes:
 - to deliver shares (as an exchange, payment, or other consideration) in the context of acquisitions, mergers, spin-offs, or asset contributions, subject to prior authorization by the Supervisory Board,
 - to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date,
 - to enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Code of Conduct of the Autorité des marchés financiers,
 - to implement stock purchase option plans as defined in Articles L.225-177 *et seq.* of the French Commercial Code,
 - to allocate performance shares pursuant to Articles L.225-197-1 *et seq.* of the French Commercial Code,
 - to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, in particular Articles L.3321-1 *et seq.* and L.3331-1 *et seq.* of the French Labor Code,
 - to cancel all or part of the shares purchased, subject to prior authorization of the Supervisory Board.

This program shall also allow the Company to pursue any other purpose that has been or shall be authorized by legislation or regulations in force. In such an event, the Company shall inform its shareholders by means of a press release.

3. Decide that the acquisition, sale or transfer of shares may, subject to applicable legal and regulatory restrictions, be made at any time and by any means, on the stock market or through private transactions, including the acquisition or sale of blocks of shares (without limiting the portion of the buyback program that may be conducted in this way), through public offers to purchase, sell or exchange shares, or through the use of options or other derivatives traded in a regulated stock market or in private transactions, or by the delivery of shares subsequent to the issue of securities giving access to the Company's capital by conversion, exchange, reimbursement, exercise of warrants or otherwise, either directly or indirectly through an investment service provider;
4. Set the maximum purchase price at €250 per share representing, on an indicative basis, a total maximum share buyback amount of €1,156,330,250 on the basis of 4,625,321 shares corresponding to 10% of the capital as of December 31, 2017, and give full power to the Executive Board to adjust this purchase price, in the event of transactions on the Company's capital, in order to take into account the impact of these transactions on the value of the shares;
5. Decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
6. Give full power to the Executive Board to decide and apply this authorization, to specify, where necessary, the terms and procedures, to carry out the share buyback program, and in particular to trade in the stock market, enter into any agreements, facilitate the recording of purchases and sales in stock market registers, make any disclosures including to the Autorité des marchés financiers, carry out any formalities, and, generally, do what is required for the application of this authorization;
7. Decide that this authorization, which cancels and replaces any previous authorizations of the same nature, for any unused amounts, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

B. Resolutions pertaining to the Extraordinary Meeting

Fifteenth resolution

Delegation of power to the Executive Board to increase share capital, with preferential subscription rights maintained, by a maximum par value of €74 million

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors;
 - and pursuant to Articles L.225-129-2, L.225-129-4, L.225-129-5, L.225-132, and L.225-134 and Articles L.228-91 to L.228-93 of the French Commercial Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue, on one or more occasions, in the proportions and at the times that it shall determine, in France or outside France, subject to valuable consideration or not, with preferential subscription rights maintained, shares of the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner—to a portion of the share capital to be issued by the Company or by one of the companies described in Article L.228-93 of the French Commercial Code, it being specified that these securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies, and that these issues may be subscribed either in cash, or by offsetting uncontested and liquid debts payable by the Company;
 2. decide that the par value of any capital increases carried out immediately or at a later date under this authorization shall not exceed €74 million or its equivalent at the issue date in the event of an issue in another currency or in a monetary unit established in reference to a number of currencies, with the stipulation that this amount shall be included in the maximum aggregate par value set in paragraph 1 of the twenty-third resolution of this Shareholders' Meeting;
 3. decide that to these amounts shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
 4. decide that the issue or issues shall be reserved, on a preferential basis, to shareholders, who may subscribe as of right in proportion to the number of shares they own;
 - take note that the Executive Board may grant shareholders the right to subscribe for excess securities in addition to the number of securities they are entitled to subscribe for as of right, in proportion to their subscription rights and, in any case, not exceeding the number requested,
 - take note that if all the shares issued are not taken up through subscriptions as of right and, if applicable, subscriptions for excess shares, the Executive Board may use, as provided for by law and in the order that it shall determine, one or more of the powers below:
 - restrict the increase of capital to the subscription amount, subject to this amount attaining at least three-quarters of the increase decided,
 - distribute as it sees fit all or a portion of the securities not taken up,
 - offer to the public all or a portion of the securities not taken up;
 5. take note and decide, where necessary, that this authorization shall by law entail, in favor of the holders of the securities giving access to shares of the Company that may be issued under this resolution, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
 6. decide that the issues of equity warrants in the Company may be carried out by subscription offer, but also by free allocation to the owners of existing shares, it being specified that the Executive Board shall have the power to decide that allocation rights comprising fractional shares shall not be negotiable and that the corresponding securities shall be sold;
 7. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
 8. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
 - determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities giving access to the capital, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment; provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to

suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital,

- in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions; modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
 - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
 - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly, and
 - generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;
9. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Sixteenth resolution

Delegation of power to the Executive Board to increase share capital, with preferential subscription rights canceled but with the possibility of granting a priority period for shareholders, by a maximum par value of €18 million

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings:

- having heard the report of the Executive Board and the special report of the Statutory Auditors; and
 - pursuant to the provisions of Articles L.225-129-2, L.225-129-4 and L.225-129-5, and of Articles L.225-134, L.225-135, L.225-136, and L.228-91 to L.228-93 of the French Commercial Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V

b) of the by-laws, the power to issue, on one or more occasions and as part of a public offering, in the proportions and at the times that it shall determine, in France or outside France, subject to valuable consideration or not, shares of the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner—to a portion of the share capital to be issued by the Company or by one of the companies described in Article L.228-93 of the French Commercial Code, it being specified that these securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies, and that these issues may be subscribed either in cash or by offsetting uncontested and liquid debts payable by the Company;

2. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue shares or securities giving access to the capital of the Company subsequent to the issue, by companies described in Article L.228-93 of the French Commercial Code, of securities giving access to the capital of the Company;
3. decide that the par value of any capital increases carried out immediately or at a later date under this authorization shall not exceed €18 million or its equivalent at the issue date in the event of an issue in another currency or in a monetary unit established in reference to a number of currencies, with the stipulation that this amount shall be included in the maximum aggregate par value set in paragraph 1 of the twenty-third resolution of this Shareholders' Meeting;
4. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
5. decide to cancel the preferential subscription rights of shareholders to securities issued under this authorization, it being understood that the Executive Board may grant to shareholders, for a period of time and according to terms and conditions that it shall set in accordance with applicable legal and regulatory provisions, for the entire share issue through public offering, a priority period to subscribe for the abovementioned securities, in proportion to the number of shares held by each shareholder, as of right and possibly not as of right, without giving rise to the creation of negotiable rights;
6. decide that if the issue of shares or securities giving access to the Company's capital is not fully subscribed, the Executive Board can take some or all of the measures allowed under Article L.225-134 of the French Commercial Code, in the order that it deems appropriate;

7. take note and decide, where necessary, that this authorization shall by law entail, in favor of the holders of the securities giving access to shares of the Company that may be issued under this resolution or by companies in which the Company directly or indirectly holds more than half of the share capital, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
8. take note that, pursuant to Article L.225-136 of the French Commercial Code:
 - the issue price of shares issued directly shall be at least equal to the minimum provided for by the applicable regulatory provisions at the issue date (which under current regulations is the weighted average share price of the three trading days prior to the date on which the share subscription price is set, discounted by 5%),
 - the issue price of securities giving access to the share capital shall be such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined in the previous paragraph;
9. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
10. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
 - decide to carry out the issues and set all terms and conditions, notably: determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment; provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital,
 - in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions; if applicable, these securities may be accompanied by warrants giving access to the allocation, acquisition or subscription of bonds or other securities representing debt; modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
 - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
 - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly, and
 - generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;
11. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Seventeenth resolution

Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the Company's capital with preferential subscription rights canceled, by means of a private placement as set forth in Article L.411-2 II of the French Monetary and Financial Code

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings:

- having heard the report of the Executive Board and the special report of the Statutory Auditors;
 - and pursuant to the provisions Articles L.225-129-2, L.225-129-4, L.225-129-5, L.225-134, L.225-135 to L.225-136 and L.228-91 to L.228-93 of the French Commercial Code and part II of Article L.411-2 of the French Monetary and Financial Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue, as part of offerings allowed under Article L.411-2, paragraph II, of the French Monetary and Financial Code and within the limits set by law and regulations, on one or more occasions, in the proportions and at the times that it shall determine, in France or outside France, subject to valuable consideration or not, shares of the Company or any other securities giving access, at any time or at a specified date - through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner - to a portion of the share capital of the Company or of one of the companies described in Article L.228-93 of the French Commercial Code or giving entitlement to the allocation of debt securities, it being specified that these securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies, and that

these issues may be subscribed either in cash or by offsetting uncontested and liquid debts payable by the Company;

2. decide that the par value of any capital increases carried out under this authorization cannot exceed 10% of the Company's share capital at the time of the issue over a 12-month period, and that the par value of any capital increases shall be included in the maximum aggregate par value set in paragraph 3 of the sixteenth resolution of this Shareholders' Meeting;
3. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. decide to cancel the shareholders' preferential subscription right to shares or securities issued by virtue of this resolution;
5. decide that if the issue of shares or securities giving access to the Company's capital is not fully subscribed, the Executive Board can take some or all of the measures allowed under Article L.225-134 of the French Commercial Code, in the order that it deems appropriate;
6. take note and decide, where necessary, that this authorization shall by law entail, in favor of the holders of the securities giving access to shares of the Company that may be issued under this resolution or by companies described in Article L.228-93 of the French Commercial Code, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
7. take note that, pursuant to Article L.225-136 of the French Commercial Code:
 - the issue price of shares issued directly shall be at least equal to the minimum provided for by the applicable regulatory provisions at the issue date (which under current regulations is the weighted average share price of the three trading days prior to the date on which the share subscription price is set, discounted by 5%);
 - the issue price of securities giving access to the share capital shall be such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined in the previous paragraph;
8. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
9. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
 - decide to carry out the issues and set all terms and conditions, notably: determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment; provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital,
 - establish the list of parties that can purchase shares under the issue,
 - in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions; if applicable, these securities may be accompanied by warrants giving access to the allocation, acquisition or subscription of bonds or other securities representing debt; modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
 - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
 - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly;
 - and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;

10. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Eighteenth resolution

Authorization for the Executive Board to set the issue price, using the methodology decided on at the Annual Shareholders' Meeting, for shares or securities, with preferential subscription rights canceled, by means of a private placement or public offering, up to an annual limit of 10% of the Company's share capital

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors;
 - pursuant to the provisions of Article L.225-136 of the French Commercial Code,
1. authorize the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, in the event of the issue, for consideration or otherwise, of shares in the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner—to a portion of the share capital of the Company or a company meeting the criteria in Article L.228-93 of the French Commercial Code, or giving the right to be granted debt securities, without preferential subscription rights, under the conditions (notably in terms of amounts) set forth in the sixteenth and seventeenth resolutions of this Shareholders' Meeting, to depart from the price-setting method set forth in those resolutions and to set the issue price as follows:
 - for a share issue, the issue price shall be at least equal to the average Wendel share closing price over the 20-day period preceding the issue, to which a 5% discount may be applied,
 - for an issue of other securities, the issue price shall be set such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined above;
 2. decide that the par value of any capital increases carried out under this authorization cannot exceed 10% of the Company's share capital at the time of the issue over a 12-month period, and that the par value of any capital increases shall be included

in the maximum aggregate par value set in paragraph 3 of the sixteenth resolution of this Shareholders' Meeting;

3. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
4. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Nineteenth resolution

Delegation of power to the Executive Board to increase the number of shares to be issued in the event of excess demand, by up to 15% of the initial issue, with preferential subscription rights maintained or canceled

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors;
 - pursuant to Article L.225-135-1 of the French Commercial Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, and within the share capital limit and the limit specified in the resolution authorizing the issue, for each of the issues decided by virtue of the fifteenth, sixteenth, seventeenth and eighteenth resolutions of this Shareholders' Meeting, in the event of excess demand, the power to increase the number of securities to be issued at the same price as that set for the initial issue and within the periods and up to the limits provided by applicable regulations on the issue date (currently within 30 days of the closing date of the subscription and by up to 15% of the initial issue);
 2. decide that the par value of any capital increase carried out in accordance with this resolution shall be included in the maximum aggregate par value set out in paragraph 1 of the twenty-third resolution of this Shareholders' Meeting;
 3. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
 4. decide that this authorization shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twentieth resolution

Delegation of power to the Executive Board to increase capital in consideration for contributions of securities, with preferential subscription rights canceled, by up to 10% of share capital;

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors;
 - pursuant to Articles L.225-129 *et seq.*, L.225-147 and L.228-91 *et seq.* of the French Commercial Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue, on one or more occasions, shares or securities giving access to the Company's share capital, on the basis of the report from the contributions auditor (*commissaire aux apports*), up to a maximum of 10% of the share capital at the time of issue, in consideration for contributions in kind made to the Company and comprising shares or securities giving access to the capital, when the provisions of Article L.225-148 of the French Commercial Code are not applicable;
 2. decide that the par value of any capital increase carried out in compliance with this resolution shall be included in the maximum aggregate par value set out in paragraph 3 of the sixteenth resolution of this Shareholders' Meeting;
 3. decide to cancel, in favor of the holders of the contributed shares, preferential subscription rights to the shares and securities issued in consideration for the contributions in kind;
 4. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
 5. decide that the Executive Board may not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
 6. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization and in particular to:
 - approve the valuation of contributions and set the exchange ratio as well as, if applicable, the amount of the cash consideration,
 - approve the granting of special benefits, and reduce, if the contributors agree, the valuation of the contributions or the consideration for the special benefits,

- recognize the number of securities to be issued,
 - determine the dates and terms of issues, notably the price and the effective date ownership rights take effect on shares or other securities to be issued and giving access to the share capital of the Company,
 - recognize the difference between the issue price of new shares and their par value in shareholders' equity on the balance sheet, under share premiums, to which all shareholders shall have rights,
 - charge, if applicable, all costs and fees related to the authorized transaction against share premiums and deduct from this amount the sums required to raise the legal reserve,
 - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly, and
 - generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;
7. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-first resolution

Delegation of power to the Executive Board to increase share capital, in consideration for contributions of securities, either independently or through a public exchange offer, of up to €18 million, with preferential subscription rights canceled

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors;
 - pursuant to Articles L.225-129 *et seq.*, L.225-148, and L.228-91 *et seq.* of the French Commercial Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to issue, on one or more occasions, shares or securities giving access to the Company's share capital, in consideration for shares tendered in a public exchange offer initiated by the Company, in France or outside France, in compliance with local regulations, on the shares of another company whose shares are traded on a regulated market, in accordance with Article L.225-148 of the French Commercial Code;

2. decide that the maximum par value of any capital increase carried out in compliance with this resolution cannot exceed €18 million, and shall be included in the maximum aggregate par value set out in paragraph 3 of the sixteenth resolution of this Shareholders' Meeting;
3. decide to cancel, in favor of the holders of the contributed shares, preferential subscription rights to the shares and securities issued in consideration for the contributions in kind;
4. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
5. decide that the Executive Board may not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
6. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization and in particular to:
 - approve the valuation of contributions and set the exchange ratio as well as, if applicable, the amount of the cash consideration,
 - acknowledge the number of securities contributed to the exchange,
 - recognize the number of securities to be issued,
 - determine the dates and terms of issues, notably the price and the effective date ownership rights take effect on shares or other securities to be issued and giving access to the share capital of the Company,
 - recognize the difference between the issue price of new shares and their par value in shareholders' equity on the balance sheet, under share premiums, to which all shareholders shall have rights,
 - charge, if applicable, all costs and fees related to the authorized transaction against share premiums and deduct from this amount the sums required to raise the legal reserve,
 - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly, and
 - generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;
7. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-second resolution

Delegation of power to the Executive Board to increase share capital through the capitalization of reserves, profits or premiums, by up to €80 million

The shareholders, voting under the quorum and majority required for Ordinary General Meetings of shareholders,

- having heard the report of the Executive Board;
 - pursuant to Articles L.225-129-2, L.225-129-4 and L.225-130 of the French Commercial Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to increase share capital, on one or more occasions, in the proportions and at the times that it shall determine, up to a maximum par value of €80 million, through the successive or simultaneous capitalization of all or part of the reserves, profits or premiums (from issues, mergers or contributions) or other amounts, realized by the issue and allocation of bonus shares, by an increase in the par value of shares or by the combined use of both methods;
 2. decide that the par value of any capital increase carried out immediately or at a later date in compliance with the aforementioned authorization shall be included in the maximum aggregate par value set out in paragraph 1 of the twenty-third resolution of this Shareholders' Meeting;
 3. decide, in the event of the distribution of bonus shares:
 - that the rights representing fractional shares shall not be negotiable and that the corresponding securities shall be sold; the proceeds of the sale shall be allocated to the rights holders in accordance with applicable laws and regulations,
 - to carry out any adjustments intended to take into account the impact of transactions on the Company's share capital and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital;
 4. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
 5. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
 - set the amount and nature of the sums to be incorporated into the capital;

- set the number of shares to be issued or the amount by which the par value of shares comprising the share capital shall be increased;
 - set the date from which ownership rights on new shares or the increase in par value shall take effect;
 - appropriate from one or more available reserve accounts the amounts required to raise the legal reserve;
 - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly, and
 - generally take all appropriate steps and enter into any agreements in order to ensure successful completion of the planned transactions;
6. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-third resolution

Maximum aggregate amount of capital increases

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors;
 - pursuant to Article L.225-129-2 of the French Commercial Code;
1. decide to set at €185 million the maximum aggregate par value of capital increases that may be carried out by virtue of the delegations of power to the Executive Board resulting from the fifteenth, sixteenth, nineteenth and twenty-second resolutions of this Shareholders' Meeting;
 2. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
 3. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-fourth resolution

Delegation of power to the Executive Board to increase share capital, with preferential subscription rights canceled, through the issue of shares or securities giving access to the capital, reserved for members of the Group savings plan, up to a maximum par value of €150,000

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board;
 - having heard the special report of the Statutory Auditors;
 - pursuant to Articles L.225-129-6 and L.225-138-1 of the French Commercial Code and Articles L.3332-1 et seq. of the French Labor Code,
1. delegate to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, the power to increase share capital, on one or more occasions, through the issue of shares or securities giving access to the capital, reserved for members of one or more company savings plans implemented within the Group;
 2. decide to set at €150,000 the maximum aggregate par value of capital increases that may be carried out by virtue of this resolution;
 3. decide to cancel, in favor of members of one or more company savings plans implemented within the Group, shareholders' preferential subscription right to securities issued under this resolution;
 4. decide that the subscription price of new shares, set by the Executive Board in accordance with Article L.3332-19 of the French Labor Code, shall not be higher than the average closing share price for the 20 trading days prior to the date of the decision setting the opening date of the subscription, nor more than 20% lower than this average;
 5. authorize the Executive Board to allocate, free of consideration, to the members of one or more company savings plans implemented within the Group, in addition to the shares or securities giving access to the capital to be subscribed in cash, shares or securities giving access to share capital already issued, in full or partial substitution for the discount set by the Executive Board and/or as a matching contribution, with the stipulation that the resulting benefit from this allocation may not exceed the applicable legal or regulatory limits defined in Articles L.3332-19 et seq. and L.3332-11 of the French Labor Code;

6. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:

- determine the companies or corporate groups whose employees may subscribe or receive the shares or securities allocated by virtue of this resolution,
- decide that shares or securities may be subscribed or acquired directly by the beneficiaries, members of a company savings plan implemented within the Group or through mutual funds or other structures or entities authorized by applicable legal or regulatory provisions,
- determine the amount to be issued or sold, set the issue price in accordance with the terms and limits set by the legislation in force, the terms of payment, set the dates, terms and conditions of the issues to be carried out under this authorization,
- set the date from which ownership rights on the new shares shall take effect, set the period within which payment must be made within the maximum period set by the legal and regulatory provisions in force, as well as, if applicable, the required length of service for beneficiaries to participate in the transaction and benefit from the Company's contribution,
- in the event of the allocation of bonus shares or securities giving access to the capital, set the number of the shares or securities giving access to capital to be issued, the number to be allocated to each beneficiary, and set the dates, time periods, terms and conditions of the allocation of these shares or securities giving access to the capital within the legal and regulatory limits in force and, notably, choose to allocate these shares or securities giving access to the capital in full or partial substitution for the discount decided by the Executive Board, or to apply the value of these shares or securities to the total of the matching contribution, or to combine the two possibilities,
- charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
- recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly,
- and generally take all appropriate steps and enter into any agreements in order to ensure successful completion of the planned transactions;

7. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Twenty-fifth resolution

Authorization granted to the Executive Board to grant stock subscription options to corporate officers and employees, with preferential subscription rights canceled, and/or stock purchase options, up to a limit of 1% of share capital, with up to 0.124% of share capital reserved for Executive Board members, and with a common ceiling of 1% for this resolution and for the twenty-sixth resolution.

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board;
 - having heard the special report of the Statutory Auditors;
 - pursuant to Articles L.225-177 *et seq.* of the French Commercial Code,
1. authorize the Executive Board to grant, on one or more occasions, stock subscription options, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, and/or stock purchase options in the Company, in favor of individuals it shall designate – or cause to be designated – from among the corporate officers described in Article L.225-185 of the French Commercial Code and employees of the Company or of companies or corporate groups related to it as defined by Article L.225-180 of the French Commercial Code;
 2. decide that the number of shares available to be acquired or subscribed through the exercise of options granted under this authorization shall not exceed 1% of the existing share capital on the date the options are granted, it being specified that the number of performance shares awarded under the twenty-sixth resolution of this Shareholders' Meeting shall be deducted from this common ceiling;
 3. decide that the total number of shares available to be acquired or subscribed by Executive Board members through the exercise of options granted under this authorization cannot exceed 0.124% of the share capital;
 4. decide that the Executive Board may amend its initial choice between stock subscription and stock purchase options, if the option-exercise period has not yet begun; should the Executive Board amend its choice in favor of stock subscription options, it must obtain the prior approval of the Supervisory Board, in application of Article 15-V b) of the by-laws;
 5. decide that this authorization shall entail, in favor of the beneficiaries of stock subscription options, the express waiver by the shareholders of their preferential subscription rights to the shares issued as a result of the exercise of these options;
 6. take note that in the event that options are granted to the corporate officers described in Article L.225-185 of the French Commercial Code, the Supervisory Board shall subject the grant or exercise of these options to performance conditions and must set a minimum number of shares resulting from the

exercise of options that they are obliged to hold in registered form until termination of their appointment;

7. decide that the options to be granted under this authorization shall be subject to disclosure in the form of a special report of the Executive Board to the shareholders, in accordance with legal and regulatory provisions in force;
8. give full power to the Executive Board to implement this authorization, in particular to:

- set the terms and conditions by which the options shall be granted and draw up the list or categories of option beneficiaries,
- determine the dates of each allocation,
- determine the subscription price of new shares and the purchase price of existing shares, it being specified that this share subscription or purchase price shall be set in accordance with the legal and regulatory provisions in force on the date that the options are granted and shall not be lower than the average closing share price for the 20 trading days prior to the date of the price-setting,
- take the necessary steps to protect the interests of beneficiaries with regard to any financial transactions that may be carried out before the exercise of the options,
- set the terms and conditions of the exercise of the options and notably (i) the period or periods during which the options granted may be exercised, it being specified that the period during which these options may be exercised shall not exceed ten years from their grant date and (ii), if applicable, individual and/or collective performance conditions for employees,
- provide for the possibility to temporarily suspend the exercise of options in accordance with legal and regulatory provisions for a maximum of three months in the event that financial transactions are carried out involving the exercise of rights attached to the shares,
- record, if appropriate, at its first meeting after the end of each fiscal year, the number and total value of the shares issued during the year as a result of the exercise of options,
- charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
- recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly,

- and generally take all appropriate steps and enter into any agreements in order to ensure successful completion of the planned transactions;

9. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Twenty-sixth resolution

Authorization to the Executive Board to grant performance shares to corporate officers and employees, with preferential subscription rights canceled, up to a limit of 0.5% of share capital, with this amount included in the common ceiling of 1% set in the twenty-fifth resolution, and with 0.105% of share capital reserved for Executive Board members

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board;
 - having heard the special report of the Statutory Auditors;
 - pursuant to Articles L.225-197-1 et seq. of the French Commercial Code,
1. authorize the Executive Board to grant, on one or more occasions, existing performance shares or, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, performance shares to be issued, in favor of employees or corporate officers of the Company described in paragraph II of Article 225-197-1 of the French Commercial Code, or employees and corporate officers of companies or corporate groups related to it as defined by Article 225-197-2 of the French Commercial Code;
 2. decide that the total number of performance shares, whether existing or to be issued, that may be granted under this authorization shall not exceed 0.5% of the existing share capital on the date the shares are granted, it being specified that the number of performance shares granted shall be deducted from the maximum number of shares that may be issued by virtue of the twenty-fifth resolution of this Shareholders' Meeting, set at 1% of share capital;
 3. decide that the total number of performance shares available for granting to Executive Board members cannot exceed 0.105% of share capital;
 4. decide that the performance shares granted to beneficiaries may vest at the end of a minimum vesting period of one year, and that the combined vesting period and lock-up period shall be at least two years;

5. take note that in the event that performance shares are awarded to corporate officers, the Supervisory Board shall subject the grant and/or vesting of shares to certain conditions, in particular performance conditions, and must either prohibit the sale of these shares by the beneficiaries before the termination of their appointments, or set a minimum number of these shares that they are required to hold in registered form until termination of their appointment;
6. authorize the Executive Board to adjust the number of shares, if applicable, during the vesting period, as a result of transactions affecting the Company's share capital, so as to protect the rights of the beneficiaries;
7. take note that in the case of performance shares to be issued, this authorization shall entail, in favor of the beneficiaries, the waiver by the shareholders of their preferential rights to subscribe to the shares whose issuance is authorized through the capitalization of reserves, profits or premiums;
8. give full power to the Executive Board to implement this authorization, in particular to:
 - establish the list of beneficiaries of performance shares or define the category or categories of beneficiaries to receive performance shares as well as the number of shares to be awarded to each,
 - adjust, if applicable, the number of performance shares to protect the rights of beneficiaries with regard to any transactions involving the Company's share capital, it being specified that the shares granted as a result of these adjustments shall be considered to have been distributed on the same date as the shares initially awarded,
 - set the conditions and criteria for the share grants, in the event of the issue of new shares,
 - charge, if applicable, the amounts required for the full payment of shares against reserves, profits or share premiums,
 - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
 - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly,
 - and generally take all appropriate steps and enter into any agreements in order to ensure successful completion of the planned transactions;
9. decide that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Twenty-seventh resolution

Powers for legal formalities

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby give full powers to the bearer of copies or extracts of the minutes of these proceedings to make all necessary filings and carry out any registration, filing or other legal formalities.

SUPPLEMENTAL INFORMATION

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9.1 Principal contracts

Shareholder and Corporate governance agreements are described in Section 7.9 of this registration document.

Financial contracts are described in Note 5, "Managing financial risks", of the notes to the consolidated financial statements.

Except for these contracts and agreements, the Group does not have any significant dependence on any given patent, license, or industrial, commercial or financial contract.

9.2 Transactions with related parties

Information on related parties can be found in the notes to the consolidated statements of this registration document.

The "regulated" agreements as defined by Articles L.225-38 and L.225-86 of the French Commercial Code are mentioned in the Statutory Auditors' report on related party agreements and commitments in Section 8.1 "Shareholders' meeting", of this registration document.

There are no industrial, commercial or management agreements between Wendel and its subsidiaries or associates. Wendel provides certain of them with advice and assistance regarding strategic, legal, tax, financial and accounting matters. These services are billed on an arm's length basis by reference to actual costs if identifiable or at flat rates.

Wendel billed the following amounts over the three previous fiscal years:

Excl. VAT In thousands of euros	2017	2016	2015
Eufor	20	-	800
Winvest Conseil	11,029	11,700	8,800
Trief Corporation	284	400	-
Wendel-Participations (1)	106	57	57
Other subsidiaries	21	57	64
	11,460	12,214	9,721

(1) Transactions with Wendel-Participations are detailed in Section 7.4.2.

9.3 Significant changes in financial condition or business status

To the best of the Company's knowledge, since December 31, 2017, there have been no exceptional events that might have a significant impact on the financial condition, business, earnings or assets of the Company or the Group, other than the following:

- the sale of Wendel's investment in Saham Group, detailed in Note 36 to the 2017 consolidated financial statements presented in this registration document.

9.4 Expenses described in Articles 39-4 and 223 quater of the French Tax Code

The expenses described in 39-4 and 223 quater of the French Tax Code amounted to €21,499 for Wendel in 2017.

9.5 Breakdown of supplier and customer payment terms

Pursuant to Article D441-4 of the French Commercial Code, the breakdown of the Company's supplier and customer payment terms shows that 29 invoices received were past due as of the closing date of the fiscal year and totaled €282 million (incl. VAT), representing 2% of all invoices for purchases (incl. VAT) and that 11 invoices issued were past due as of the closing date of the fiscal year. No supplier or customer invoices were disputed or unrecognized.

year and totaled €222 million (incl. VAT), representing 2% of total sales (incl. VAT) for the year.

No supplier invoices were more than 60 days past due and no customer invoices were more than 60 days past due.

9.5 Person responsible for financial information

Jérôme Michiels, Chief Financial Officer

Tel: +33 (0)1 42 85 30 00

E-mail: j.michiels@wendelgroup.com

9.6 Person responsible for the registration document including the annual financial report

I hereby certify, having taken all reasonable measures in this regard, that the information contained in this registration document is, to the best of my knowledge, accurate and that no information has been omitted that would be likely to alter its substance.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated Groupgroup of companies and that the management report (for which the cross-reference index appears in Section 9.10) presents a true and fair picture of the business, its results and the financial condition of the Company and of its consolidated Groupgroup of companies, as well as a description of the principal risks and uncertainties to which they are exposed.

I have obtained a statement from the Company's Statutory Auditors, wherein they indicate that they have verified the information regarding the financial position and financial statements included in this registration document and that they have read the entire registration document.

Paris, April 11, 2018

André François-Poncet

Chairman of the Executive Board

9.7 Persons responsible for the audit of the financial statements and their fees

9.7.1 Statutory Auditors

Ernst & Young Audit represented by Jacques Pierres

Member of the Compagnie régionale des Commissaires aux comptes de Versailles.

Tour First - 1/2, place des Saisons - 92400 Courbevoie-Paris-La Défense 1, France

Date appointed to first term: Combined Shareholders' Meeting of November 15, 1988 (formerly named Castel Jacquet et Associés).

Appointment last renewed: Combined Shareholders' Meeting of May 28, 2013.

Term of office: six years.

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for fiscal year 2018.

PricewaterhouseCoopers Audit represented by Françoise Garnier

Member of the Compagnie régionale des Commissaires aux comptes de Versailles.

63, rue de Villiers - 92208 Neuilly-sur-Seine, France

Date appointed to first term: Combined Shareholders' Meeting of November 24, 1994 (formerly named Befec-Mulquin et Associés, and Befec-Price Waterhouse).

Appointment last renewed: Combined Shareholders' Meeting of May 28, 2013.

Term of office: six years.

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for fiscal year 2018.

9.7.2 Fees paid by the Group to the Statutory Auditors and members of their networks

The fees paid to the Statutory Auditors and members of their networks are presented in Note 35 to the 2017 consolidated financial statements presented in this registration document.

9.8 Cross-reference index for the registration document

To facilitate the reading of this annual report, filed as the registration document, the following cross-reference index identifies the principal categories of information required under Appendix 1 of European Regulation 809/2004 and indicates the corresponding pages of this document.

Categories of Appendix 1 to European Regulation 809/2004

Category		Pages
1.	Responsible persons	434
2.	Statutory Auditors	435
3.	Selected financial information	
	Historical financial information	14, 15, 65, 66, 68, 226 to 241, 367
	Interim financial information	N/A
4.	Risk factors	122 to 140, 274 to 282, 310, 311, 357
5.	Information about the issuer	
	History and development of the Company	1 to 3, 18, 19, 65 to 69, 226 to 238
	Investments	5, 6, 7, 12, 13, 28 to 31, 35 to 64, 266 to 269, 382
6.	Business overview	
	Principal activities	5 to 7, 19, 28 to 31, 35 to 64
	Principal markets	15, 19, 35 to 64, 226 to 238
	Exceptional events	N/A
	Issuer's dependence on patents, licenses, or industrial, commercial or financial contracts	1126, 127, 432
	Basis for issuer's statements regarding the Company's competitive position	19, 35
7.	Organization chart	
	Brief description of the Group	1, 2, 3, 12, 13, 18, 19, 245, 376 to 378
	List of major subsidiaries	12, 13, 245, 336, 337
8.	Real property, manufacturing facilities and equipment	
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9.	Financial condition and income	
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	Operating income	14, 15, 35 to 64, 226 to 238
10.	Cash, cash equivalents and equity capital	
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	Source and amount of cash flows	236, 253, 254, 292, 326 to 328, 349
	Borrowing terms and financing structure	276 to 280, 316 to 318
	Restrictions on the use of capital that have influenced or could influence the Company's operations	277 to 282
	Expected sources of financing necessary to honor investment commitments made by management	N/A

Category	Pages
11. Research and development, patents and licenses	35 to 64, 320
12. Trends	2 to 5, 19, 35 to 64
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Information regarding the members of the Executive Board and the Supervisory Board	10, 11, 20, 21, 73 to 75, 78 to 92
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Date of most recent financial information	12/31/2017
Interim financial information	N/A
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22. Significant contracts	432
23. Information from third parties, expert opinions and declarations of interest	N/A
24. Documents available to the public	69
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9.9 Cross-reference index for the annual financial report

This registration document includes all the items of the annual financial report mentioned in Article L.451-1-2, paragraph I, of the French Monetary and Financial Code as well as in Article 222-3 of the General Regulation of the AMF.

The following table shows the sections of the registration document corresponding to the various chapters of the annual financial report.

Chapter	Pages
Parent company financial statements	237, 238, 346 to 367
Consolidated financial statements of the Group	226, 227, 248 to 337
Management report	439, 440
Statement by the person responsible for the annual financial report	434
Statutory Auditors' report on the parent company financial statements	368 to 370
Statutory Auditors' report on the consolidated financial statements	338 to 343
Statutory Auditors' fees	335, 435
Chairman's report on the conditions under which the work of the Supervisory Board was prepared and organized and of the internal control procedures in place within the Company	94 to 101, 130 to 140

9.10 Cross-reference index for the management report required under Articles L.225-100 *et seq.* of the French Commercial Code

Management report required by the French Commercial Code		Pages
Activity report		
1.	Financial condition and business activities of the Company in the past fiscal year	2 to 5, 14, 15, 35 to 64, 226 to 241
2.	Earnings and business activities of the Company, its subsidiaries and the companies it controls	35 to 64, 226 to 238
3.	Key financial performance indicators	14, 15
4.	Analysis of changes in business, earnings and financial condition	2 to 5, 226 to 241
5.	Significant events occurring between the balance sheet date and publication of the management report	326, 366, 433
6.	Trends and outlook	5 to 7, 28 to 31, 35 to 64
7.	Research and development activities	35 to 64, 320
8.	Changes to the presentation of annual financial statements and valuation methods	242 to 244, 257 to 265, 352, 353
9.	Description of principal risks and uncertainties	122 to 140, 274 to 280, 310, 311, 357
10.	Information on "high threshold" Seveso installations	N/A
11.	Information on the use of financial instruments	274 to 280, 359
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19.	Description of the fixed, variable and exceptional components of this compensation and these benefits and the criteria used to calculate them	104 to 121
20.	Commitments of any nature made to executive managers	106, 107, 111
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26.	Names of controlled companies and the amount of the Company's equity stake	12, 13, 245, 336, 337, 366
27.	Disposal of shares to reduce cross holdings	N/A
28.	Amount of dividends and other distributed income paid in the three previous fiscal years	14, 66, 367, 415
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Management report required by the French Commercial Code		Pages
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31.	Breakdown of the Company's supplier and customer payment terms	433
32.	Five-year financial summary	367
33.	Injunctions or financial penalties for anti-competitive practices	N/A
34.	Information on stock subscription options awarded to corporate officers and employees	114 to 116, 333 to 335
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37.	Supervisory Board's report on the conditions under which the work of the Supervisory Board was prepared and organized and of the internal control procedures in place within the Company	94 to 101, 130 to 140

9.11 Sustainable development cross-reference index (Articles L.225-102-1 and R.225-14 *et seq.* of the French Commercial Code)

Corporate social information	registration document page
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Organization of working time	146
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Health and Safety	
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Training	
Training policies implemented	146
Total training hours	146
Equal treatment	
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Non-discrimination policy	146
Promotion and application of the provisions of the International Labor Organization's fundamental conventions on:	
■ protecting the freedom of association and the right to collective bargaining	146
■ eliminating discrimination in employment and occupation	146
■ eliminating forced labor	146
■ abolishing child labor	146

Environmental data	Registration document page
General environmental policy	
How the Company addresses environmental issues and, if applicable, how it assesses or certifies environmental performance	Not applicable*
Initiatives to train and inform employees about environmental protection	146
Resources devoted to preventing environmental risks and pollution	Not applicable*
The amount of provisions and guarantees to cover environmental risks, provided that this information is not likely to cause serious harm to the Company's position in an existing dispute	Not applicable*
Pollution and waste management	
Measures to prevent, reduce or offset emissions into the air, water and soil that seriously impact the environment	Not applicable*
Measures to prevent, recycle and eliminate waste	149
Consideration of noise and all other forms of pollution specific to a business activity	Not applicable*
Sustainable use of resources	
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Consumption of energy, measures taken to improve energy efficiency, and use of renewable energy	149
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Climate change	
Greenhouse gas emissions	149
Measures taken to adapt to the effects of climate change	Not applicable*
Protection of biodiversity	
Measures taken to protect or enhance biodiversity	Not applicable*

* Not applicable to Wendel: because of the nature of Wendel's business activities, collecting this type of data is not relevant.

Information on commitments to promote sustainable development	Registration document page
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On employment and regional development	Not applicable*
On neighboring or local populations	Not applicable*
Relations with individuals or organizations with an interest in the Company's business activities, such as organizations promoting inclusion, schools, environmental protection organizations, consumer groups and neighboring populations	
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Integration of social and environmental issues in purchasing policies	Not applicable*
Degree of subcontracting and consideration, in dealing with suppliers and subcontractors, of their social and environmental responsibilities	Not applicable*
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Other initiatives taken to promote human rights	146

* Not applicable to Wendel: because of the nature of Wendel's business activities, collecting this type of data is not relevant.

The original French version of this report was registered with the French stock exchange authorities ("Autorité des Marchés Financiers" - AMF) on April 12, 2018 under number D.18-0322, pursuant to Article 212-13 of the AMF General Regulation. Only the original French version can be used to support a financial transaction, provided it is accompanied by a prospectus (*note d'opération*) duly certified by the Autorité des Marchés Financiers. This document was produced by the issuer, and the signatories to it are responsible for its contents.

9.12 Glossary

Financial glossary

The definitions below are specific to the Wendel Group's activity.

Term	Definition
Net Asset Value	The Wendel Group's principal performance indicator. Valuation of the Group's assets (total assets less borrowings and other liabilities) at a specific date. The calculation method for Net Asset Value is presented in Section 4.3.2.
Net Asset Value per share	Net Asset Value divided by the total number of shares comprising Wendel's equity at the valuation date.
NAV	See Net Asset Value
Organic growth	Sales growth at constant structure and exchange rates
Share discount	Difference between the Company's share price and its NAV on a given date. In the NAV calculation, the share price corresponds to the average of the 20 most recent share prices before the NAV calculation date. When this figure is negative, it is called a discount; when it is positive, it is called a premium.
Gross debt	Total Company financial debt
Net debt	Gross financial debt minus available cash and cash equivalents and short-term financial investments.
Theoretical voting rights	Total number of voting rights
Exercisable voting rights	Real number of voting rights excluding shares without voting rights (treasury shares)
EBIT	EBIT, or operating income, refers to net earnings before interest and taxes.
EBITDA	EBITDA, or gross operating income, refers to net earnings before interest, taxes, depreciation and amortization.
Investment grade	Category of credit rating that indicates the high quality of the debt issuer. Investment Grade ratings range from AAA to BBB- according to Standard & Poor's scale.
Loan-to-Value Ratio	Ratio of Wendel's net debt to gross assets excluding cash and cash equivalents
Income from operations	Income from operations is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined in Note 6 to the consolidated financial statements.
Internal rate of return on equity	The IRR measures the profitability of capital invested by shareholders in a project.
Total shareholder return	Total shareholder Return is the rate of return on a share of stock over a given period and includes dividends received and capital gains. Dividends received are reinvested on the same date
TSR	See Total shareholder Return

Glossary for company businesses

Beamhouse <i>Stahl</i>	First stages of the leather production process from a raw hide; it involves removing unwanted components from the hide and preparing the hide for tanning by soaking.
Broad-Based Black Economic Empowerment <i>Tsebo</i>	B-BBEE (Broad-Based Black Economic Empowerment) is a policy initiated by the South African government to enhance the economic participation of black people.
VOC <i>Cromology</i>	Volatile Organic Compounds are commonly found in gaseous form in the atmosphere. Their volatility gives them the ability to spread over varying distances from the point of emission, causing direct and indirect impacts on living organisms and the environment.
Crusty bread <i>Mecatherm</i>	Type of crusty baked goods (e.g. baguette).
In-Mold Label (IML) <i>Constantia Flexibles</i>	Refers to a label already in its injection-moulded final form, by blow-moulding or thermoforming on a container.
ETI <i>Saint-Gobain and Cromology</i>	External thermal insulation
Lease Up Rate <i>IHS</i>	See Tower colocation rate
Leather finish <i>Stahl</i>	Process to enhance the leather softness, improve aesthetics, neutralize odors and create, if required, a non-slippery type surface.
Desiccant plastic <i>CSP Technologies</i>	Plastic with physical properties (molecular sieve) that allow the containers it forms to maintain a constant level of humidity
Trochoidal pump <i>NOP</i>	Hydraulic pump also called an internal gear pump, rotor type. These pumps are widely used to lubricate machine tool motors.
QHSE	Quality, Health, Safety, Environment
Six-Sigma Quality	Standard of quality with the goal of ensuring very high statistical reliability
REACH	REACH is a European Union regulation adopted to better protect human health and the environment against risks related to chemical substances.
CSR	Corporate Social Responsibility
Soft & Pastry <i>Mecatherm</i>	Variety of non-crusty baked goods (buns, soft breads, etc.) and pastries (brioches, viennoiseries, etc.)
Tower colocation rate <i>IHS</i>	In the telecom tower industry, the average number of lessees or locations leased by operators on a telecom tower.
LT1	Number of lost-time injuries per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.
LT2	Number of injuries with or without lost time per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.
Wet-End <i>Stahl</i>	Includes processes to convert the raw hides into tanned hides by giving the leather specific properties (e.g. color, softness or waterproofness)

The English language version of this text is a free translation from the original, which was prepared in French.
All possible care has been taken to ensure that the translation is an accurate representation of the original.

However in all matters of interpretation of information, views or opinion,
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