



WENDEL

2018

Registration Document

including the annual financial report

MORE THAN 310 YEARS OF HISTORY

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W E N D E L

Registration Document 2018

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.



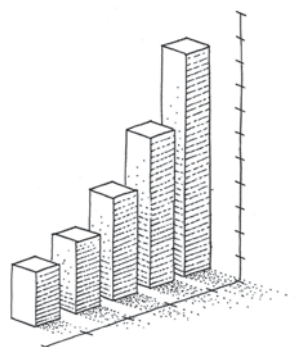
The original French version of this report was registered with the French stock market regulator (Autorité des marchés financiers - AMF) on April 17, 2019 (No. D19-0356), pursuant to Article 212-13 of the AMF General Regulation.

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

Key figures 2018



Gross assets **€9,36** billion

Consolidated net sales **€8,389.2** million

NAV **€147.4** per share

Ordinary dividend **€2.80** per share*

TSR (dividends re-invested) **11.3%** per year since 2002**

Market capitalization **c.€5** billion

More than 40 years
in the investment

315
years of history

c.100
employees

PRINCIPAL SHAREHOLDERS



Wendel-Subsidiaries and related parties⁽¹⁾, reference shareholder **37.7%**

Institutional Investors outside France **31.0%**

Individual investors **19.1%**

Institutional Investors in France **6.9%**

Treasury shares **2.2%**

Employees, top management **1.4%**

Other **1.7%**

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

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

All figures are as of December 31, 2018.

* Proposed to the Shareholders' Meeting of May 16, 2019.

** Source: FactSet. Average annualized TSR over 20 days, calculated from 06/13/2002 to 12/31/2018.

(1) Share of the capital held by Wendel-Participations as of December 31, 2018 for 51.09% of the voting rights. In accordance with Article L. 233-10 of the French Commercial Code, the figures include Wendel-Participations and its Chairwoman. Shareholders of Wendel as at December 31, 2018.

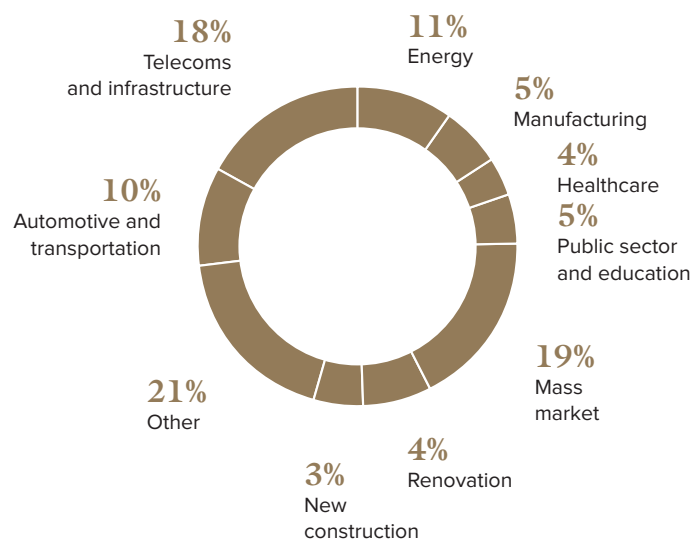
GEOGRAPHICAL PRESENCE

6 locations

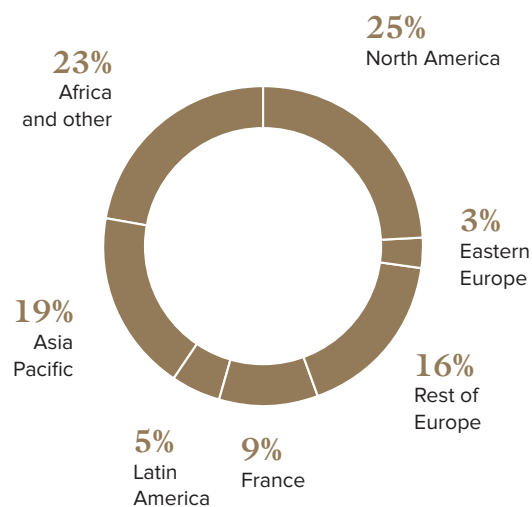


DIVERSIFICATION BY SECTOR*

7 investments



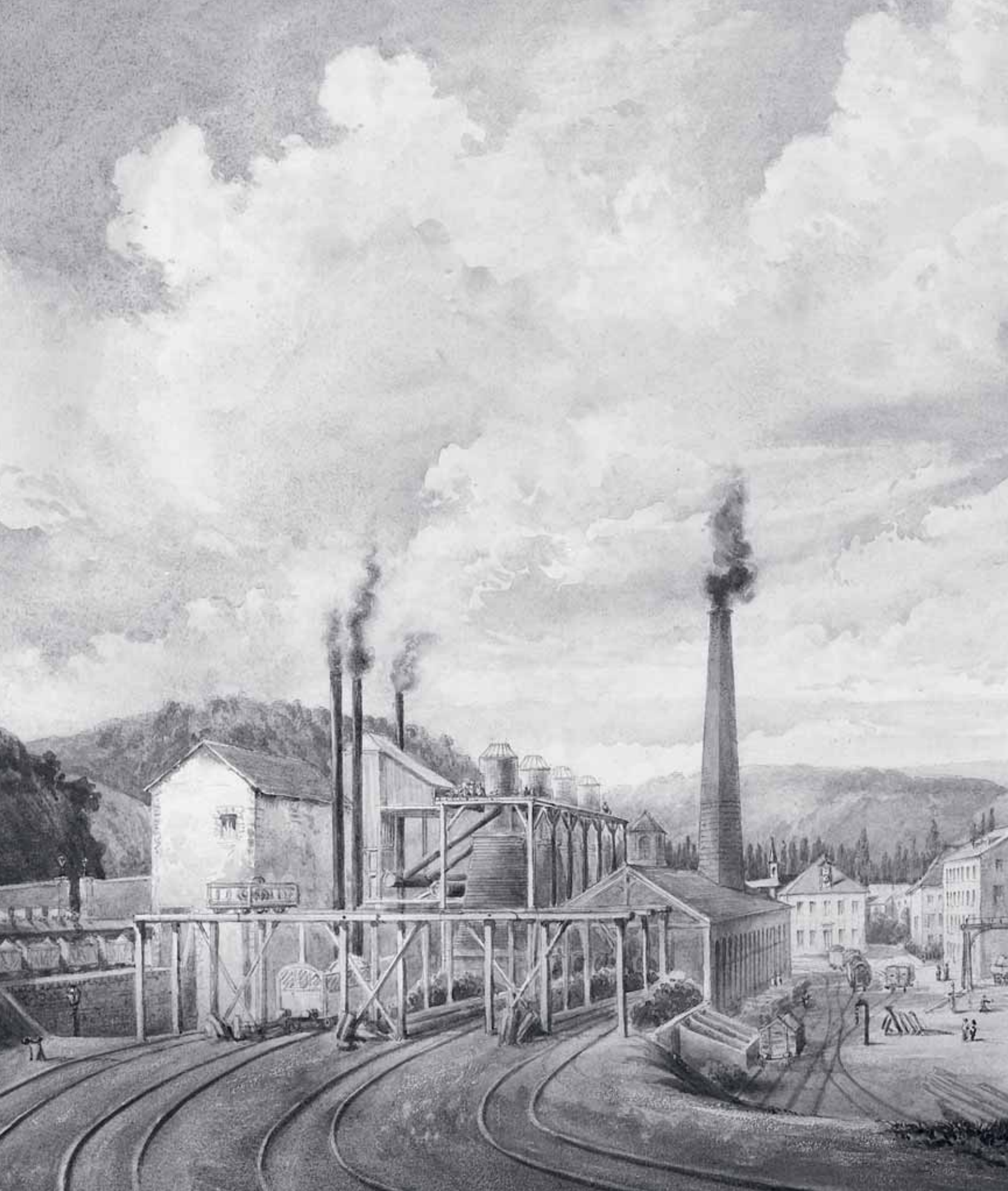
DIVERSIFICATION BY AREA*



Wendel is listed on the Euronext Paris Eurolist

* Enterprise value exposure of Group companies, according to the breakdown of 2018 revenues. Enterprise values are based on NAV calculations as of December 31, 2018.

Consolidated companies: Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Tsebo, Allied Universal and IHS.





A long-term
investor with
permanent
capital

/

315 years of history
and industrial
roots

/

An entrepreneurial
tradition with
a family reference
shareholder

/

A listed
investment firm

THE SAGA BEGINS

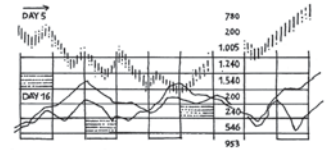
From 1704 to 1870, Jean-Martin Wendel and his successors take advantage of innovations related to the industrial revolution: iron smelted with coke, widespread use of blast furnaces and rolling mills, and the development of railways.

Jean-Martin Wendel
acquired the
Hayange forges



“MF” LISTED ON THE STOCK MARKET

Originating from the Compagnie des hauts-fourneaux, forges et aciéries de la Marine et des chemins de fer, Marine-Firminy is listed on the stock market in 1859. Marine-Wendel purchases Marine-Firminy in 1975 and keeps its stock ticker symbol, “MF”.



Marine-Firminy
opens its capital

1704

1859

315 YEARS OF HISTORY, 273 YEARS IN THE STEEL INDUSTRY...



1815

François de Wendel
enters public life

A NEW DIMENSION

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



1880

The “Thomas process”
leads to the creation
of the Lorraine steel
industry

THE STEEL AGE

With the adoption of the “Thomas process”, which allowed 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.

THE POST-WAR PERIOD

After the destruction of many of its factories during the war, the Group recovers and begins to grow again. The creation of the Sollac production 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.



The focus is on rebuilding the country

1948

NEW MOMENTUM

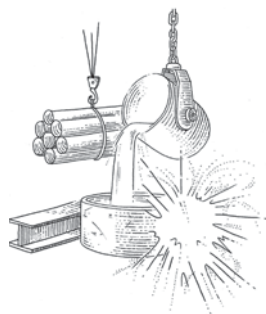
Marine-Wendel and CGIP merge to form Wendel Investissement, renamed Wendel in 2007. The industry approach and focus of our management teams on long-term corporate development helps give Wendel a strong, clearly-identified image.



Diversification into new business sectors

2002

... MORE THAN 40 YEARS IN INVESTMENT

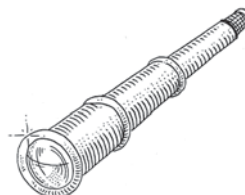


1977

Diversification begins amid a deepening economic recession

TIME FOR CHANGE

The Group is reorganized. In 1975, it takes control of the holding company Marine-Firminy and becomes Marine-Wendel. Its non-steel assets are brought together in a new entity: the Compagnie Générale d'Industrie et de Participations (CGIP).

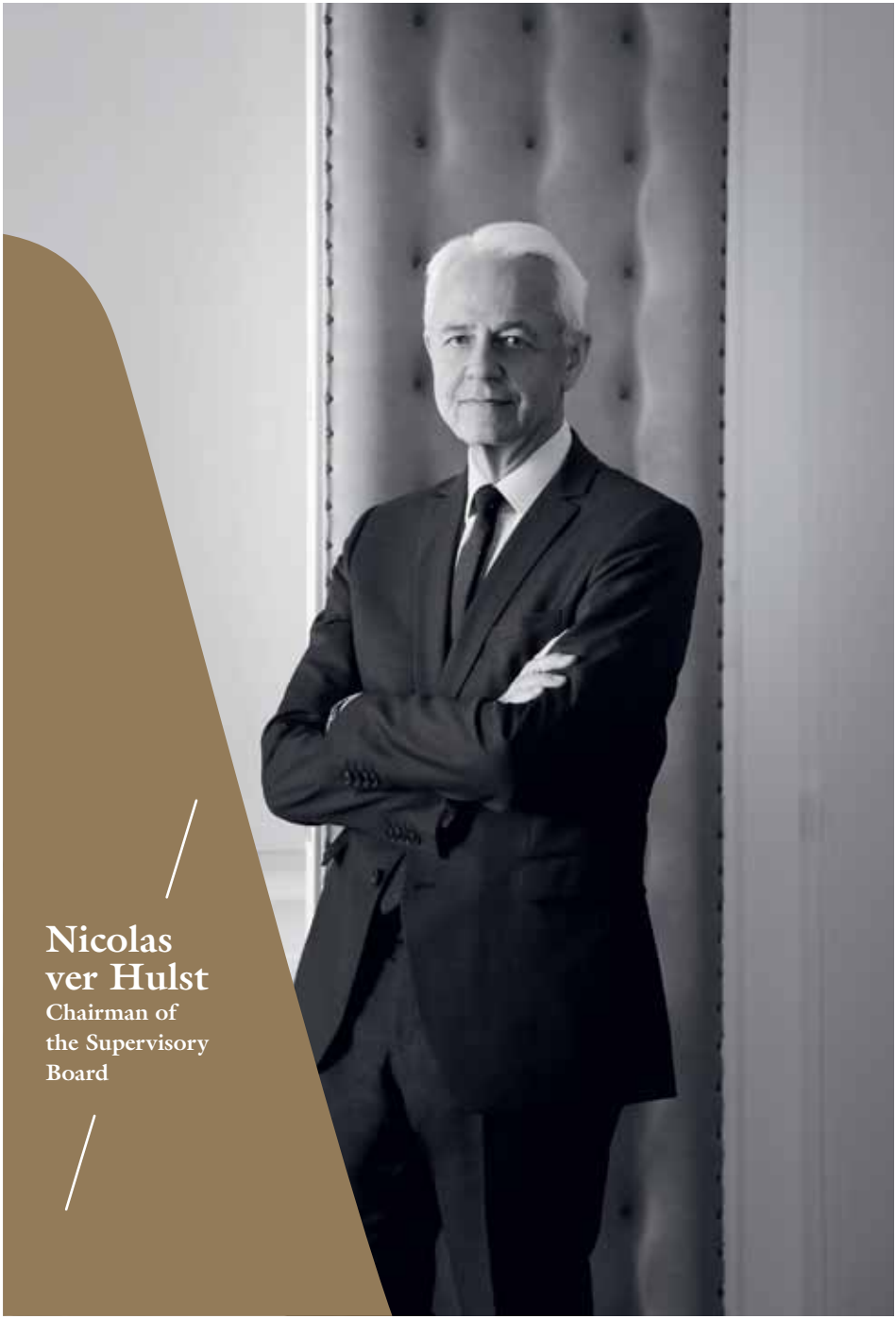


2019...

Keeping on course: creating value for shareholders

INDUSTRY AND SERVICES

For more than three centuries, the Group has been supported by the Wendel family, its core shareholder. It continues to diversify and invest in companies strongly focused on international development. Wendel continues to develop the companies in its portfolio by accelerating their digitization and CSR strategy. The Group remains one of Europe's leading investment firms.



—
**Nicolas
ver Hulst**
Chairman of
the Supervisory
Board
—

Questions for Nicolas ver Hulst

Chairman of the Supervisory Board

What is your assessment of the 2018 financial year? More specifically, what is your perspective on the development of Bureau Veritas?

NVH. 2018 was an important year for the Group due to all the simplification work done. Wendel sold many assets which did not fully align with the Group's size and ambition. Today, our assets mainly comprise "star" companies which are solid, hold outstanding strategic positions, and are profitable and growing.

We are pleased that Bureau Veritas has resumed organic growth. We have full confidence in its prospects: the company is Wendel's flagship and we are proud to be its controlling shareholder, as we have been for 24 years. Bureau Veritas' services meet a simple but crucial need: that of a trusted third party. This need exists across most industries (shipbuilding, building, infrastructure, consumer goods, commodities, etc.) making Bureau Veritas a highly diversified major global group. In addition, there is another dimension to Bureau Veritas which is the increasing technical aspects of its services.

What relations have been established with management?

NVH. The key words for the Supervisory Board are clarity and dialogue. The Supervisory Board appoints members of the Executive Board, determines their compensation, reviews the accuracy of Wendel's financial statements by controlling the process of preparing financial information, and participates in defining the company's strategy. What it does not do is manage the company. But it works in full transparency with management, which, I believe, is fundamental.

I would like to emphasize that the Supervisory Board and the Executive Board work together smoothly, and I am grateful to the management for their dedication and the quality of our relationship.



**“We are looking for leading
companies that we can support
over the long term.”**

André François-Poncet

Questions for André François-Poncet

Group CEO

You have been in your position now for a little over a year. How do you view 2018?

AFP. 2018 was a very active year for Wendel. We worked hard to simplify our business model. Our strategy is to construct a portfolio of sizeable, leading companies which we can support over the long-term, backing talented executives whom we consider as partners and who are also equity-holders. This has led us to first sell small shareholdings at good prices.

Streamlining our portfolio has allowed us to focus our team and our capital on our largest investments, i.e., to play our role of active shareholder. For example, we supported the very large acquisition of USSA by Allied Universal which allowed the company to consolidate its leading position in security services in North America. We invested additional equity in Allied Universal to fund this transaction. We also rebalanced Wendel's exposure to listed shares last year through the sale of 4.73% of Bureau Veritas while remaining the company's long-term and controlling shareholder. Lastly, Wendel's Investment Committee has been renewed and we strengthened our corporate functions.

What is the common thread to these actions?

AFP. The common thread is the pursuit of performance and excellence. We work on this every day with particular emphasis on governance and performance monitoring. Our companies must constantly differentiate themselves from competitors, innovate, strengthen customer loyalty, control or lower costs and build their positions through acquisitions. Their focus on sustainable development, the engagement of their combined staff of over 350,000, integrity, compliance and environmental preservation are becoming clear competitive advantages. Such is the case, for example, for Stahl which promotes sustainability as one of its key growth drivers with great success. Wendel's operating partners and the Boards of our companies - which include talented individuals outside Wendel - help management teams achieve their goals.

The Group has a significant amount of available cash. What types of investments do you foresee?

AFP. After raising over 1.5 billion euros⁽¹⁾ from disposals, Wendel now has a concentrated portfolio, a solid balance sheet and the benefit of time. In an uncertain macroeconomic environment, our firepower puts us in an excellent position to take advantage of the best acquisition opportunities, i.e., where we believe we can create sustainable long-term value for shareholders.

(1) Including 2018 disposals: CSP Technologies, Saham Group, Mecatherm and Nippon Oil Pump and 4.43% of the capital of Bureau Veritas for a total of almost 1 billion euros, along with 480 million euros in 2019 currently expected from the disposals of PlaYce, Saint-Gobain shares and the expected partial disposal of Allied Universal.

Wendel's strategic orientation

As a partner to leading companies over the long term, the Wendel Group intends to continue along this path and grow its success. To do this, Wendel partners with ambitious entrepreneurs, assists them with their development, supports them with innovation and in external growth transactions, working with them on governance and drivers for value creation.

1 — 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.

2 — INVEST

... around €750 million in equity each year, depending on market conditions, in Europe, North America, and Africa, in companies with exposure to long-term growth trends. Part of this amount may come from partners who share our investment philosophy.

3 — STAY VIGILANT

... keeping net debt under strict control, maintained at under €2.5 billion, while maintaining a balance in the portfolio between listed and unlisted assets.

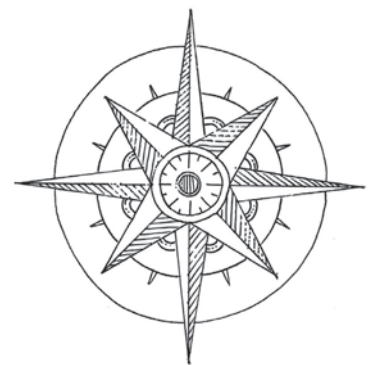
4 — ACHIEVE OUR AMBITIOUS FINANCIAL OBJECTIVES

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

TSR*
in double
digits

±50%
unlisted

<€2,5bn
net debt



* Average Total Shareholder Return over the period 2017-2020 for dividends reinvested, on the basis of the average price of the second half of 2016.

Digitization at the heart of value creation

Digitization is a major issue for businesses regardless of their activities or their sectors. It brings about major changes in the way we manage, design, produce, work and communicate. With the dual ambition of making sure that digital concerns are considered and of enhancing its expertise, Wendel has built an operational team dedicated to digitization. Its aim: to identify the actions necessary so that the companies in the Group, and Wendel as an organization, can take over the levers of value creation related to digitization.

Thus, in late 2016, an evaluation of the digital maturity of the main companies in the Group was done to identify the risks and opportunities associated with digital technologies, to establish priority actions and initiate a dialog on digital topics between Wendel and its subsidiaries and associates by involving management and the members of the investment team.

In late 2017, Wendel initiated a project to optimize its operations and its operational efficiency. Following an “Agile” type policy, new tools and processes were rolled out. Thus, in early 2019, the entire company migrated to a collaborative working method.

Lastly, on February 1, 2019, Wendel hired its IT Strategy and Digital Transformation Director and appointed two Operating Partners with digital skills and experience.



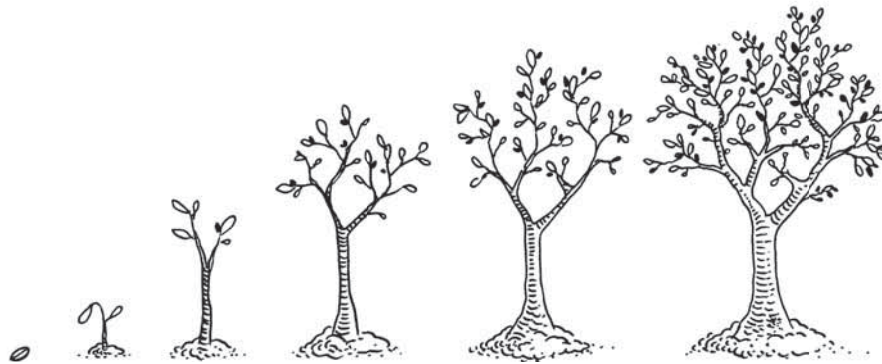
“The Wendel lab is expanding our know-how and our knowledge of disruptive technologies. As a long-term investor in the search for the leaders of today and tomorrow, it is up to us to understand this environment.”

Bernard Gautier
Group Deputy CEO

#WENDEL LAB

Still with the desire to pay attention to digital, since 2013, Wendel has expanded its investment horizons. It has integrated digital companies indirectly through funds and/or into disruptive business models. Combined within the “Wendel Lab”, these indirect investments in innovative companies enables the teams to keep up with the latest trends and to identify new opportunities for value creation.

The “Wendel Lab” is contributing to Wendel’s strategy, which is to invest in the leaders of today and tomorrow by establishing a concrete link with new actors and new models.



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.

Wendel's investment model

Essentially, Wendel invests in the leading companies in their sectors that have the potential of rising to the top in the medium to long term, thanks to our support and by dint of their model and their management.



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 value-creating acquisitions.

Target size

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

Geographic areas

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

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

Debt on the level of the Group companies is non-recourse regarding Wendel and scaled on the basis of their growth profile and ability to generate cash flow.

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

The Wendel's 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.

45%
of independent members

45%*
women

8**
meetings

89%
attendance rate

4 hours
average length
of a meeting



Nicolas ver Hulst

—
Chairman of the Supervisory Board



Gervais Pellissier

—
Vice-Chairman of the Supervisory Board,
lead director,
member of the Audit Committee,
independent member



Guylaine Saucier

—
Chairwoman of the Audit Committee,
member of the Governance Committee,
independent member



Jacqueline Tammenoms Bakker

—
Chairwoman of the Governance Committee,
member of the Audit Committee,
independent member

* Exceeding the recommendation set out in the Afep-Medef Code (40%).

** Aside from the eight meetings planned, ten additional meetings lasting an average of an hour and a half have been held.



Franca Bertagnin Benetton

—
Member of the Audit Committee,
independent member



Bénédicte Coste

—
Member of the Audit Committee



Édouard de l'Espée

—
Member of the Governance Committee



Nicholas Ferguson

—
Member of the Governance Committee,
independent member



Priscilla de Moustier

—
Member of the Governance Committee



Sophie Parise

—
Member of the Governance Committee,
employee representative



François de Wendel

—
Member of the Audit Committee



Humbert de Wendel

—
Member of the Audit Committee



From left to right:
André François-
Poncet, Group
CEO, and Bernard
Gautier, Group
Deputy CEO

The Executive Board is appointed by the Supervisory Board for four years.

Based on recommendations made by the Investment Committee, the Executive Board approves projects and presents these, if applicable, to the Supervisory Board. The Executive Board has two members who, since January 1, 2018, have been André François-Poncet and Bernard Gautier.

André François-Poncet, Group CEO

A graduate from HEC and holder of an MBA from Harvard Business School, André François-Poncet was appointed Group CEO on January 1, 2018. He has been a Director of AXA since 2016, he was Partner of CIAM in 2016-2017 and worked at BC Partners between 2000 and 2015 as Managing Partner and then as Senior Advisor. He previously spent sixteen years with Morgan Stanley (New York, London and Paris).

Bernard Gautier, Group Deputy CEO

Alumnus of the École supérieure d'électricité, Bernard Gautier joined Wendel in 2003 and has been Group Deputy CEO since May 31, 2005. He was previously General Partner and head of the Paris office of the Atlas Venture fund. He spent twenty years in the strategy consulting industry, with Accenture and Bain & Co.

To perform its duties, the Executive Board is assisted by two committees which it chairs: the Investment Committee studies the investment projects selected based on analyses by the investment team; the Management Committee is in charge of the operational management of the Wendel group.

The Investment Committee

The Investment Committee examines investment projects of the Wendel group. It meets every fifteen days, bringing together the Executive Board, the managing directors, and the Chief Financial Officer.

André François-Poncet

—
Group CEO

Bernard Gautier

—
Group Deputy CEO



Stéphane Bacquaert

—
Managing Director,
CEO Wendel Africa



Stéphanie Besnier

—
Managing Director



David Darmon

—
Managing Director,
CEO Wendel North America



Stéphane Heuzé

—
Managing Director



Roland Lienau

—
Managing Director



Jérôme Michiels

—
Chief Financial Officer, Managing Director,
Director of Operational Resources

The Management Committee

The Management Committee makes decisions regarding the organization and operations of the company. Its members meet once a month.

André François-Poncet

Group CEO

Bernard Gautier

Group Deputy CEO



Adam Reinmann

Managing Director



Christine Anglade Pirzadeh

Director of communications and sustainable development, Secretary of the Executive Board



Caroline Bertin Delacour

General Secretary and Ethics Officer, Secretary of the Supervisory Board and its committees



Josselin de Roquemaurel

Managing Director



Marie-Hélène Dorat

Director of Human Resources



Peter Meredith

Tax Director



Félicie Thion de la Chaume

Managing Director,
CEO Wendel London



Jérôme Michiels

Chief Financial Officer, Managing Director,
Director of Operational Resources

CSR creates value which is sustainable in the long term

Wendel believes that corporate social responsibility (CSR) drives growth for companies. Through its long-term actions, Wendel encourages its companies to implement Corporate Social Responsibility practices while at the same time defining its own CSR policy that is adapted to its role of investor and applied by a core team of professionals.

Wendel has had a Code of Ethics since 2015. This 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.

An intensified CSR approach in 2018

The CSR approach gained momentum in 2018, both at Wendel and its subsidiaries.

Since 2018, CSR objectives were integrated into the Executive Board's variable compensation. These CSR objectives are also applied to the variable compensation of members of Wendel's Coordination Committee, which includes Wendel's principal managers worldwide.

For many years now, Wendel has paid particularly close attention to two subjects within its subsidiaries:

- the health and safety of employees and consumers;
- the integration of ESG (Environment, Social and Governance) criteria into product and service design.*

All companies subject to the non-financial performance statement (NFPS**) obligation have been requested to integrate these two criteria into their risks and opportunities analysis. These concerns, which are in themselves positive, also contribute to making our commercial activities and the value created sustainable over the long term, which corresponds to the vocation of the long-term investor.



*See part 1.3. CSR risk within the subsidiaries.

**Fully consolidated companies: Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo.

Wendel, committed to the wider community

In addition to the main non-financial issues related to the investor activity, Wendel is committed to maintaining and developing its involvement in civil society.

A long-term partner in education and culture

Since 1996, Wendel has been supporting Insead *via* the Wendel International Center for Family Enterprise.

Since 2010, Wendel has also been involved in a commitment with the Centre Pompidou-Metz, of which it is the founding sponsor. In 2016, Wendel renewed its partnership for five years.

Partner in community projects

In 2018, Wendel completed its sponsorship program with the creation of a Philanthropy Committee to support solidarity projects. Wendel employees had the opportunity to present projects that were analyzed and appraised by the Philanthropy Committee. Wendel has supported several associations, including La maison des enfants d'Awa, Les Restaurants du Cœur, Casamasanté, iMentor, Cycle for Survival, Clubhouse France, the Fondation de la Maison de la Gendarmerie, and the PlanVue program of Helen Keller International, which Wendel has supported since 2017.



Non-financial challenges within Wendel Group subsidiaries: opportunities for the creation of value over the long term

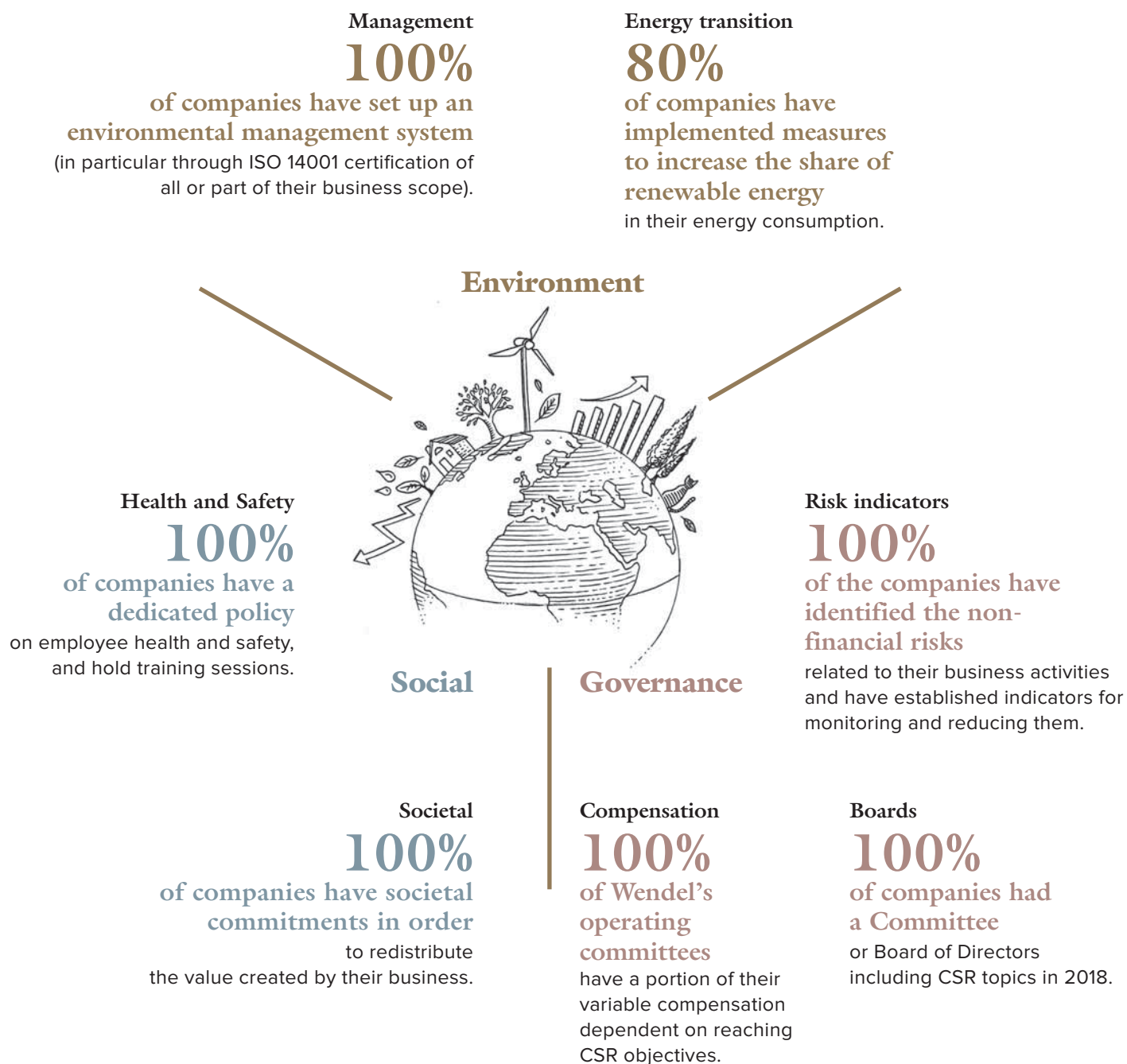
Wendel defines itself as a long-term investor. As non-financial issues may have far-reaching implications with regard to the strategy and operations of its portfolio companies, Wendel considers it essential to take these into account with regard to the risks that may be generated as well as the opportunities for the creation of value over the long term which they represent.

For Wendel, this is a matter of strengthening its positive impact - in strict compliance with its role as a shareholder and with rules of governance - on the companies in its portfolio by encouraging them to take ever greater account of non-financial issues.

Wendel therefore has a responsible investor strategy and integrates the study of ESG (Environment, Social and Governance) risks and opportunities throughout the life cycle of its investments.



Some key figures for 2018⁽¹⁾



(1) Fully consolidated companies: Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo.

Portfolio Structure

A diversified portfolio of investments

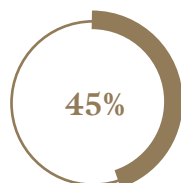
Long-term commitments are at the very heart of Wendel's DNA.

This strategy can be found in all of its investments.

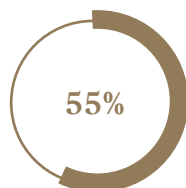
They share the desire to build their growth on economic and sociological trends which are sustainable over the long term.

Portfolio diversification is based on listed and unlisted assets located across a range of geographical zones, always in leading companies.

Listed assets



Unlisted assets



Principal assets



Bureau Veritas

Certification and verification

► **35.9%** of capital held by Wendel

€309,8 million invested by Wendel since January 1995



IHS

Mobile telephone infrastructure in Africa

► **21.3%** of capital held by Wendel

\$826 million invested since 2013



Stahl

High-performance coatings and leather-finishing products

► **67.5%** of capital held by Wendel

€221 million invested since 2006

The amounts invested and percentage of share capital held by the Wendel group are stated as at December 31, 2018, with the exception of the capital held in Saint-Gobain, which is stated as at March 21, 2019. If co-investment conditions are realized, there could be a dilutive effect on Wendel's percentage ownership. See page 284 of the 2018 Registration Document.

Other

**Saint-Gobain**

Production, transformation and distribution of building materials

► **c.1.7%** of capital held by Wendel

€872 million invested by Wendel since September 2007

**Constantia Flexibles**

Production of flexible packaging

► **60.6%** of capital held by Wendel

€565 million invested since 2015

**Allied Universal**

Security services

► **33.5%** of capital held by Wendel

\$377.6 million invested since 2015

**Cromology**

Decorative paints

► **87.9%** of capital held by Wendel

€430 million invested since 2006

**Tsebo**

Business services

► **64.7%** of capital held by Wendel

€142 million invested since 2017

Key figures for the three previous fiscal years

CONSOLIDATED NET SALES

2016	2017	2018
7,683	8,329	8,389

In millions of euros as at 12.31

NET ASSET VALUE

2016	2017	2018
153.9	176.4	147.4

In euros per share as at 12.31

NET INCOME

	2016	2017	2018
<i>Total</i>	-141	534	280
<i>Group share</i>	-367	200	45

In millions of euros as at 12.31

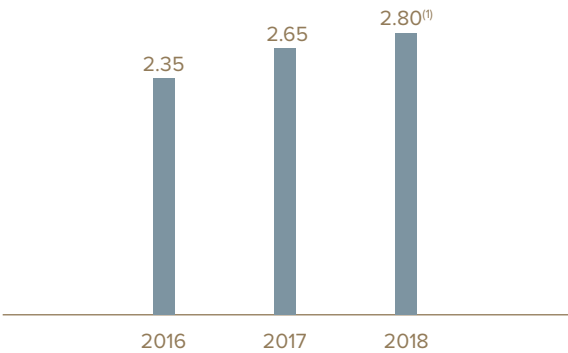
TOTAL GROSS ASSETS UNDER MANAGEMENT

2016	45%	43%	12%	10,725
2017	42 %	42%	16%	11,021
2018	35%	43%	22%	9,355

In millions of euros as at 12.31

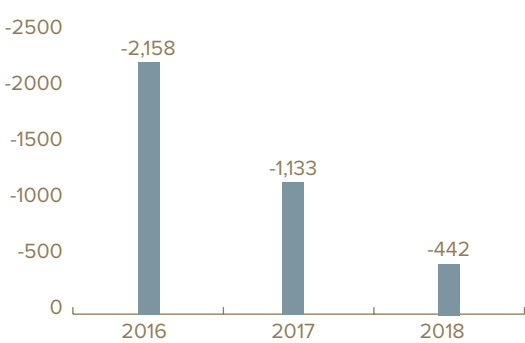
- Listed assets
- Unlisted assets
- Cash and marketable securities

DIVIDENDS



Ordinary dividend, in euros per share.
(1) Subject to approval at the Annual Shareholders' Meeting on May 16, 2019.

NET DEBT



In millions of euros as at 12.31



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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 leading businesses in a variety of sectors (tests, inspection and certification - chemicals and high performance and decorative coatings - business services - telecom infrastructure - packaging - 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 and Aciéries de Dilling, etc.) alongside its diversified activities (Carnaud, Forges de Gueugnon, Oranje-Nassau, Cimenteries de l'Est, several mechanical engineering companies, etc.) came to an end during the European steel crisis of 1977, and the Group was broken up into two entities. By transferring all of its non-steel industry assets in November 1977, Marine-Wendel created Compagnie générale d'industrie et de participations (CGIP), in which it retained only a 20% equity interest.

In June 2002, Marine-Wendel and CGIP merged, and the new entity took the name of WENDEL Investissement. The industry approach and focus of our management teams on long-term corporate development has helped give our Group a strong, clearly-identified image. This solid positioning as a professional shareholder that understands investments from the industry's point of view prompted us to propose, at 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. Since 2007, in order to pursue its development, Wendel has four foreign offices (Casablanca, London, New York and Singapore) in addition to its historic bases in Paris and Luxembourg.

1.2 Business

Wendel is one of Europe's leading investment companies in size, with more than €9.4bn in assets under management at end-December 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 35 experienced professionals. The team members have varied and complementary profiles and include former consultants, company executives, investment bankers, and operations managers from a broad array of industrial and service sectors. This allows us to capitalize on their experience and the network of contacts they have developed during their professional careers. The team thus has both 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. Investment opportunities are systematically referred to a team which examines each case, in particular by looking at the enterprise's growth prospects. These investment opportunities are then reviewed by a diverse and collegial Investment Committee, composed of nine experienced Managing Directors, including the Chief Financial Officer and the two members of the Executive Board. If Wendel goes ahead with the transaction, the same team that examined the opportunity then carries out its follow-up.

Global competitive landscape in 2018

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 controlling stake 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 2018, stiff competition for the most attractive assets strengthened the position of sellers towards funds looking to place their investors' capital. Wendel's permanent capital in particular sets it apart from private equity players. Nevertheless, in recent years, new competitors have emerged, also targeting longer-term investments (sovereign funds, pension funds, and longer-term investment funds), affirming the appropriateness of Wendel's model.

In 2018, the high levels of capital to be invested and the strong performance of stock markets up until the third quarter continued to push up acquisition multiples. At the same time, the debt markets remained open, allowing purchasers to take advantage of historically low interest rates and increase average debt leverage for acquisitions. No global data are available on the investment activities of all of the market participants mentioned above, but private equity funds, for which annual statistics are published, continued to crystallize portfolio value in 2018, with capital exits totaling \$378bn (in line with 2017), for an average holding period of 4.5 years. All exit routes were used, particularly sales to strategic investors. Despite growing market volatility, private equity has continued to produce rates of return above those offered by other asset classes.

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

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, 2018, 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.

Sophie Parise, who represents employees on the Supervisory Board, has attended Board Meetings since September 2018. A Works Council representative also attends Board Meetings in a consultative role.

François de Wendel was the Chairman of the Supervisory Board until May 17, 2018, and was followed by Nicolas ver Hulst Nicolas from the close of the Annual Shareholders' Meeting on May 17, 2018. Under Article 13 of the by-laws, the Vice-Chairman, appointed by the Supervisory Board, 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 the Vice-Chairman

The Board appointed Gervais Pellissier, an independent member of the Board, as Vice-Chairman, with effect from the close of the Annual Shareholders' Meeting of May 17, 2018, to replace Dominique Hériard Dubreuil.

The Supervisory Board also appointed Gervais Pellissier as lead member of the Supervisory Board.

At their May 16, 2019 Meeting, shareholders will be asked to renew the appointments of Jacqueline Tammenoms Bakker, Gervais Pellissier and Humbert de Wendel.

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):

Nicolas ver Hulst (2021), Chairman of the Supervisory Board

Gervais Pellissier (2019), independent director, Vice-Chairman of the Board and Lead Director of the Board

Jacqueline Tammenoms Bakker (2019), independent member, Chairwoman of the Governance Committee

Guylaine Saucier (2022), independent director and Chairwoman of the Audit Committee

Franca Bertagnin Benetton (2022), independent member

Bénédicte Coste (2021)

Édouard de l'Espée (2021)

Nicholas Ferguson (2021)

Priscilla de Moustier (2021)

Sophie Parise (2022), member of the Supervisory Board representing employees

François de Wendel (2020)

Humbert de Wendel (2019)

Secretary of the Supervisory Board:

Caroline Bertin Delacour

In 2018, the Supervisory Board met 18 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 Chairwoman 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 seven members:

Guylaine Saucier, Chairwoman

Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee

Franca Bertagnin Benetton

Bénédicte Coste

Gervais Pellissier

François de Wendel

Humbert de Wendel

Secretary of the Audit Committee: Caroline Bertin Delacour

In 2018, 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:

Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee

Nicolas Ferguson

Priscilla de Moustier

Guylaine Saucier, Chairwoman of the Audit Committee

Edouard de l'Espée

Sophie Parise, member representing employees

Secretary of the Governance Committee: Caroline Bertin Delacour

In 2018, the Governance Committee met nine 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.

The Executive Board was composed of two members in 2018:

André François-Poncet, Chairman since January 1, 2018

Bernard Gautier, member since May 31, 2005

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

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

In 2018, the Executive Board met 25 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 nine Managing Directors, including the Chief Financial Officer, the Investment Committee meets every two weeks to work on the selection and preparation of the Group's investments, our investment policy and the performance of the investment team employees.

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 and the Human Resources Director. It makes decisions regarding the organization and the Group's day-to-day operations, involving, where appropriate, other relevant people.

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. The Executive Board appointed Wendel's Secretary General as Group Chief Compliance Officer (GCCO). The GCCO relies on the Compliance Officers in Paris, Luxembourg and New York and thus ensures the consistency and proper implementation of the compliance program within the Group.

1.4.5 Locations

Wendel has offices for its holding companies and service activities. The oldest locations are in France (since 1704), 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.

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.

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 2.2.4). The Group co-invests from Luxembourg with third-party partners in certain companies, such as IHS or Constantia Flexibles. These various entities each have their own governance, including independent directors.

London

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

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 and has made a number of investments there.

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.

Singapore

Wendel began to lay the groundwork for long-term investing in Asia back in 2008. Wendel Singapore aims to assist in the development and analysis of companies concerned by the region.

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.

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. He started his career began in 1996 at the *Société des Bourses Françaises* - Paris Stock Exchange. For four years, he served as the organization's spokesperson and was then in charge of investor relations until 2007. In this capacity, he contributed actively to the combination of the Paris, Amsterdam, Brussels and Lisbon stock exchanges and the merger of Euronext and the NYSE. He 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, Ethics Officer, GCCO, 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.

Benoît Drillaud ★

Deputy CFO

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

Claude Ehlinger ★

Senior advisor, 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 and Operating Partner

Having joined Wendel in 2007, Bruno Fritsch was in charge of developing the Group's activities in the Asia-Pacific region. After having successfully completed numerous acquisitions and divestments within the Group, it is now Operating Partner, focusing mainly on value creation and digital transformation within Group companies. 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 is a graduate of Essec and holds an MBA from the Rotterdam School of Economics.

Étienne Grobon ★

Director of Internal Audit

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

Jean-Yves Hemery ★ ■

Co-head of Winvest conseil

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 ★

Senior Advisor

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 ■ ◆ ★

Associate Director, Chief Financial Officer, Director of Operational Resources

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

Claude de Raismes ★

Co-head of Winvest Conseil

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

Adam Reinmann ■ ★

Managing Director, Wendel North America

Adam Reinmann joined Wendel in 2013. He began his career in the JPMorgan Group and went on to work at Onex, a leading Canadian investment company, prior to joining Wendel. 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. He holds an MBA from the Columbia Business School and a B.S. From Binghamton University.

Jérôme Richard ★

Operating Partner

Jérôme began his career at Boston Consulting Group, where he worked for eight years, in France and abroad, on projects for operational transformation and turnaround, mainly in the healthcare and industrial sectors. In 2010, he joined Schneider Electric as Vice-President of the Group in Purchasing then in Sales & Business Development of Strategic Clients. Before joining Wendel in 2019, he was CEO of John Paul (a concierge services subsidiary of the Accor group). He graduated from CentraleSupélec in 2002.

Josselin de Roquemaurel ■ ★

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

Josselin de Roquemaurel joined Wendel in April 2018. From 2005-2017 he worked for Kohlberg Kravis Roberts & Co. in London, most recently as Director in charge of Private Equity business in France. From 2001-2005, 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

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 and then CEO of a subsidiary of that Group; CEO and then Chairman of Dafsa; Chairman of Technal, Monné-Decroix and then 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, CEO of 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.

Michel Tournier ★

IT Strategy and Digital Transformation Director

Prior to joining Wendel, Michel was Director of IT Systems - Technology Core Solution Group | EMEA/APAC at Ingram Micro Commerce & Lifecycle Services. Michel has over 23 years' experience managing IT systems in several industry sectors: at Cofidis in 1996, he took part in the creation of subsidiaries in Portugal and Argentina for 5 years, before spending 3 years with Louis Vuitton in Latin America in the role of Regional CIO, followed by several roles with the Shiseido Group. In late 2012, he joined Anovo as Group CIO, where he spent three years.

Sébastien Willerval ★

Director of Legal Affairs

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

1.5 Investment model and business development strategy

Wendel's know-how consists in selecting leading companies, both listed and unlisted, making a long-term investment and helping to define ambitious strategies, while implementing a clear, explicit shareholder approach, together with their management. To successfully execute its long-term investment strategy, Wendel has several strengths: a stable, family shareholder base, permanent capital and a robust balance sheet, and a portfolio of companies that lends the Group a very broad geographical and sectoral view. Since 1977, Wendel's international investment teams, 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, technical and communications 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 participation on the Boards of Directors and key committees of the companies in which Wendel is invested;
- firm, long-term commitments to our partner companies by supporting their development, fostering their exposure to strong-growth regions, and allocating time and resources to the innovation cycle;
- constructive, transparent and stimulating dialogue with management while constantly questioning ingrained habits and rethinking models against 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;
- with 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 Acquisitions by Group companies

Growth by acquisition is an integral part of the development model of Wendel Group companies. Our companies made 10 acquisitions in 2018, 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 acquisitions that can create value, in deploying their external growth strategy, and in arranging the required financing.

1.5.3.3 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, Stahl, IHS, 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, notes 4-1 and 4-2 of this registration document.

1.5.4 Strategic orientations 2017-2020

1.5.4.1 Investment in high-quality assets

In 2017, Wendel considered that it had the capacity to invest up to €3 bn mainly in unlisted companies with strong profitable growth potential, subject to favorable market conditions.

In 2017, Wendel finalized the acquisition of Tsebo in South Africa for an initial amount of approx. €159 million and also benefited from strong market valuations to sell €1 billion worth of Saint-Gobain shares and 2.8 million Bureau Veritas shares acquired in November 2016 during the market downturn.

In 2018, Wendel benefited from the strong valuation of private markets to rationalize its portfolio of companies and also adjusted its overall exposure to listed markets by selling a significant block of Bureau Veritas shares. Overall, the Group generated €1 billion from divestments in 2018, including the sale of 4 small portfolio companies, under good conditions. These new resources will provide means for Wendel to take advantage of opportunities in the future directly or through the portfolio companies. Wendel did not make an acquisition in 2018 but reinvested €141 million in its portfolio companies. Wendel also deployed additional operational resources to accelerate value creation, including the appointment of two operating partners and a Director of IT Strategy and Digital Transformation.

The strategic orientations were confirmed on March 21, 2019:

- 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;
- Invest approximately €750 million in equity per annum, subject to market conditions and attractive terms, in Europe, North America and Africa in leading companies exposed to favorable long-term trends. Part of this amount could derive from partners who share our investment philosophy, as we have done in the past;
- Remain vigilant, keeping net debt under strict control, maintained at under €2.5 billion, while maintaining a balance in the portfolio between listed and unlisted assets;
- Achieve the ambitious financial objectives with a double-digit average return to shareholders, dividends increasing year after year, and regular share repurchases, depending on opportunities.

Ultimately, Wendel seeks to offer investors a portfolio of around 10 large assets, and predominantly unlisted companies. During this period, unlisted assets will represent around 50% of gross assets, with listed assets and cash and cash equivalents comprising the remaining 50%.

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.

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

Regarding the portfolio companies, in late 2016, the Boston Consulting Group (BCG) was tasked with creating a set of methods for assessing the digital maturity of the Group's key companies, methods which can then be used in the context of future due diligences for new acquisitions. In addition, BCG was also asked to identify key risks and opportunities in the digital economy for Group companies, to establish priority action points and, in the context of its assignment, to establish efficient dialog methods in relation to digital subjects for use by Wendel and its subsidiaries and associates. During 2017, the 10 key portfolio companies were the subject of an in-depth study regarding their level of digital maturity, BCG and Wendel having involved in this process both company executives and various members of the investment team in charge of these subsidiaries and associates within Wendel. This joint work led, on the one hand, to the allocation of a Digital Assessment Index for each company, assessing their level of digital development, and to assessments of the risk of disruption within their respective industries, development opportunities and, finally, recommendations for the implementation of operational actions to achieve the optimal integration of digital challenges by these companies.

From Q3 2017 onward, Wendel then went on to launch a similar project aimed at improving its operational efficiency thanks to digital tools. Given the more limited number of employees of the Company, the choice was made to adopt a collaborative working philosophy so as to enable awareness-raising for staff on the opportunities provided by digital tools, while still remaining stakeholders in this change. A Co-design workshop was held in September 2017, bringing together 20 employees of all ages, with a range of job titles and from different management levels, in order to raise awareness about the opportunities provided by digital tools. They took part in workshops run by digital specialists and entrepreneurs from within the sector. Co-Design Workshops were then organized with these 20 employees to establish priorities within the workplace and for improvements within the Company. Key strategies for improvements and areas for development were explored throughout 2018. Measures for the development and deployment of digital tools were implemented involving over one third of employees for the development phase, and then the entire workforce for the deployment. The Agile method was selected so as to guarantee solutions which are fit for purpose, and to ensure

widespread commitment from all employees and rapid adoption. In late March 2019, new digital tools developed and selected jointly by employees were deployed, and the entire company has been migrated to collaborative working methods.

Faced with the need to continue these developments and ensure continuity in monitoring the digital maturity of Wendel's portfolio and of its organization, on February 1, 2019, Wendel hired an IT Strategy and Digital Transformation Director.

1.5.4.3 Vigilance in its financial structure

Wendel will henceforth operate with net debt of less than €2.5 billion. Wendel has been rated BBB with stable outlook by Standard & Poor's since January 25, 2019 and Baa2 with stable outlook by Moody's since September 5, 2018.

1.5.4.4 Creating value for shareholders

Wendel aims to continue generating double-digit total shareholder return, based on the average share price⁽¹⁾ 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 2017-2020 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 Wendel's sustainable development and compliance programme is provided in section 3 of this registration document.

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 approximately 50% of its sales from high-growth countries.

Bureau Veritas in brief

Present in 140 countries	>1,500 offices and laboratories	>75,000 employees	400,000 clients
€4,796 million in sales in 2018	€758.0 million in adjusted operating income ⁽¹⁾	Stake held by Wendel ⁽²⁾ : 35.8% of equity and 51.4% of voting rights	Amount invested ⁽³⁾ by Wendel: €309.8 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, 2018 net of treasury shares.

(3) Amount of equity invested by Wendel for the stake held as of December 31, 2018.

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 2018

Bureau Veritas' revenue in 2018 amounted to €4,795.5 million, a 2.3% increase compared with 2017 and +7.0% at constant rate organic revenue growth amounted to 4.0% in 2018, accelerating in H2 with 4.4% in the last *quarter*. This is explained by:

- Steady growth generated by the five Growth Initiatives (36% of Bureau Veritas revenue), up 6.3% organically. High single-digit growth was achieved in Opex services, Buildings & Infrastructure and SmartWorld and midsingle digit for Agri-Food and Automotive.
- Improvement over the year in the Base Business (64% of Bureau Veritas revenue), up 2.9% organically with an organic growth of 4.1% in the last *quarter*. Marine & Offshore (7% of Bureau Veritas revenue) turned to positive organic growth in H2 2018 (up 4.0% versus a 5.4% decrease in H1), following eight negative *quarters*, a reflection of improving market conditions particularly in China. In addition, Oil & Gas Capex related activities (less than 4% of Bureau Veritas revenue) bottomed out (down 6.6% for FY but with a 3.6%

organic growth in H2 2018) benefiting from favorable comparables and the ramp-up of contracts in North America and Africa in particular. Bureau Veritas' other activities performed well, notably with Metals & Minerals reporting a full recovery, and Certification benefiting from the increased sales generated by the revision of standards in 2017/2018.

- Finally, Bureau Veritas Executive Committee has been significantly renewed in 2018.

M&A: six acquisitions in 2018, focused on the Group's Strategic Growth Initiatives

In 2018, Bureau Veritas completed six acquisitions in different countries to strengthen its footprint, representing around €85 million in annualized revenue (or 1.8% of 2018 Bureau Veritas revenue). These acquisitions supported three of the five Growth Initiatives. The largest acquisition, EMG, a company specializing in technical assessment and project management assistance services, significantly strengthened Bureau Veritas's position in Buildings & Infrastructure in the USA. Since the beginning of 2019, Bureau Veritas has recorded two additional transactions furthering its Agri-Food and Buildings & Infrastructure Growth Initiatives.

Adjusted operating profit up 1.7% to €758 million (+8.4% at constant currency)

Bureau Veritas full year 2018 adjusted operating margin was up 20 basis points organically and at constant exchange rates, to 16.1%. On a reported basis, the adjusted operating margin declined by c.10 basis points to 15.8% compared to 15.9% in 2017.

Adjusted EPS of €0.96, up 0.4% year-on-year (+15.3% at constant currency)

Net financial expense amounted to €93.2 million compared with €103.7 million in 2017, mostly reflecting reduced foreign exchange losses (€5.7 million vs. €12.1 million in 2017) due to the appreciation of the euro against the U.S. dollar and pegged currencies, but also against currencies of emerging countries.

Strong improvement in free cash flow

Free cash flow (available cash flow after tax, interest expenses and capex) amounted to €478.4 million compared to €349.6 million in 2017, up 36.8% year-on-year and up 45.8% on a constant currency basis. On an organic basis, free cash flow increased by 42.2% in 2018.

Dividend

Bureau Veritas is proposing a dividend of €0.56 per share for 2018, unchanged compared to 2017. Bureau Veritas will offer its shareholders the option to receive the dividend in cash or in shares. In the latter case, a 10% discount will be applied. The issue price of new shares will include the 10% discount on the average opening price of Bureau Veritas shares during the 20 trading days preceding the Combined Shareholders' Meeting. Bureau Veritas welcomes this decision which shows Wendel's firm support for the Group. In this context, Wendel has informed Bureau Veritas of its intention to opt for a payment of its dividend in shares. This is subject to the approval of the Combined Shareholders' Meeting to be held on May 14, 2019.

2019 Outlook

For the full year 2019, Bureau Veritas expects:

- Solid organic revenue growth;
- Continued adjusted operating margin improvement at constant currency;
- Sustained strong cash flow generation.

Outlook for development

Bureau Veritas reaffirms its 2020 ambition:

In millions of euros	2018	2017	Δ
Net sales	4,795.5	4,689.4	+2.3%
Adjusted operating income ⁽¹⁾	758.0	745.5	+1.7%
as a % of net sales	15.8%	15.9%	-10 bps
Attributable adjusted net income ⁽²⁾	417.2	416.1	+0.3%
Adjusted net financial debt ⁽³⁾	2,115.1	2,094.4	+20.7

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

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

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

- adding €1.5 billion of incremental revenue based on the 2015 plan's initial exchange rates⁽¹⁾, half organic and half through external growth;
- reaching 5% to 7% of organic growth by 2020;
- To achieve an adjusted operating margin above 17% by 2020⁽¹⁾; and
- To continue to generate high free cash flow.

The Group is also committed to its extra-financial performance. The main extra-financial targets of Bureau Veritas for 2020 are as follows:

- Health and Safety: Reduce accident rates by 50% (TAR: Total Accident Rate, LTR: Lost Time Rate)⁽²⁾;
- Inclusion: Achieve 25% female representation on the Group's executive management team;
- Environment⁽³⁾:
Reduce CO2 emissions by 10% per full-time equivalent employee;
Increase the use of renewable energies by 10%;
Have 75% of with the Group's businesses ISO 14001 certified (environmental management).

Top management

Didier Michaud-Daniel, CEO

François Chabas, Chief Financial Officer

Aldo Cardoso, Chairman of the Board of Directors

Wendel's involvement

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

Strategy Committee: André François-Poncet (Chairman since January 1, 2018), Claude Ehlinger

Nomination and Compensation Committee: Claude Ehlinger

Audit and Risk Committee: Stéphanie Besnier

For more information, please visit: bureauveritas.com

(1) At the 2015 plan's initial exchange rates, as presented at the October 2015 Investor Days.

(2) TAR: Total Accident Rate; LTR: Lost Time Rate. Compared to 2014 consolidated results

(3) Compared to 2015 consolidated results.

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

Industrial presence in 67 countries	More than 181,000 employees	No. 1 worldwide in plasterboard and plaster, mortars and floor plasters	No. 2 worldwide in flat glass
€41.8bn in net sales in 2017	€3.1bn 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, 2018.

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.

Phased in disposal of Saint-Gobain shares since January 2019

Since early January 2019, Wendel has been selling Saint-Gobain shares, with 4.64 million shares sold amounting to €143.5 million proceeds as of March 21, 2019. At that date, Wendel held approximately 1.7% of the capital of Saint-Gobain.

Top management

Pierre-André de Chalendar, Chairman and CEO
Sreedhar N., Chief Financial Officer

Wendel's involvement

Board of Directors: Frédéric Lemoine
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⁾

		No. 2 in France	
Approx. 3,650 employees	8 R&D laboratories	No. 4 in Europe present in 8 countries	No. 1 in Italy
€665.1 million in sales in 2018	Adjusted ⁽²⁾ EBITDA of €29.0 million in 2018	Stake held by Wendel: 87.9%	Amount invested ⁽³⁾ by Wendel: €430 million since 2006

- (1) Following the sale of Colorín, 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. Cromology’s Ebitda is now presented after changes in depreciation on current assets.
- (3) Amount of equity invested by Wendel in Materis as of December 31, 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, the last Group division, rebranded as Cromology and set its sights on new challenges. The name “Cromology” reflects the Group’s desire to embody the common mission of all of its commercial brands, which is to sustainably protect and improve its customers’ surroundings with high-quality paints.

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, some in the top three of each of its markets, such as Tollens and Zolpan in France, Robbialac in Portugal, Max Meyer in Italy, and Arcol in Morocco. Another of Cromology’s major strengths is that it generates 60% 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. 28% 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.

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

Highlights of 2018

Over the year Cromology posted sales of €665.1 million, down 5.61 %⁽¹⁾ compared to 2017. Cromology's business was down 3.4% organically year-on-year, primarily the result of low performance in France (- 3.9%) and Italy (-5.6%). The application of IFRS 15 had a negative 0.9% impact. Changes in scope (primarily explained by the disposal of integrated stores in Italy in 2018) had a negative impact of 1.1%, while changes in exchange rates had a negative 0.2% impact on sales. Cromology's activities suffered from weak markets mainly in France and Italy, which represent 67% and 13% respectively of Cromology's sales. Top line performance in France was affected in particular by volume decline following the implementation of a new pricing scheme. Titanium dioxide's price, the key component in the paint formula, has increased sharply since Q2 2016, and continued to increase until the end of H1 2018, thus penalizing significantly Cromology's gross margin. Prices started to decline over the 2018 summer. To compensate the rise in raw material prices, Cromology increased its paint products selling prices by 2.9% in 2018. In this context of weak top line performance and high level of raw material prices, Cromology contained its SG&A costs. However, due to reduced leverage effect on its cost base, EBITDA fell by 40.8% to €29.0 million, or a margin of 4.4%. On February 6, 2018, Cromology finalized the sale of Colorin, its Argentinian subsidiary, which represented around 4% of sales and on March 29, 2018 the disposal of Colori di Tollens, Cromology's integrated stores in Italy, which represented around 2% of sales. The company's net debt was €250.5 million as

of December 31, 2018. Since Wendel's €25 million cash injection on March 14, 2018, which aimed at increasing Cromology's financial flexibility, the situation has deteriorated further. In this context, Cromology has initiated discussions at the end of 2018, with its lenders in order to restructure its balance sheet and support its operational turnaround of the company, under the new leadership of Pierre Pouletty, Executive Chairman since June 2018, and Loïc Derrien, CEO since August 2018. These discussions should conclude in the first half of 2019 and lead Wendel to reinvest a significant amount in Cromology and to thereby proceed with a full recapitalization in return, notably, for more flexibility on financial covenants and longer maturities

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.

In millions of euros	2018 ⁽¹⁾	2017 ⁽²⁾	Δ
Net sales	665.1	704.6	-5.6%
EBITDA ⁽²⁾	29.0	49.0	-40.8%
as a % of net sales	4.4%	7.0%	-260 bps
Net financial debt	250.5	239.5	+ 11.0

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

(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.

Top management

Pierre Pouletty, Non-Executive Chairman

Loïc Derrien, Chief Executive Officer

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) Restated of the impact of IFRS 15 "Revenue from Contracts with Customers", the sales variation is -4.7%

1.7.4 Stahl

A 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, shoe, apparel & accessories and home interior sectors, and for industrial applications.

Stahl in brief

Physically present in 24 countries	38 laboratories and 13 production sites	Around 2,000 employees, of whom 600 "Golden Hands"	No. 1 worldwide in specialty leather chemicals
€866.9 million in sales in 2018	Adjusted ⁽¹⁾ EBITDA of €196.8 million in 2018	Stake ⁽²⁾ held by Wendel: 67.5%	Amount invested ⁽²⁾ by Wendel: €221 million since 2006

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

(2) Amount of equity invested by Wendel as of December 31, 2018, for the stake held at that date.

Why did we invest in Stahl?

Stahl is the world leader in specialty chemicals and services for leather surfaces and is 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 level of skills of its "golden hands" technicians. Stahl has prospects for sustained growth generated by global leather consumption markets, in Asia in particular and the development of fast-growing niche markets for high-performance coatings. The potential consolidation in the sector we identified in 2006, combined with rigorous financial discipline, has allowed Stahl to expand further and strengthen its market leadership. It derives 65% of its sales from high growth regions. Since its initial investment of €171 million in Stahl in 2006, Wendel has received €341 million in dividends and loan repayments, owing in particular to Stahl's very strong cash generation. At end-2018, Wendel announced the acquisition of 4.8% of the capital of Stahl from Clariant for €50 million, bringing its total investment in the company to €221 million.

Highlights of 2018

Stahl sales totaled €866.9 million in 2018, up 18.2% from 2017. This increase in sales resulted from a combination of organic growth (+2.4%) and a strong scope effect (+19.4%) deriving from the consolidation of BASF's Leather Chemicals business over the full year. Fluctuations in exchange rates had a 3.6% negative impact on sales. Organic sales growth was mainly driven by ongoing double-digit growth within Performance Coatings, partially offset by somewhat weaker performance in Leather Chemicals. Although organic track record was solid over the first half, Stahl was confronted with more challenging market circumstances during Q3 and Q4, particularly within the shoe segment in China and India. In addition, sales within the automotive segment have been impacted by much lower car sales in China and temporary production stops by some automotive OEMs in Europe in part due to insufficient capacity regarding new testing procedures ("WLTP"). Despite negative FX impact, rapidly increasing raw materials costs followed by sales price increases, and significantly more challenging market conditions in the second half, Stahl EBITDA rose 14.9% in 2018 compared with 2017, to €196.8 million, representing a 22.7% margin. EBITDA growth was driven by further successful consolidation of the BASF's Leather Chemicals business, organic sales growth and solid cost control. Synergy roll out in relation to the BASF Leather Chemicals acquisition is well on track with estimated annual synergies and cost savings currently at a run-rate level of €25 million. As of December 31, 2018, net debt was €415.7 million, down 23% year-on-year due to Stahl's strong cash generation profile. As a result, Stahl's leverage ratio strongly improved from 2.8x proforma EBITDA end of 2017 to 2.1x end of 2018. Lastly, on August 28, 2018, Stahl announced the appointment of Frank Sonnemans as CFO and member of the Board of Stahl Holdings B.V. Frank Sonnemans joined Stahl on February 1st, 2019 to take

over the responsibilities of the previous CFO, Bram Drexhage, who has decided to retire mid-2019.

End-2018, Wendel announced an agreement to acquire 4.8% of Stahl's capital from Clariant for a total cash amount of €50m. Following this deal, Wendel increased its ownership in Stahl to c. 67.5%⁽¹⁾. Clariant now owns c. 14.5%⁽¹⁾ of the capital of Stahl and dropped out its board seat and its specific veto rights. The remainder of Stahl capital remains held by BASF (c.16%), the company's management and other minority investors. This transaction contributes positively to Wendel's value creation. Wendel has been a long-term shareholder of Stahl since June 2006 and its sole controlling shareholder since 2009.

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 further market share. The Group will continue to capitalize on its strengths, which are its innovation capabilities (innovative environmentally-friendly solutions and customized technologies), its strong position with main clients, exposure to emerging markets and active cost management (strict financial discipline and value-adding investments).

Despite recent difficult performances, Stahl's businesses continue to be driven by powerful long-term trends. Its markets are gradually shifting to the emerging market countries and increased environmental regulations are beneficial; the company is ahead of legislation and has the only compliant end-to-end solution set for its markets. The trend towards bio-based chemicals continues to develop, Stahl leads in markets with a solid bio-based product portfolio.

In millions of euros	2018	2017	Δ
Revenue	866.9	733.3	+ 18.2 %
EBITDA ⁽¹⁾	196.8	171.3	+ 14.9 %
as a % of net sales	22.7%	23.4%	- 70 bps
Net financial debt	414.7	541.3 ⁽²⁾	- 125.6

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

(2) Net debt as of December 31, 2018 includes acquisition of BASF Leather Chemicals.

Top management

Huib van Beijeren, CEO

Frank Sonnemans, CFO since February 1st, 2019

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 Möller

For more information, please visit: Stahl.com

(1) % of economic ownership

1.7.5 IHS

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

IHS is one of the largest independent owners, managers and operators of telecommunications towers in the world. It is also a leader in the EMEA zone in numbers of towers. The Group builds, leases and manages telecommunications towers that it owns or that are owned by others. With approximately 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	23,863 towers in Africa ⁽¹⁾	Largest telecom tower company in EMEA	Leader in all countries of operation
\$1,168.1 million in sales in 2018	Approx. 2,000 employees	Stake held by Wendel ⁽²⁾ : 21.3%	Amount ⁽³⁾ invested by Wendel: \$826 million since 2013

(1) Tower count excluding managed services and WIP as of December 31, 2018.

(2) Stake held and amount of equity invested by Wendel as of December 31, 2018, 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, 9mobile and Airtel.

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., especially in Nigeria which represents about 70% of Group revenue. IHS's business is being buoyed by long-term trends that make Africa a strong growth region for telecom infrastructure:

- growth potential is higher than in mature economies, both in terms of GDP and demographics. In Sub-Saharan Africa, GDP has grown by 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 4% 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 mostly 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 2018

IHS sales for 2018 totaled \$1,168 million, up 5.5% versus the prior year. Organic growth was +20%, driven by the increase of the total number of owned and managed with license to lease towers – which reached 23,863⁽¹⁾ as of December 31, 2018 (+4.4% vs 2017) – by new tenants, new lease amendments ("technology tenants") and price escalation mechanisms. 2017 Nigerian revenue was translated at the CBN rate (305 NGN for 1 USD) whereas 2018 Nigerian revenue, which represents c.70% of total sales, is translated at the NAFEX rate (c. 363 NGN for 1 USD) thereby negatively impacting reported total USD revenue.

The Point-of-Presence lease-up rate increased to 1.52x while the technology tenancy ratio increased to 2.29x.

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 +4.1% to \$248.3 million (vs. \$238.6 million in 2017⁽²⁾), representing a margin of 21.3% in 2018.

In mid-November, the takeover of 9mobile, a customer of IHS in Nigeria, by Teleology has reportedly been approved by the NCC, with a new Board of directors appointed.

Since November 14, 2018, all IHS' banks in Nigeria have released all previously restricted cash in connection with Post No Debit Orders received from the EFCC. As a reminder, to IHS' knowledge, no formal allegation or investigation against IHS has been notified to them as part of the EFCC enquiries.

As of December 31, 2018, IHS' net debt was \$1,264.3 million.

With regards to external growth, the acquisition of c. 1,600 towers from Zain in Kuwait is still pending regulatory authorizations that should come in the coming months. Moreover, on March 27, 2019 IHS entered into an agreement with Zain for a leaseback contract covering 8,100 towers in Saudi Arabia with a 15-year lease agreement. This operation is subject to the customary regulatory approvals and finalization conditions. This operation is in line with the Company's growth strategy in the Middle East.

(1) Tower count excluding managed services and WIP as of December 31, 2018

(2) As per Wendel's definition, EBIT excluding non-recurring items. Depreciation for the 2017 financial year has been restated to take effect of the late recording of assets in depreciable asset categories resulting in an increase in previously reported depreciation of \$25.7 million.

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

In millions of US dollars	2018	2017	Δ
Revenue	1,168	1,107	+5.5%
EBIT ⁽¹⁾	248.3	238.6	+4.1%
as a % of net sales	21.3%	21.6%	- 30 bps
Net financial debt	1,264.3	1,334.7	-70.4

(1) As per Wendel's definition, EBIT excluding non recurring items. Depreciation for the 2017 financial year has been restated to take effect of the late recording of assets in depreciable asset categories resulting in an increase in previously reported depreciation of \$25.7 million.

Top management

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

Wendel's involvement

Board of Directors of IHS Holding: Bernard Gautier, Stéphane Bacquaert, Stéphane Heuzé.

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 consumer and pharmaceutical industries.

Constantia Flexibles in brief

No. 2 in Europe, No. 3 worldwide	8,300 employees in 22 countries	39 manufacturing sites in 17 countries
€1,538.3 million in sales in 2018	EBITDA of €186.5 million ⁽¹⁾	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, 2018, for the stake held at that date.

Why did we invest in Constantia Flexibles?

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles Group produces flexible packaging solutions, for the consumer and pharmaceutical industries. Constantia Flexibles has successfully developed its activities outside Europe and, over the last five years, has become a global leader in flexible packaging. The Group now has c. 8,300 employees in 22 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 AREPO 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 AREPO 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.

Consumer

The Consumer division represents around 78% 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 consumer market is rising, in response to an increasing global population, urbanization, and higher environmental standards.

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

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

Pharma

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

The pharmaceutical industry generates around 22% 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 2018

Constantia Flexibles' sales stood at €1.5 billion in 2018, up 3.4%⁽¹⁾. Organic growth was +1.7%. Fluctuations in exchange rates had a negative impact of 1.6%, mainly deriving from the weakening of the U.S. dollar, Russian ruble, South African rand and Indian rupee. +4.4% resulted from changes in scope (mainly from the acquisition of Creative Polypack) and the application of IFRS 15 had a 1.1% negative impact. Consumer division sales increased by 5.8% to €1.2 billion in 2018, mainly due to the consolidation of Creative Polypack. Pharma division sales rose by 1.5% to €351 million. Both divisions had similar levels of organic growth (2.1% in the Pharma division and 2.0% in the Consumer division). The main driver of organic growth in the full year was a strong performance in Pharma markets, notably blister lidding, cold form and contact lenses offset by somewhat challenging market conditions in certain Consumer markets. Growth however was strong in the Consumer division in both emerging markets and the USA. Constantia Flexibles' 2018 EBITDA was €186.5 million, representing a 60 bps year-on-year decrease in margin to 12.1%. Constantia Flexibles' profitability suffered mainly during H2 from a time lag to pass through rising prices of key raw materials to as well as currently challenging business environments in certain Consumer markets. Raw material prices were also volatile during the year and for example average Aluminum prices were 2% higher in 2018 than in 2017, average BOPP film prices were 7% higher and Ethyl Acetate, a solvent, was 18% higher on average. Lower headquarters costs in 2018 could not fully offset the above-mentioned challenges. As of December 31, 2018, Constantia Flexibles' net debt (excluding capitalized transaction costs) was €452.7million, i.e., 2.4x EBITDA. On February 25, 2019, Multi-Color Corporation (NASDAQ: LABL) announced that it has entered into a definitive merger agreement to be acquired by an affiliate of Platinum Equity LLC ("Platinum Equity"), a leading private equity firm. Under the terms of the agreement, which has been unanimously approved by Multi-Color Corporation's Board of Directors, Multi-Color Corporation shareholders will receive \$50 in cash for each share of common stock they own. Constantia Flexibles Holding GmbH which owns approximately 16.6% of Multi-Color Corporation's outstanding shares, will receive approximately USD 170 million for its shares, pending completion of the deal. At completion, this transaction will give additional financial headroom to Constantia Flexibles and will further reduce its leverage to approximately 1.6x EBITDA.

(1) Restated for the impact of IFRS 15 "Revenue from Contracts with Customers", the sales variation is +4.6

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; and
- 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	2018	2017	Δ
Revenue	1,538.3	1,487.5 ⁽²⁾	+3.4%
EBITDA ⁽¹⁾	186.2	188.2	-0.9%
as a % of net sales	12.1%	12.7%	-60bps
Net financial debt ⁽³⁾	452.7	398.9	+53.8

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

(2) Following the sale of Labels division and in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", 2017 results of this division are included in "Net income from discontinued operations and operations held for sale"

(3) Excluding capitalized transaction costs and MCC shares.

Outlook for development

Top management

Alexander Baumgartner, CEO

Stephan Kühne, CFO

Wendel's involvement

Supervisory Board: Bernard Gautier, (Chairman), Roland Lienau, Patrick Tanguy⁽¹⁾

Appointments and Compensation Committee: Bernard Gautier, Roland Lienau

Audit Committee: Roland Lienau, Patrick Tanguy⁽²⁾

For more information, please visit: cflex.com

(1) Jérôme Richard and Seif Khoufi will represent Wendel on the Supervisory Board following Patrick Tanguy's departure on June 30, 2019.

(2) Seif Khoufi will replace Patrick Tanguy on the Audit Committee starting on June 30, 2019.

1.7.7 Allied Universal

Allied Universal continues its growth in North America

Allied Universal ("AU" or the "Company") is the leader in the North American 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	Around 210,000 employees	Over 11,500 clients	229 regional and district offices in the United States
\$5,828 million in net sales in 2018 ⁽³⁾	Adjusted EBITDA of \$422.7 million ⁽¹⁾⁽³⁾	Stake held by Wendel: 33%	Amount invested by Wendel ⁽²⁾ : \$378 million since 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, 2018

(3) U.S. Security Associates ("USSA") is consolidated over two months in 2018

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 US market for outsourced security professionals, Wendel acquired AlliedBarton 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 ("Universal"), 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.

At the service of its clients

Allied Universal provides the 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.

Following the acquisition of USSA, with 229 regional and district offices located across North America and more than 210,000 employees, Allied Universal provides security at over 38,000 sites services to more than 11,500 clients, including very large companies (over 60% 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 2018

In 2018, Allied Universal generated revenues of \$5.8 billion, representing a 9.9% increase over the prior year. This growth includes the benefit of completed acquisitions (U.S. Security Associates ("USSA") is consolidated over two months) and 3.3% organic growth, driven by hourly bill rate increases, net addition of new customers, and growth with existing customers.

Since the beginning of the year 2018, Allied Universal has continued to consolidate its industry, acquiring:

- Covenant Security, a Philadelphia-based security firm, on February 2, 2018. With 1,900 employees and a presence throughout the U.S., Covenant generated approximately \$80 million annual revenue.
- USSA on October 26, 2018, for approximately \$1.0 billion. Based in Roswell, Georgia, USSA was one of the leading providers of security and related services in the U.S., employing more than 50,000 security professionals serving several thousand clients across a wide range of industries. USSA generated 2018 pro forma

revenues and adjusted EBITDA of c.\$1.5 billion and \$95 million, respectively. Allied Universal funded the transaction with a combination of additional indebtedness and \$200 million of equity from existing shareholders, including c.\$78 million from Wendel, increasing its total investment to c. \$378 million. Wendel and Warburg Pincus each maintain approximately one-third economic ownership. As part of the transaction, existing shareholders also committed an additional unfunded equity liquidity line in specific cases. Wendel's share of the commitment is up to \$40 million.

Pro forma for the acquisition, Allied Universal annual revenues amount to approximately \$7 billion and employs over 200,000 security professionals. With USSA, Allied Universal entered into the consulting and investigations business as well as event staffing, enhancing its unparalleled and comprehensive security offerings to its customer base throughout its service areas. Adjusted EBITDA for 2018 increased by 11.8% year-over-year to \$422.7 million, or 7.3% of revenue. The improvement was driven by organic growth, acquisitions completed in 2017 and 2018, the realization of synergies from the merger and subsequent acquisitions, and the realization of profitability improvement initiatives, partially offset by the impact of rising labor costs in the historically tight U.S. employment environment. As of December 31, 2018, Allied Universal's net debt totaled \$3,932 million, or 6.2x EBITDA as defined in the AU's credit agreement.

Wendel to Sell Large Stake in Allied Universal in 2019

On February 20, 2019, Wendel announced it has entered into an agreement to sell approximately 40% of its equity stake, along with other existing shareholders, in Allied Universal (the "Company"), the leading security services provider in North America, to Caisse de dépôt et placement du Québec ("CDPQ") at an enterprise value of more than \$7 billion. Simultaneously, Allied Universal entered into an agreement whereby CDPQ will provide up to approximately \$400 million to support the Company's growth strategy and acquisition plans. Following the close of the transaction, Wendel will retain an approximately 18% ownership stake in the Company.

Pro forma for the transaction, CDPQ will become the largest shareholder in Allied Universal. The Company continues to be majority owned by its existing shareholders, including Wendel, Warburg Pincus, and the Company's management team, whose representatives constitute a majority of the Company's Board of Directors. The transaction is expected to close in the third quarter of 2019 subject to customary closing conditions, including regulatory approvals.

Wendel is expected to receive approximately \$350 million in cash proceeds as part of the transaction. Following the transaction, Wendel will have received cash proceeds, including prior distributions, in excess of its total initial investment in the Company.

Outlook for development

Allied Universal seeks to create long-term value for its shareholders by delivering consistent organic growth, continuously improving margins and customer retention, utilizing technology solutions to enhance customer service, and making strategic acquisitions. The Company is focused on several key

initiatives, including: (i) expanding its technology set, (ii) continuing to penetrate strategic specialized markets, including healthcare, higher education, government and defense (iii) improving profitability; and (iv) executing accretive acquisitions and realizing synergies from the integration of these smaller companies.

In millions of US dollars ⁽¹⁾	2018	2017	Δ
Revenue	5,828.0	5,301.5	+9.9%
EBITDA ⁽²⁾	422.7	378.0	+11.8%
as a % of net sales	7.3%	7.1%	+20bps
Net financial debt	3,932	3,032	+900

(1) Changes in net sales, EBITDA and net debt presented as if the merger had been completed on January 1, 2017.

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

Top management

Steve Jones, CEO

Andrew Vollero, CFO

Wendel's involvement

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

Audit Committee: Adam Reinmann

Governance and Compensation Committee: David Darmon

For more information, please see: www.aus.com

1.7.8 Tsebo

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

Tsebo is a pan-African company with around 40,000 employees in 27 countries and offering a wide array of high value-added, state-of-the-art workplace solutions 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 27 countries in Africa	40,000 employees	7,500 client sites across various industries	Homegrown African leader in services to corporates
Net sales: \$617.8 million in 2018	EBITDA: \$39.0 million in 2018	Stake held by Wendel: 64.7 ⁽¹⁾ %	Amount invested by Wendel: €142 million since 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 workplace solutions 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 sites 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 48 years of operating experience in Africa, delivering international quality standards to a diversified client base, in 27 countries. This company is in line with Wendel's strategy in Africa, with a strong potential for growing organically and a platform for further growth 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 2018

Tsebo's 2018 sales reached \$617.8 million, up 9.7% year-on-year. Tsebo benefitted from strong organic growth (+7.5%) driven by its Cleaning and Facilities Management businesses, and stable exchange rate fluctuations (+0.4%). Growth was also supported by a positive scope change (+1.8%) resulting from the acquisitions of Rapid FM in Nigeria and of Servcor in Zimbabwe. Tsebo's results were delivered in the context of challenging market conditions in South Africa, where real GDP growth slowed to 0.8% in 2018 and business sentiment remains subdued. Tsebo's EBITDA was \$39.0 million in 2018, an increase of 5.4% compared to 2017. EBITDA margin decreased to 6.3% compared to 6.6% in the previous year as a result of substantial investments made to support the company's long-term strategic plan, as well as macroeconomic headwinds. In October, Tsebo's level 1 BEE rating was confirmed and renewed for 1 year. It is the highest achievable rating on the South African DTI's generic BEE scorecard and offers Tsebo a distinct competitive advantage in the country. As of December 31, 2018, Tsebo's net debt stood at \$118.6 million. During the year Tsebo struck a deal to amend, increase and lengthen the maturity of its loan facilities with current lenders, profiting from better debt market conditions in South Africa. The agreement will give Tsebo greater room for maneuver on its covenants and more financial flexibility when it comes to acquisitions.

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 US dollars	2018	2017	Δ
Revenue	617.8	563.2	+9.7%
EBITDA ⁽¹⁾	39.0	37.0	+5.4%
as a % of net sales	6.3%	6.6%	-30bps
Net financial debt	118.6	130.5	-11.9

(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

Audit Committee : Benoit Drillaud, Stéphane Heuzé

For more information, please visit: tsebo.com

1.7.9 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

Sold on September 27, 2018	Amount invested by Wendel: €117 million since 2011	Cash-on-Cash Multiple of 0.9x incl. shareholder loan
One of the world leaders in equipment and production lines for industrial bakeries	Net proceeds of c. €85M, excluding shareholder loan	IRR: - 5% per annum

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.). The Group has strong competitive advantages, including:

- unique know-how in terms of R&D and product innovation. 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.

Sale of Mecatherm

On July 31, 2018, Wendel announced that it had received a binding offer for the acquisition of the entire share capital of Mecatherm for an enterprise value of €120 million, i.e. around 10 times anticipated EBITDA at close 2018.

The transaction was completed on September 27, 2018 and Wendel recorded net proceeds of approximately €85 million, i.e. €40 million more than Mecatherm's NAV as of May 2, 2018.

1.7.10 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

Assets sold in 2018	Amount invested by Wendel €100 million in 2013	Cash-on-cash Multiple: 1.3x
Largest pan-African insurance Group (excluding South Africa)	Net proceeds of c. \$155M	IRR: 6% per annum

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. It is conditional on the effective completion of the transaction between the Saham Group and Sanlam. After obtaining the necessary authorizations, Wendel announced it had completed the sale of its investment in the Saham Group on October 11, 2018. This transaction generated net cash for Wendel of \$155 million. 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.

1.7.11 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

Sold on November 28, 2018	Amount invested by Wendel: ¥3.3 billion in 2013 Cash-on-cash Multiple: 3.6x	
Market leader in Japan for trochoid pumps, water pumps and hydraulic motors	Net proceeds of €85M	IRR: 29% per annum

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.

Sale of NOP

On November 1, 2018, Wendel announced that it had signed an agreement with CITIC Capital Japan Partners III, L.P. on the sale of the entire share capital of Nippon Oil Pump Co, Ltd, for an enterprise value equivalent to approximately 11 times adjusted EBITDA.

The sale of NOP was finalized on November 28, 2018. Wendel received net proceeds of approximately €85 million, i.e. €13 million more than the valuation of the Company in Wendel's NAV as of August 24, 2018, and approximately 3.5 times the initial equity investment, i.e. an IRR of approximately 29% since the investment made in the Company in December 2013.

Since 2013, in accordance with the initial investment concept, Wendel has been providing active support to the Marketing and Research & Development departments in order to accelerate NOP's international development, thanks in particular to the introduction of product innovations such as filter pumps. Under the auspices of Wendel, the Company's net sales have risen from JPY 4.8 billion to JPY 6.1 billion.

1.7.12 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

Sold on August 27, 2018	Amount invested by Wendel: \$228 million since 2015	Cash-on-cash Multiple: 1.5x
Global leader in diabetes diagnostic test strip protection	Net proceeds of \$342m	IRR: 14.3% per annum

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.

Sale of CSP Technologies

On July 27, 2018, Wendel announced that it had received a binding offer from Aptar Group to acquire the entire capital of CSP Technologies for an enterprise value of \$555 million, i.e. 13 times adjusted EBITDA. Given the quality of the offer, Wendel agreed to an exclusivity period with Aptar Group for the completion of the transaction. In January 2015, Wendel invested \$199 million of its equity in CSP, and then re-invested \$29 million to finance the acquisition of Maxwell Chase in March 2016.

On August 27, 2018, after obtaining the necessary authorizations, Wendel announced it completed the sale of CSP Technologies to AptarGroup, Inc. This transaction generated net cash for Wendel of \$342 million, i.e. \$140 million more than its NAV valuation as of May 2, 2018.

1.7.13 PlaYce

PlaYce, a pioneer in African commercial real estate

PlaYce (formerly SGI Africa) 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.

PlaYce in brief

Assets sold on February 14, 2019	Amount invested by Wendel: €25.3 million in July 2016	Cash-on-cash multiple: 1.3x
	Net proceeds of €32.2M	IRR: 10% per annum

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.

Sale of PlaYce

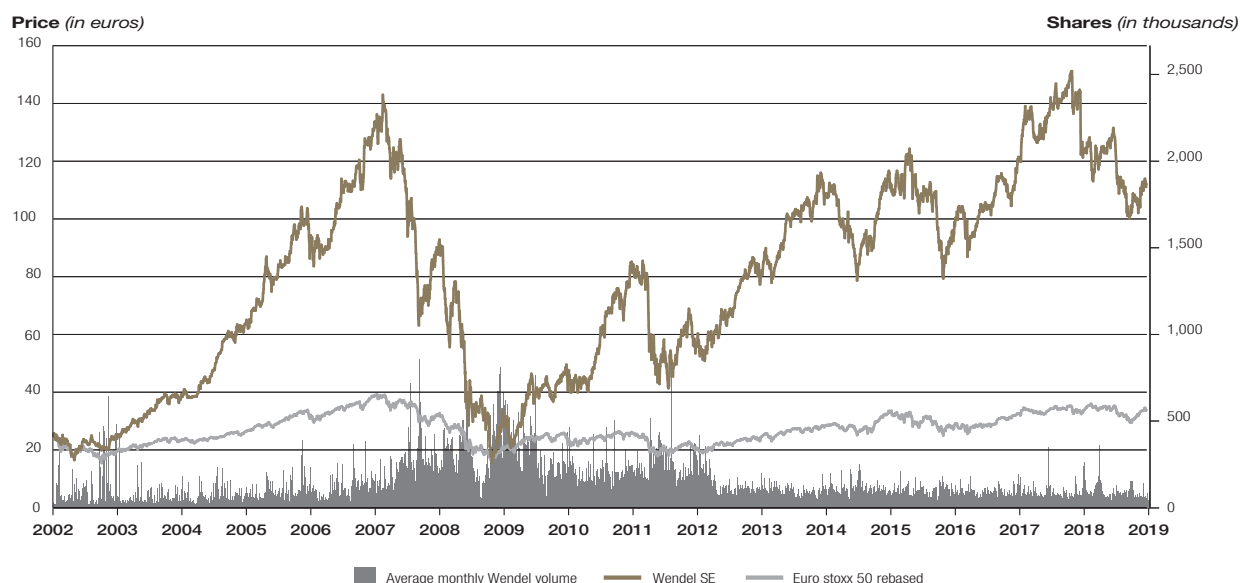
On February 14, 2019, Wendel announced the sale of its 40% investment in PlaYce (formerly, SGI Africa) to CFAO with net proceeds from the sale of €32.2 million, after an initial re-investment of €25.3 million in late July 2016.

Since its creation, PlaYce has opened three shopping centers (two in Abidjan and one in Douala), representing a total commercial surface area of approximately 21,400 square meters (with more than 15,000 square meters at the planning stage), and creating over 1,300 jobs (direct and indirect, at PlaYce, with its sub-contractors, and at CFAO Retail).

In line with its strategy of re-focusing on large-scale assets, Wendel has agreed on the sale of its investment with CFAO, under the terms and conditions set out above.

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	542.7%	11.7%
Euro Stoxx 50	97.8%	4.2%

Source: FactSet.

Share references

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

ISIN Code: FR0000121204 Bloomberg Code: MF FP

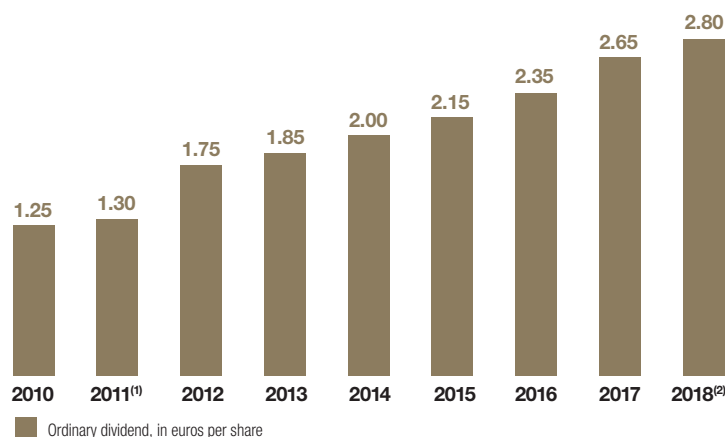
Reuters Code: MWDP. PA abbreviation: MF

Indices: CAC AllShares, CAC Mid 60, Euronext 100, SBF120, STOXX® Europe, EURO STOXX®, STOXX® Europe Private Equity 20, STOXX® Europe 600, LPX 50, EN Family Business, Stoxx Europe Sustainability, MSCI World & Europe & EAFE ESG Leaders

Quota: 1 share/PEA: Eligible/SRD: Eligible/par value: €4/Number of shares outstanding 46,280,641 as of December 31, 2018.

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 2019 Share buyback program

On March 26, 2019, Wendel entered into a €200 million share buyback agreement.

This buyback agreement started on April 17, 2019 after Wendel - Participations SE obtained, on April 2, 2019, acting in concert with its Chairwoman, a waiver granted by the AMF to launch a tender offer on Wendel.

Under this share buyback agreement, Wendel acquires €200 million of its own shares with the primary objective of canceling them.

On April 23, 2019, Wendel will receive 1,169,399 ordinary shares at the price of 119.60€. Acting independently, the bank commissioned to conduct the transaction will continue trading in Wendel's shares, including hedging transactions for a period not exceeding December 2019.

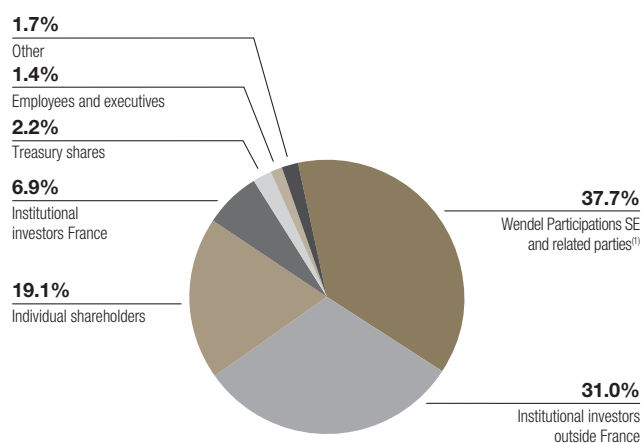
At the end of this transaction, Wendel may receive additional ordinary shares, depending in particular on the change in the share price. This additional number of shares will be determined on the basis of the weighted average price by the volume of shares, after applying a discount, during the period for the execution of the share buyback agreement, subject to the potential adjustments.

Once completed and based on the effective buyback price of the shares, this operation should reduce the number of Wendel's outstanding shares by approximately 4% based on the share price as of April 17, 2019 i.e. €119.60.

This buyback agreement is executed as part of the authorization granted to the Executive Board on May 17, 2018 by the Shareholders' Meeting. The renewal of this authorization will be proposed on the agenda of the Shareholders' Meeting of May 16, 2019.

1.8.4 Shareholders

As of December 31, 2018



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

1.8.5 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 2018, the Wendel Group pursued its communications policy dedicated to the more than 25,000 individual shareholders who represent 19.1% of its capital.

Wendel's Shareholders Advisory Committee was created in 2009, and it met three times in 2018. 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. Three new members joined the committee in 2018.

To make it easier to access Company information, Wendel completely redesigned its website in 2015, opened Twitter and LinkedIn accounts, 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 2019 to further improve access to information: letters to shareholders, press releases, the registration document, a calendar of key dates, and more.

In 2018, Wendel took part in the Actionaria trade show.

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.

Over the course of 2018, the investor relations team, members of the Executive Board and the Chief Financial Officer took part in 25 roadshows and investor conferences, enabling them to make contact with nearly 250 equity and bond investors in 16 cities in France, the UK, Austria, Germany, Switzerland, the Netherlands, the United States, Canada and Sweden.

2019 Calendar

Shareholders' Meeting, publication of NAV as of March 31, 2019 and Q1 trading update (pre-market release)	Thursday, May 16, 2019
Q2 2019 trading update and NAV as of June 30 (after market close)	Tuesday, July 30, 2019
Consolidated 2019 half-year financial statements (pre-market release)	Friday, September 6, 2019
Investor day, publication of NAV as of September 30 and Q3 trading update (pre-market release)	Thursday, November 7, 2019

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Olivier Allot,

Director of Financial Communication

E-mail: o.allot@wendelgroup.com

1.8.6 Trading in Wendel shares

Date	Average closing price 1 month	Intraday high	Intraday low	Average daily trading volume
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
Mars 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
Mars 2018	137.43	145.80	121.40	11,097,622
April 2018	123.77	127.30	120.60	8,066,737
May 2018	122.28	129.50	111.70	8,072,238
June 2018	119.90	126.30	113.40	12,945,058
July 2018	122.47	126.00	114.80	6,988,973
August 2018	124.97	128.30	121.10	5,530,994
September 2018	128.53	132.60	123.20	8,270,975
October 2018	116.04	128.80	108.00	7,469,278
November 2018	111.03	117.50	105.60	6,828,790
December 2018	103.01	109.70	99.00	8,822,447
January 2019	106.45	109.70	101.40	5,052,861
February 2019	106.38	111.80	101.70	5,229,453

Source: Euronext.

1.8.7 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 incorporated by reference in this registration document:

- 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 key figures on page 14 as well as the consolidated financial statements and corresponding audit report on pages 247-344 of the 2016 registration document filed with the AMF on April 12, 2017 under number D. 18-0322.

The unincorporated 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 2018 and in early 2019:

02.21.2019: Wendel announces the sale of a significant percentage of its investment in Allied Universal

02.14.2019: Wendel announces the sale of its 40% investment in Platyce to CFAO

01.25.2019: S&P Global raises Wendel's credit rating to BBB/A-2; stable outlook

01.03.2019: Wendel reinforces its investment in Stahl with the acquisition of 4.8% of the share capital from Clariant for €50 million

11.29.2018: Q3 Net Sales and NAV as of November 16, 2018

11.14.2018: Information regarding IHS holding

11.1.2018: Wendel signs an agreement for the sale of Nippon Oil Pump Co, Ltd to CITIC Capital Japan Partners III, L.P.

10.30.2018: Wendel announces the completion of the sale of a 4.73% stake in the share capital of Bureau Veritas

10.29.2018: Wendel sells 4.73% of the share capital of Bureau Veritas

10.26.2018: Allied Universal finalizes the acquisition of US Security Associates for approximately \$1 billion

10.11.2018: Finalization of the Saham Group sale

10.02.2018: Étienne Grobon joins Wendel as Director of Internal Audit

09.27.2018: Finalization of the Mecatherm sale

09.06.2018: 2018 half-year results

09.05.2018: Appointments to Wendel's Supervisory Board:

- Franca Bertagnin Benetton, independent member of the Board, has been appointed to the Audit Committee;
- Gervais Pellissier, Vice-Chairman and independent member of the Board, has been appointed as lead director.

08.28.2018: Press release dated August 28 - Disposal of CSP Technologies completed

08.20.2018: Press release dated August 20 - Loïc Derrien, new Chief Executive Officer of Cromology

07.31.2018: Wendel enters into exclusive negotiations with Unigrains for the sale of Mecatherm for €120 million

07.27.2018: Wendel enters into exclusive negotiations with Aptar Group for the sale of CSP Technologies for \$555 million

07.16.2018: Allied Universal acquires US Security Associates for approximately \$1 billion

06.12.2018: Change in the Operations management team at Cromology

05.17.2018: Financial information published in the context of the Shareholders' Meeting

04.23.2018: Repayment of €350 million in bond debt on April 20, 2018 and continued improvements to the Company's financial structure

04.13.2018: Detailed methods for the publication of the 2017 registration document

03.22.2018: Changes to the composition of the Wendel Supervisory Board

03.22.2018: 2017 full-year results - Change in Net Asset Value and net results in 2017

03.08.2018: Wendel sells its investment in Saham Group

01.16.2018: Promotions within the investment team

CORPORATE GOVERNANCE, RISK FACTORS AND INTERNAL CONTROLS

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This “Corporate governance” section includes the report 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 Supervisory Board’s report also includes information pertaining to Annual Shareholder’s Meetings 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 20, 2019, 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 is composed of two members, namely, since January 1, 2018, André François-Poncet, Chairman, and Bernard Gautier.

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 Frédéric Lemoine’s term, ie until April 6, 2021.

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 2.1.7.9 “Position of executive corporate officers with respect to Afep-Medef recommendations”). Conversely, André François-Poncet, the Chairman of the Executive Board, did not have an employment contract, in accordance with the Afep-Medef Code. 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

André François-Poncet and Bernard Gautier 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.



André FRANÇOIS-PONCET

Member of the Executive Board

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

Current term expires on: April 6, 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 December 31, 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 Bureau of the Club des Trente

Appointments expired in the last five years:

Chairman and Chief Executive Officer of LMBO Europe SA

Number of Wendel shares held as of December 31, 2018: 3,092

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

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

Current term expires on: April 6, 2021

Born on June 6, 1959

French nationality

Business address:
89, rue Taitbout
75009 Paris
France

Career path:

After serving as Chairman in 1981 of the National Confederation of Junior Companies, and following his graduation from the École supérieure d'électricité, 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, 2018:

Wendel Group:

Unlisted companies:

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

Director of Trief Corporation SA

Director and Chairman of Winvest International SA, and of Winvest Conseil SA

Director of IHS holding Ltd

Chairman of Constantia Flexibles GmbH Supervisory Board, Chairman and director of Constantia Lux Parent

Director of Constantia Lux Parent SA and of Materis SAS

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, 2018: 209,149

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 25 times in 2018.

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

- investment and divestment opportunities, including:
 - sales of CSP Technologies, Mecatherm and Nippon Oil Pump and of Wendel's participation in Saham Group,
 - sale of a 4.73% stake in Bureau Veritas and Saint-Gobain securities,
 - investment opportunities;
 - the Group's financial position, including the repayment of €350 M bond debt;
 - subsidiaries and investments and their acquisitions and divestments, such as the acquisition by Allied Universal of US Security Associates,
- The following topics were addressed on a regular basis during the year:
- the Company's overall strategy and positioning;
 - performance by portfolio companies and possible changes in their management teams;
 - account closings and periodic financial information;
 - share and bond repurchases;
 - cash management and exchange rate risks;
 - financial communication issues:
 - net asset value,
 - roadshows,
 - Investor Day;
 - internal organization and labor issues:
 - organization of teams and composition of the Investment Committee,
 - ethics and the Company's compliance program, in particular the implementation of the Sapin 2 Law for preventing corruption and influence peddling, the GDPR regulation and the Duty of Care,
 - 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;
 - succession 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 and dividend policy;
 - IT and digital.

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, for a four-year term. 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.

The number of Supervisory Board members more than 70 years old may not, after each 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.

Changes in the composition of the Supervisory Board

The composition of the Supervisory Board has evolved significantly since the Shareholders' Meeting of May, 17, 2018.

Nicolas ver Hulst is the Chairman of the Supervisory Board from May 17, 2018 at the close of the Shareholders' Meeting.

The Shareholders' Meeting of May 17, 2018 appointed Franca Bertagnin Benetton as independent Supervisory Board member for a 4 year mandate; the Supervisory Board appointed Franca Bertagnin Benetton to the Audit Committee.

The Supervisory Board appointed Gervais Pellissier, an independent Supervisory Board member, as Vice-Chairman of the Supervisory Board starting at the close of the Shareholders' Meeting of May 17, 2018, to replace Dominique Hériard-Dubreuil; then in October 2018, the Supervisory Board appointed Gervais Pellissier as lead member of the Supervisory Board.

His mission is:

- to interact with Wendel shareholders who so request and answer their questions regarding Corporate governance, in association with the Chairman of the Supervisory Board and the Chairman of the Governance Committee;
- to represent the Board's independent members *vis-à-vis* the other members of the Supervisory Board and the Executive Board, call and chair meetings of the independent members;
- to prevent, examine and handle potential or actual conflicts of interest with the majority shareholder.

The Supervisory Board also appointed Jacqueline Tammenoms-Bakker as Chairwoman of the Governance Committee to replace Dominique Hériard Dubreuil.

Lastly, in September 2018, Wendel's works Council appointed Sophie Parise, Tax Manager, to the Supervisory Board as member representing employees. Sophie Parise replaces Fabienne Porquier, who did not seek the renewal of her mandate. In accordance with the recommendation of the Afep-Medef Code, the Supervisory Board also appointed Sophie Parise as member of the Governance Committee.

In 2018, the Supervisory Board was thus composed of 11 members appointed by shareholders at their Annual Meeting. In accordance with France's employment protection act of June 14, 2013, and the provisions of the Company's by-laws, 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. 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, 2018 were as follows:

■ 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;

■ at the close of the 2022 Shareholders' Meeting:

- Franca Bertagnin Benetton
- Guylaine Saucier

Jacqueline Tammenoms Bakker, Gervais Pellissier, Independent Board members, and Humbert de Wendel whose term expires at the close of the Shareholders' Meeting of May 16, 2019, have agreed to seek renewal of her term.

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%.

As of the publication of this registration document, Wendel's Supervisory Board had five women: Franca Bertagnin Benetton (Italian), Bénédicte Coste, Priscilla de Moustier, Guylaine Saucier

(Canadian), Chairwoman of the Audit Committee and Jacqueline Tammenoms Bakker (Dutch), Chairwoman of the Governance Committee.

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

Supervisory Board members at April 18, 2019

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, 2018	Committee member	Independent as defined in the Afep-Medef Code
Nicolas ver HULST	M	65	French	Chairman	May 18, 2017	2021 AGM	500	-	
Gervais PELLISSIER	M	60	French	Member Lead Independent Director	June 5, 2015	2019 AGM	500	AC	•
Franca BERTAGNIN BENETTON	F	50	Italian	Member	May 17, 2018	2022 AGM	500	AC	•
Bénédicte COSTE	F	61	French	Member	May 28, 2013	2021 AGM	1,060	AC	
Nicolas FERGUSON	M	70	British	Member	May 18, 2017	2021 AGM	500	GC	•
Édouard de L'ESPÉE	M	70	French	Member	Sept. 6, 2004	2021 AGM	5,000	GC	
Priscilla de MOUSTIER	F	66	French	Member	May 28, 2013	2021 AGM	140,463	GC	
Sophie PARISE	F	41	French	Member representing employees	Sept 15, 2018	Nov. 20, 2022	3,398	GC	
Guylaine SAUCIER	F	72	Canadian	Member	June 4, 2010	2022 AGM	500	AC and GC	•
Jacqueline TAMMENOMS BAKKER	F	65	Dutch	Member	June 5, 2015	2019 AGM	500	GC	•
François de WENDEL	M	70	French	Member	May 31, 2005	2020 AGM	693	AC	
Humbert de WENDEL	M	62	French	Member	May 30, 2011	2019 AGM	225,054	AC	

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

The Supervisory Board's diversity policy

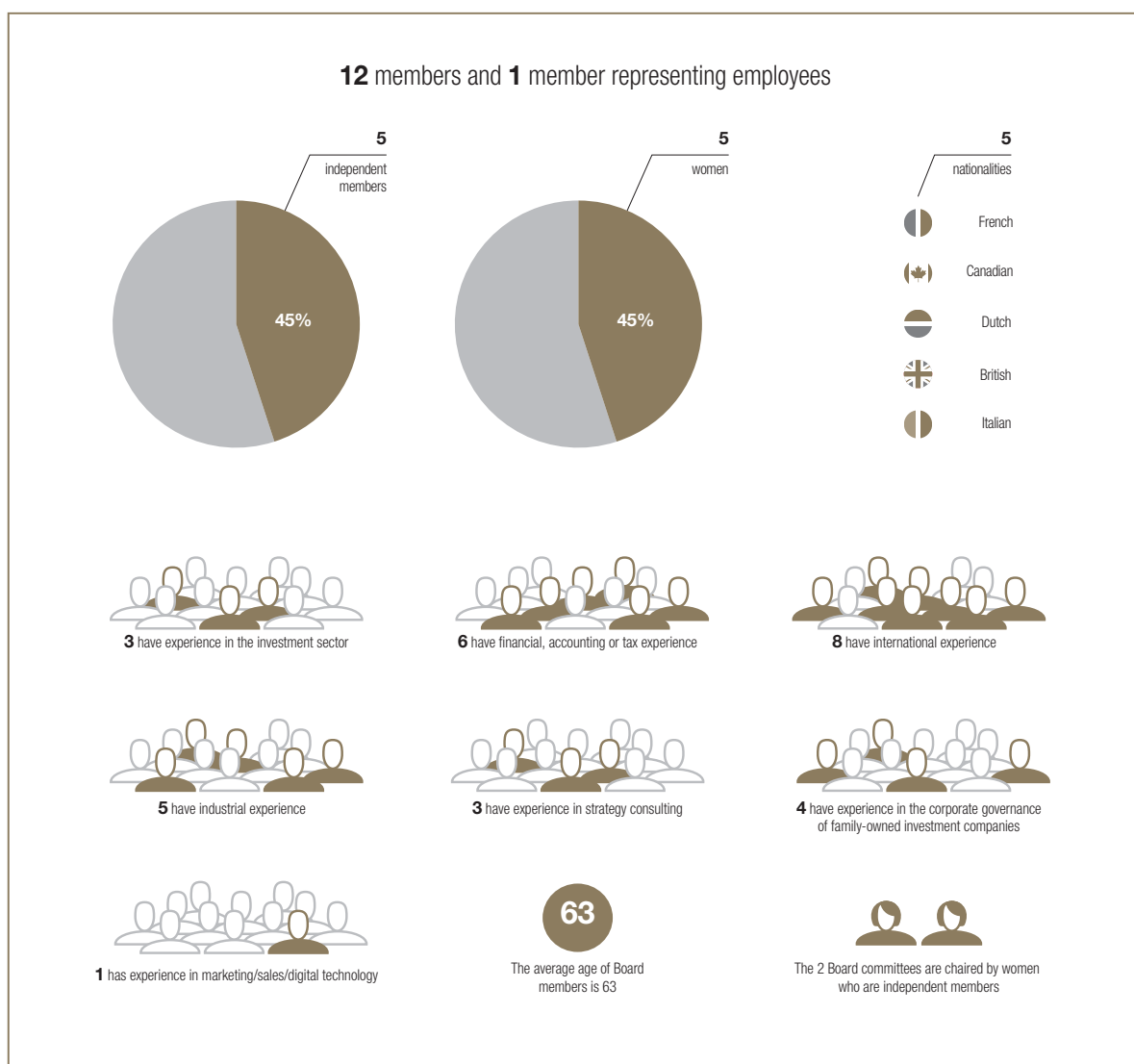
In an effort to promote diversity of profiles among the members of the Board, the Governance Committee has strengthened its selection process so as to promote a variety of skills and nationalities.

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

Accordingly, at their May 17, 2018 Annual Meeting, shareholders appointed Franca Bertagnin Benetton as an independent, member of the Supervisory Board with a term of 4 years.

Italian national, Franca Bertagnin Benetton brought her varied professional and international experience to the Board, acquired particularly in the USA and Germany, in the field of marketing, sales and digital technology and strategy consulting; she also brought to the Board her family vision of the long-term investment made within the family holding company Benetton, Edizione.

Following the 2018 evaluation, the Supervisory Board decided to set-up a skills matrix to identify experiences and qualifications that should be strengthened within the Board, including industrial, digital and US market experience.



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



Nicolas ver HULST

Chairman of Wendel's Supervisory Board

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,
France

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, 2018:

Wendel Group

Director of Wendel-Participations SE (unlisted company)

Others

Member of the Supervisory Board of MPM Advisors

Director of Septagon Sicav

Manager of Milkyway Capital Soparfi

Manager of Northstar SC

Manager of Orion SC

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

Chief Executive Officer of Glacies Holding

Director of Frial

Director of Next Radio TV

Director of Cyrillus-Vertbaudet

Member of the Supervisory Board of Financière Ramses

Number of Wendel shares held as of December 31, 2018: 500

**Gervais PELLISSIER****Vice President of Wendel's Supervisory Board****Member of the Audit Committee****Independent member****Lead independent member of the Supervisory Board**

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 Deputy 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).

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

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, 2018:*Orange Group :*

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

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

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

Orange Horizons – director since October 19, 2014

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

Appointments expired in the last five years:

Dailymotion – director until June 30, 2015

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

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

EE Ltd. (United Kingdom) – director until January 2016

Mobistar/Orange Belgium – director until July 19, 2018 (listed company)

Number of Wendel shares held as of December 31, 2018: 500



Franca BERTAGNIN BENETTON

Member of Wendel's Supervisory Board

Member of the Audit Committee

Independent member

Date appointed to first term: May 17, 2018

Current term expires: Annual Meeting to be held in 2022

Born 23rd October, 1968

Italian nationality

Business address:

Evoluzione SpA

Vicolo Avogari 5

31100

Treviso

Italy

Career path:

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

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

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

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

In June 2005 she became Director of Edizione Holding. She is a director of Benetton Group (since 2013) and of Autogrill (since 2017).

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

Mandates and functions on December 31, 2018:

Director of Edizione Holding Spa

Director of Autogrill Spa (listed company)

Director of Benetton Group Srl

Mandates expired in the last five years:

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

Director of Palladio Finanziaria SpA

Director of Touring Club Italiano

Number of Wendel shares held as of December 31, 2018: 500

**Bénédicte 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:

Bénédicte 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, 2018:*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, 2018: 1,060

**Édouard de l'ESPÉE****Member of Wendel's Supervisory Board****Member of the Governance 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. Since 1981, he has been managing a bond fund and portfolios for private clients of the Banque Cantrade Ormond Burrus, Geneva. In 1986, he participated in the creation and development of an independent portfolio management company in London (Cursitor Group) and co-founded Praetor Gestion (Luxembourg) in 1987 and managed its bond funds, followed by Concorde Bank Ltd (Barbados) in 1988. In 1999, he founded Calypso Asset Management in Geneva, in which he is the Managing Director. In 2008, he merged Calypso and Compagnie Financière Aval and became the Executive Director and Chief Investment Officer (CIO) of the new entity.

In 2017, he co-founded SingAlliance SA in Geneva and became the company's CIO.

He has been a member of the Swiss Financial Analysts Association since 1984.

Appointments as of December 31, 2018:

Main position (unlisted company):

Director and Chief Investment Officer of SingAlliance SA (Switzerland)

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)

Number of Wendel shares held as of December 31, 2018: 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, 2018:Chairman of Savills plc (*listed company*) Chairman of Alta

Director of Maris Capital

Chairman of ALP

Non-profit organizations

Chairman of Argyll & Bute Economic Forum

Chairman of Kilfinan Group

Chairman of Kilfinan Trust

Appointments expired in the last five years:

Chairman of Sky plc

Chairman of Alta

Chairman of Nyland Director of Environmental Defence Fund Europe

Director of Arcadia Trust

Number of Wendel shares held as of December 31, 2018: 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, a bachelor's degree in mathematics and a master's degree in economics from the Paris university as well as the diploma of the *Institut d'Études Politiques*.

After negotiating the sale of turnkey manufacturing facilities for Creusot-Loire Entreprises and working as a consultant at McKinsey, 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, 2018:

Wendel Group:

President of the Board of 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

Member of the Supervisory Board of F-451

Chairwoman of Fondation Acted

Director of Acted

Director of Somala (Marais de Larchant SA)

Appointments expired in the last five years:

Director of American Library of Paris

Number of Wendel shares held as of December 31, 2018: 150,443

**Sophie PARISE****Member of Wendel's Supervisory Board,
employee representative****Member of the Governance Committee**

Date appointed to first term: September 5, 2018

Current term expires on November 20, 2022

Born on April 19, 1978

French nationality

Business Address:
Wendel
89, rue Taitbout
75009 Paris
France**Career path:**

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

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

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

Apoinments as of December 31, 2018 : Wendel Tax Manager**Number of Wendel shares held as of December 31, 2018: 3,398**

**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 2022

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 *Collège des Administrateurs de Sociétés*.

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

Appointments as of December 31, 2018 (listed companies):

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

Member of the Board of Directors of Tarkett

Member of the Board of Directors of Rémy Cointreau

Appointments expired in the last five years:

Member of the Board of Directors of Petro-Canada

President of the Board of Directors of CBC/Radio Canada

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)

Number of Wendel shares held as of December 31, 2018: 500



Jacqueline TAMMENOMS BAKKER

Member of Wendel's Supervisory Board

Chairwoman of the Governance Committee

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 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, 2018 (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, 2018 (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)

Number of Wendel shares held as of December 31, 2018: 500



François de WENDEL

Member of Wendel's Supervisory Board

Member of the Audit Committee

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 Aluminum 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, 2018:

Wendel Group:

Non-voting Board member 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)

Number of Wendel shares held as of December 31, 2018: 693

**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:
89, rue Taitbout
75009 Paris
France

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, 2018:

Wendel Group:

Director of Wendel-Participations SE (unlisted company)

Other:

Manager of OGQ-L SÀRL

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 Berlioz SC (2014)

Manager of Invalides-Constantine SCI (2014)

Number of Wendel shares held as of December 31, 2018: 225,054

Supervisory Board members whose term ended in 2018**Dominique HÉRIARD 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 May 16, 2018:*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 la 2^e chance

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

Appointments expired in the last five years:

Director of Fondation de France

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

Director of Comité Colbert

Number of Wendel shares held as of May 16, 2018: 1,500

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

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

Current term expired on September 5, 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 September 5, 2018:

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

Number of Wendel shares held as of September 5, 2018: 1,341

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 registration 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, 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 28, 2019 and January 29, 2019, 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 28 and 29, 2019, the Governance Committee and the Supervisory Board reviewed the independence of each member based on the following criteria, in accordance with recommendation 8.54 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 independence criteria of the Afep-Medef Code..

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, in charge of transformation, and Chairman of Orange Business Services:

- Wendel has a stake of only 21.3% 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 29, 2019, five of the eleven members, or 45%, meet the independence criteria of the Afep-Medef Code as amended: Franca Bertagnin Benetton, Guylaine Saucier, Jacqueline Tammenoms Bakker, Nicholas Ferguson, and Gervais Pellissier. The composition of the Supervisory Board therefore complies with recommendation 8.3 of the amended Afep-Medef Code, which advocates that at least one-third of the Board members of controlled companies be independent.

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 its internal regulations on October 17, 2018 to include the provisions relating to the Lead Director.

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, the Company's Ethics Code and the Company's policy for combating bribery and influence peddling.

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

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

Notices of meeting are sent by post or e-mail and, whenever possible, one week in advance. Should a Supervisory Board Meeting need to be called urgently, it may be convened without advance notice and be held by telephone or videoconference. Seven Supervisory Board Meetings were held by conference call in 2018.

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 eighteen times in 2018: 8 scheduled meetings and 10 ad hoc meetings for specific projects. The overall average attendance rate was 89% and the scheduled meetings lasted an average of four hours each.

Board meetings were held without the Executive Board present for part of the meeting.

In 2018, the number of meetings of the Supervisory Board was significant (18 v/meetings compared with 10 meetings in 2017), to authorize the decisions of the new Executive Board and conduct a close review of the investment activity.

New Supervisory Board members undergo a training program, during which they meet the Company's senior management (Induction Day).

In addition, training sessions on specific topics were offered to all members of the Board on various topics related to Wendel's investment activity: three sessions (including one dedicated to CSR) were organized in 2018; two sessions have already been held in 2019 and others are planned for 2019.

With particular regard to Wendel's social and environmental responsibility, a presentation was made at the September 2018 Board meeting.

A full report on the implementation of the provisions of the Sapin 2 law on the prevention of corruption within the Wendel Group was presented to the Supervisory Board in January 2019.

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

François de Wendel (Chairman until May 17, 2018, then member of the Supervisory Board)	94%
Nicolas ver Hulst (member of the Supervisory Board until May 17, 2018, then Chairman)	100%
Gervais Pellissier (Vice-Chairman since May 17, 2018 and Lead Director of the Supervisory Board from September 5, 2018)	83%
Dominique Hériard Dubreuil (until May 17, 2018)	71%
Franca Bertagnin Benetton (from May 18, 2018)	91%
Bénédict Coste	89%
Édouard de l'Espée;	83%
Nicholas Ferguson	89%
Priscilla de Moustier	100%
Sophie Parise (from September 5, 2018)	100%
Fabienne Porquier (until September 5, 2018)	83%
Guylaine Saucier	78%
Jacqueline Tammenoms Bakker (Chairwoman of the Governance Committee since May 17, 2018)	94%
Humbert de Wendel	89%

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 2018 and in early 2019 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, 2017 and June 30, 2018 and Statutory Auditors' reports;
- dividend;
- presentation of the management report;
- audit Committee reports;
- quarterly financial information;
- management forecasts;
- financing and bond issues;
- share buybacks;
- financial communications.

Corporate governance/Compliance:

- Governance Committee reports;
- Executive Board compensation;
- grant of stock options and performance shares to Executive Board members and recognition of whether or not performance conditions have been met;
- succession plans,
- 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;
- Wendel's compliance program and CSR policy, including the implementation of anti-corruption provisions (Sapin 2 Law);
- 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.

Following an evaluation in 2017 by an independent firm, in 2018 the Supervisory Board performed a self-assessment of its work and composition via an extensive questionnaire. A large number of positive and constructive comments were made by Board members. At its meeting of November 28, 2018, the Board devoted an agenda item to review the main conclusions of the evaluation report and identified some actions to improve its work, some of which were immediately implemented.

The first evaluation in 2018 included an individual component.

The principal conclusions of the 2018 evaluation are as follows:

Board composition - A review of skills and experience required to strengthen those already represented on the Board will be performed, taking into account Wendel's lines of business. This process will help the Board to improve its diversity and prepare its succession planning (see sections 2.1.4.2).

Board fees - A benchmark was created to help the Board identify best market practices. Furthermore, the Board decided to introduce a variable component in its director's fees in 2019 to take attendance at meetings into consideration (see section 2.1.7.2).

Relationships with the management team - The Board expressed its complete satisfaction with the spirit of dialogue and transparency on the Executive Board, the opportunities to meet with key Wendel's managers, the quality of the discussions and information provided, including on investment or divestment proposals and on financial matters.

Points of interest: The Board expressed interest in the development of a shared view on strategy, the monitoring of portfolio companies, the management team succession plan, CSR topics and investor relations.

2.1.3 Corporate governance statement

In 2008 the Company adopted the Afep-Medef Corporate governance code for listed companies, which was revised in June 2018. This Code is available on the Medef website (in French) at the following address: www.consultation.codeafepmedef.fr

At its meeting on January 29, 2019, the Supervisory Board examined the Company's situation with regard to the Afep-Medef Code as amended.

In accordance with AMF recommendation 2012-02 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	<p>In furtherance of the 2/3 proportion of independent members recommended by the Code, the Supervisory Board appointed Mrs Franca Bertagnin Benetton, an independent member of the Supervisory Board, to the Audit Committee in July 2018. As a result of this appointment, the Audit Committee, which had three independent members out of six members, now has four independent members out of seven, increasing the proportion of independent members from 50% to 57%.</p> <p>The Supervisory Board is not in a position to change the composition of the Audit Committee again in the immediate future, but it is already foreseen that any change will be for an increase in the proportion of independent directors of the Audit Committee until the threshold of 2/3 is reached.</p> <p>In any case, the Audit Committee is chaired by an independent member of the Supervisory Board; it works strictly independently, both from the main shareholder and Wendel's management, and takes the advice consults of independent experts when it deems this necessary.</p>
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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 currently seven members and the attendance rate is as follows:

Guylaine Saucier, Chairwoman	Member since June 4, 2010, Chairwoman since March 22, 2011	100%
Dominique Hériard Dubreuil, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Governance Committee	Until May 17, 2018	100%
Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee	Since May 17, 2018	50%
Franca Bertagnin Benetton	Since September 4, 2018	100%
Bénédicte Coste	Since August 28, 2013	100%
Édouard de l'Espée	Until July 4, 2018	100%
Gervais Pellissier Vice-Chairman of the Board and Lead Director	Since June 5, 2015	67%
Humbert de Wendel	Since May 30, 2011	100%
François de Wendel	Since September 4, 2018	50%

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 industrial or financial companies, as prescribed by recommendation 15.1 of the amended Afep-Medef Code.

Guylaine Saucier is a Fellow of the Order of Certified Public Accountants of Quebec, Franca Bertagnin Benetton manages several investments in her family office, Bénédicte Coste is the Chairwoman and CEO of an asset management firm, Gervais Pellissier is the Deputy CEO and former CFO of Orange and the former CFO of Bull, Humbert de Wendel was the Corporate Treasurer of Total and François de Wendel held CEO responsibilities.

Franca Bertagnin Benetton, Gervais Pellissier, Jacqueline Tammenoms Bakker and Guylaine Saucier are the Committee's independent members, i.e. four members out of seven.

The composition of the Audit Committee does not currently 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, which was the case in 2018;

- 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 6 times in 2018, with an attendance rate of 90%. 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 2018:

- 2017 parent company and consolidated financial statements;
- first-half 2018 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 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;
- oversaw the Statutory Auditors selection process;
- anti-corruption measures within the framework of the implementation of the "Sapin 2 Law";
- 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 currently six members, the attendance rate of each member is as follows:

Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee	Member from June 5, 2015, Chairwoman since May 17, 2018	100%
Dominique Hériard Dubreuil, Chairwoman of the Governance Committee and Vice-Chairwoman of the Supervisory Board	Until May 17, 2018	100%
Nicholas Ferguson	Since July 5, 2017	78%
Nicolas ver Hulst	Until May 17, 2018	100%
Priscilla de Moustier	Since October 23, 2013	100%
Guylaine Saucier, Chairwoman of the Audit Committee	Since October 23, 2013	100%
Sophie Parise, member representing employees	Since September 5, 2018	100%
Édouard de l'Espée	Since July 4, 2018	100%

The Chairman of the Supervisory Board was invited to attend each Governance Committee Meeting.

Three of the Governance Committee's five members, or 60%, are independent: Jacqueline Tammenoms Bakker, Chairwoman, Guylaine Saucier, 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.

Sophie Parise, member representing employees, was appointed by Wendel's works council on September 5, 2018, in accordance with recommendation 17.1 of by the Afep-Medef Code.

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 and investments; 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;
- the succession plan;
- 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;
- report of the Supervisory Board on Corporate governance;
- review of investor requests and preparations for the Annual Shareholders' Meeting;
- introduction of a variable component in its directors' fees;
- the granting of stock options and performance shares to Executive Board members and changes in the 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 the Chairman of the Board;
- 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;
- review of the succession plan.

Organization and procedures

The Governance Committee met 9 times in 2018. Average attendance at the meetings was 96%. The meetings lasted on average two hours and 40 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.

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

The following topics were addressed during Governance Committee Meetings in 2018:

- full review of the compensation of the Executive Board and management team;
- the Company's compliance with the Afep-Medef Code, especially regarding Board member independence and appointment of a Lead Director to the Supervisory Board;

The Governance Committee is in charge of preparing a succession planning for the Supervisory Board, the Executive Board and Wendel's key managers.

For the purposes of succession planning for the Supervisory Board, the Governance Committee is reviewing the skills required, taking into account Wendel's lines of business, with a view to selecting the best candidates for 2019-2021, thereby anticipating the departure of certain Board members. The criteria for the selection of potential candidates are leadership, professional experience, qualifications, international, accomplishments as well as independence and diversity, and finally alignment with regard to the strategy and businesses of Wendel and its portfolio companies.

Regarding the succession plan of the Executive Board and the management team, "360" evaluations are conducted in particular to identify talents and promote individual progress.

To further improve dialogue with Wendel's main investors as well as with the main proxies, the Chairwoman of the Governance Committee participated in governance road shows organized by the Department of investor relations and the General Secretariat in February 2019. This direct dialogue allows for better mutual understanding of expectations on both sides.

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 below and note 5.7 of the notes 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:

- 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;
- divestment of real property of more than €10 million per transaction;

- granting of security interests, guarantees, endorsements and collateral of more than €100 million per transaction;
- any proposal to shareholders to change the 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.
- any contract subject to Article L.225-86 of the French Commercial Code.

Significant divestments are not required to be submitted to shareholders at their 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

Market Abuse Regulation no. 596/2014 of April 16, 2014 sets out a series of obligations applicable to members of governing bodies, as previously provided for in AMF recommendation 2010/07.

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 has reviewed the Code regularly.

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 Company in which they serve as director. This restriction also does not apply to the payment of a dividend in kind in the form of shares in subsidiaries or associates held in the Company's portfolio. Individuals holding such shares may keep them or sell them, as long as they comply with the Company's Market Confidentiality and Ethics Code.

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 of 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 is thus required to hold up to 25,000 shares obtained from the exercise of stock options and performance shares definitively acquired.

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 of 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.

The principles governing the compensation of the members of the Executive Board were reviewed in depth in a comprehensive approach at the time of the change of the Chairman of the Executive Board in the first quarter of 2018 in order to:

- improve the alignment between the Executive Board and shareholders by reinforcing investment in Wendel shares;
- better link the long-term compensation of the Executive Board with the company's stock market performance;
- align the compensation of the Executive Board with that of the teams in order to attract, retain and motivate the best talents in a sector that relies on the value of teams and where competition is particularly intense.

Following a rigorous method:

- use of an external consultant;
- in-depth benchmarks;
- constructive dialog with the Executive Board.

As a result, and for the 2018-2021 period:

- demanding performance conditions, absolute and relative covering three years, have been introduced for performance shares;
- the share of the Executive Board in co-investment mechanisms has been reduced from 33.3% to 12.4%; for more details on co-investment, see note 4 of the notes to the consolidated financial statements and the special report of the statutory auditors, section 8.1;

- the co-investment of the members of the Executive Board is pooled in the proportion of 90%;
- the weighting of extra-financial objectives in variable compensation has been increased from 25% to 35% (in line with the French market) and includes quantifiable objectives related to the company's social and environmental responsibility (CSR) performance.

As such, the compensation paid to the members of the Executive Board includes:

- a fixed portion, from which directors' fees received for offices within the Group are deducted;
- a variable portion established on specific objectives and subject to three financial objectives and one extra-financial objective, quantifiable as much as possible;
- grants of stock options and/or performance shares. Executive Board members do not receive any deferred bonuses or supplementary pension benefits.

The compensation policy described below applies to the 2019 fiscal year.

Proposed changes for 2019

The Supervisory Board, on the recommendation of the Governance Committee, has taken into account the expectations of the shareholders and proposes the following changes:

- the performance condition for options has been extended to three years,
- the presence condition for options has been toughened and extended to two indivisible years,
- the financial objectives for 2019 are presented in greater detail, as is the achievement of the 2018 objectives,
- the weighting of the various components of compensation is explained.

Fixed compensation

The fixed compensation of the members of the Executive Board is set by the Supervisory Board on a recommendation from the Governance Committee, based on the individual Board members' responsibilities, experience and expertise, and on comparative studies carried out by independent consultants. In accordance with the recommendations of the Afep-Medef Code, fixed compensation has been determined for a long period, until the end of the Executive Board's term, i.e. until April 2021.

The benchmarks are based on the CAC 40, the French and European financial sector and the comparable companies making up the panel used to assess one of the performance conditions for performance shares (see the third performance condition for performance shares below).

Fixed compensation for 2019 was unchanged compared with 2018 at €1,150,000 for the Chairman of the Executive Board (down from that of the previous Chairman of the Executive Board) and €840,000 for the members of the Executive Board.

Annual variable compensation

Annual variable compensation is set based on financial and extra-financial objectives designed to drive achievement of the Group's business goals. The 2018 attainment rates are given in section 2.1.7.4.

The upper limit for variable compensation is 115% of fixed compensation, as in 2017 and 2018. It is in no way guaranteed, and the amount varies each year depending on the achievement of objectives.

For 2019, the Supervisory Board has decided to keep four objectives, three financial and one extra-financial:

- the first concerns Bureau Veritas, with specific performance criteria, split equally between organic growth and operating income, weighted at 20%;
- the second is the performance over the year of four unlisted companies in the portfolio, split equally between organic growth and EBITDA, weighted at 25%;
- the third concerns net debt, which should not exceed €2.5 billion, weighted at 20%;
- the fourth is extra-financial, but based mainly on quantifiable criteria. It is chosen each year by the Supervisory Board and consists of the achievement of several priorities for the year, weighted at 35%. For 2019, these priorities are:
 - targets for Wendel and the portfolio companies (75%):
 - digitalization and cyber security (30%)
 - improved performance by portfolio companies, including the recruitment of operating partners (30%)

- acceleration of the CSR strategy (20%)
- implementation of targeted talent management initiatives: assessments, hires, career plans, training and succession (20%);
- the continuation and strengthening of Sapin 2 anti-corruption procedures (25%).

The financial and extra-financial criteria are also used to determine a portion of the variable compensation of over 20 members of the management team.

The figures are audited by the Audit Committee, when objectives are set and when their achievement is assessed.

Grants of stock options and performance shares

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.

Every year, shareholders at their annual meeting set the maximum and overall 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 2019.

For 2019, the Executive Board's share will be 0.124% of the share capital for stock options and 0.105% for performance shares, as in 2018.

The components of the compensation granted to the members of the Executive Board for the 2018 financial year are described in section 2.1.7.3.

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.

In the event of a new appointment, the new member of the Executive Board is not required to purchase Wendel shares in the market, but he/she must keep all the shares acquired as and when options are exercised or performance shares vest until he/she holds 25,000 shares, after deducting, for the shares resulting from the exercise of options, the exercise price of the said 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.

Options

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.

For 2019, the Supervisory Board has increased the presence condition on options to two indivisible years.

The Supervisory Board considers that the terms governing the exercise of options are in themselves an intrinsic performance condition directly linked to the increase in the price of the company's shares.

The Supervisory Board has nevertheless provided for a performance condition linked to the level of the ordinary dividend (excluding any exceptional dividends) paid: the dividend paid each year must be equal to or greater than that paid for the previous year. The Supervisory Board considers this condition to be an important part of Wendel's long-term strategy in respect of its shareholders.

For 2019, the Supervisory Board has raised this performance requirement from two to three years: the ordinary dividend paid from one year to the next must grow over a period of three years.

Performance shares

The presence condition for performance shares is two years.

The performance conditions governing performance shares are characterized by particular attention to aligning executives' interests with those of shareholders, assessed exclusively on the basis of Wendel's total shareholder return (TSR) measured over a period of three years, using both an absolute and a relative metric, in accordance with the recommendations of the Afep-Medef Code.

There are three conditions, each weighting for one third of the granting. The combination of these three conditions, with the absolute condition of the options, aims to achieve a reasonable balance between absolute and relative measurement in a situation where there are not many comparable companies.

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.

The TSR does not necessarily reflect the financial performance expressed by the NAV due to exogenous elements (discount) resulting in part from the volatility of valuation multiples; as a result, it has been decided to maintain the allocation of performance shares even if the TSR falls below the median in order to encourage employee share ownership, strengthen the long-term alignment of interests between Wendel shareholders and the management teams, and to avoid the effects of sometimes abrupt thresholds (upwards or downwards).

The panel of comparable private equity and holding companies is as follows: Ratos AB, Ackermans & van Haaren, Sofina, FFP, Investor AB, GBL, Hal Trust, Kinnevik AB, Industrivarden AB, Exor, Eurazeo, Onex and 3i. This panel may be reduced if any of the companies comprising it were to disappear or their activity to be substantially modified, making them cease to be comparable with Wendel.

Employment contract

In accordance with the recommendations of the Afep-Medef Code, the Chairman of the Executive Board does not have an employment contract.

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 third-party agreements under Article L.225-86 of the French Commercial Code.

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 CEOs).

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 out in this policy would apply to this new Executive Board member. The Supervisory Board, on the recommendation of the Governance Committee would, in such a case, determine the fixed and variable components of the compensation and the criteria governing variable compensation based on the specific situation of the person concerned.

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 made to André François-Poncet and Bernard Gautier were described in the Statutory Auditors' special reports on regulated agreements and commitments approved by Wendel's General Meetings of May 17, 2018 and June 4, 2010 respectively.

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 of the new Chairman of the Executive Board at its meetings of November 16 and 29, 2017.

The Supervisory Board has made the following commitments towards **André François-Poncet**:

■ 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 as of 2020:

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 of loss of control of Wendel by Wendel-Participations:

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.

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:

- "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 term "dividend" used for performance conditions refers at all times to the ordinary dividend excluding any extraordinary 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 equal to or greater than 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

At their meeting on May 18, 2017, shareholders increased the annual amount of directors' fees from €750,000 to €900,000.

In accordance with the recommendations of the Afep-Medef Code, the Supervisory Board, at its meeting of November 28, 2018, decided to incorporate a variability criterion and to allocate directors' fees as follows for 2019:

It is noted that the variable amount of directors' fees will be adjusted each year in line with the number of meetings of the Supervisory Board planned, within the limit of the overall budget approved by the Shareholders' Meeting. Six meetings are planned in 2019.

■ Basic fee:

- basic fixed fee: €25,000,
- variable fee: €4,000 per scheduled meeting;

■ Additional fee for committee membership:

- fixed fee for committee membership: €10,000,
- variable fee for committee membership: €2,000 per scheduled meeting;

■ Fee for chairing a committee:

- fixed fee: €25,000,
- variable fee: €4,000 per scheduled meeting;

■ Fee for the Chairman of the Supervisory Board:

- fixed fee: €52,000,
- variable fee: €8,000 per scheduled meeting;

■ Compensation of the Chairman of the Supervisory Board and lead member of the Supervisory Board

Since May 17, 2018, the annual compensation of the Chairman of the Supervisory Board has been €250,000; this compensation was established on the basis of a benchmark and is in line with the compensation awarded to the chairmen of the supervisory boards of SBF 120 companies.

His compensation is reviewed every year by the Supervisory Board and the Governance Committee.

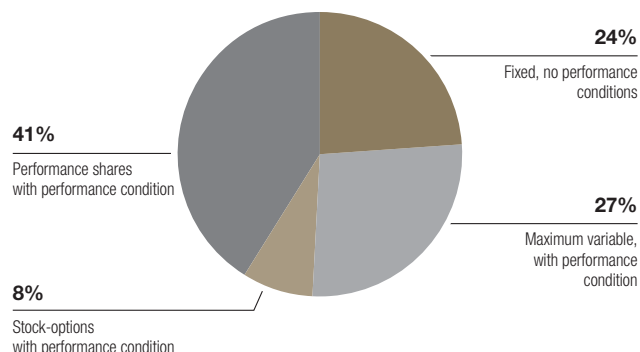
The lead member of the Supervisory Board receives compensation of €25,000 for his specific duties (see section 2.1.2.1).

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 2018 will be submitted for shareholder approval at the Annual meeting on May 16, 2019, 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. 225-100 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. His 2018 variable compensation will be put to a shareholder vote at their meeting of May 16, 2019.

André François-Poncet



Bernard Gautier

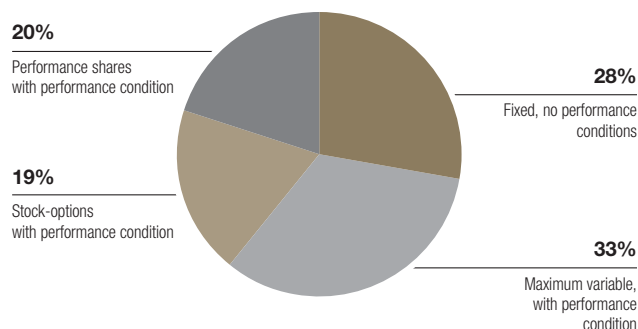


Table 1 under the Afep-Medef Code

	2018	2017
André François-Poncet/Frédéric Lemoine		
Total compensation due for the year (detailed in table 2)	2,254,216	2,632,827
Number of options granted during the year	23,140	N/A
Valuation of options granted during the year (detailed in table 4)	377,182	N/A
Number of performance shares granted during the year ⁽¹⁾	37,023	N/A
Valuation of performance shares granted during the year (detailed in table 6)	1,958,517	N/A
TOTAL: COMPENSATION DUE FOR THE YEAR AND VALUATION OF STOCK OPTIONS AND PERFORMANCE SHARES GRANTED DURING THE YEAR⁽²⁾	4,589,915	
Bernard Gautier		
Member of the Executive Board		
Total compensation due for the year (detailed in table 2)	1,638,763	1,749,590
Number of options granted during the year	33,784	33,968
Valuation of options granted during the year ⁽²⁾	550,679	737,106
Number of performance shares granted during the year	11,107	11,323
Valuation of performance shares granted during the year ⁽¹⁾ (detailed in table 6)	587,560	812,991
TOTAL: COMPENSATION DUE FOR THE YEAR AND VALUATION OF STOCK OPTIONS AND PERFORMANCE SHARES GRANTED DURING THE YEAR	2,777,002	3,299,687

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) If shareholders approve André François-Poncet's variable compensation at their Annual Meeting.

(2) The stock options and performance shares granted in 2018 were valued at €16.3 and €52.9, respectively. The stock options and performance shares granted in 2017 were valued at €21.7 and €71.8, respectively. The decrease in the valuation is due to the strengthening of the performance conditions for the performance shares and the fall the Wendel share price on the stock market.

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 2018:

- set the fixed compensations of André François-Poncet and Bernard Gautier at €1,150,000 (less than that of the previous Chairman of the Executive Board) and €840,000 (unchanged), respectively;
- keep 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 2018 are both financial (65%) and non-financial (35%).

For 2018, on the recommendation of the Governance Committee and after validation by the Audit Committee, the Supervisory Board determined the level of achievement of the targets as follows:

- the first target (weighted at 20%), concerning Bureau Veritas, with specific performance criteria, measured equally between organic growth and operating profit, reached 83.5%; this reflects a performance exceeding the budget;
- the second target (weighted at 25%), relating to the performance of the four unlisted portfolio companies, IHS, Stahl, Constantia and Allied Universal during the financial year, measured equally between organic growth and EBITDA, reached 41.6%; the target for one was fully achieved, while that for the other companies was achieved partially;
- the third target (weighted at 20%), maintaining net debt below €2.5 billion, was fully achieved;

72.5% of all the quantitative targets were achieved;

- the fourth extra-financial target (weighted at 35%), based mainly on quantifiable criteria, was fully achieved:
 - 75% of the 35% is allocated to special projects concerning Wendel and some of the portfolio companies:
 - positions towards an exit or sales: Mecatherm, Saham Group, Nippon Oil Pump and CSP Technologies were sold, partial sale of Wendel's stake in Allied Universal was announced;

- specific initiatives at Bureau Veritas, Cromology and IHS;
- the development of the pipeline of acquisitions: a large number of files were examined and 17 files were discussed in the Investment Committee in 2018;
- reinforcement of teams and rationalization of structures: Wendel's offices in Japan and the Netherlands were closed, investment teams in Paris and London were reinforced with the arrival of a managing director, two operating partners, a director and several analysts; as far as the corporate teams are concerned, a Director of Internal Audit as well as a Digital Transformation Director were recruited; the coordination committee was expanded with these new recruits;

- 25% of the 35% concerns the proper implementation of the CSR/ compliance procedures.

As a result, the Governance Committee concluded that the objectives of the two Executive Board members were 82.1% met in 2018. The Governance Committee therefore proposed to the Supervisory Board that for 2018, André François-Poncet be attributed 82.1% of his maximum variable compensation, or €1,085,772.5. The Supervisory Board approved this compensation.

Because the Executive Board members work closely together, their objectives are not assessed. Therefore Mr. François-Poncet suggested that for 2018, Mr. Gautier receive 82.1% of his maximum variable compensation, or €793,086. The Supervisory Board approved this compensation on the recommendation of the Governance Committee.

Tables 2 under the Afep-Medef Code

The amounts paid for 2018 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.

André François-Poncet is the Chairman of the Executive Board since January 1st, 2018. Frédéric Lemoine was the Chairman of the Executive Board until December 31st, 2017.

	2018		2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
André François-Poncet/Frédéric Lemoine				
Total fixed compensation	1,150,000	1,150,000	1,260,000	1,260,000
of which director's fees ⁽¹⁾	175,500	100,000	195,510	264,674
Variable compensation	1,085,773	0	1,334,964	1,022,760
Other compensation ⁽²⁾	5,677	5,677	25,259	24,953
Benefits in kind ⁽³⁾	12,766	12,766	12,604	12,604
TOTAL	2,254,216	1,168,443	2,632,827	2,320,317

(1) André François-Poncet received director's fees from Trief Corporation SA and Winvest Conseil SA.

(2) André François-Poncet benefits from the agreements in force at Wendel, including the Group savings and pension plans, in the same manner as any Wendel employee.

Given the progression in NAV in 2018, he should not receive any gross collective performance bonus in 2019 for 2018.

His subscription to the 2018 capital increase reserved for employees who are members of the Group savings plan was matched by an increased contribution of €5,677.20.

(3) Since André François-Poncet does not have an employment contract, he has had unemployment insurance provided by GSC (a specialized provider of unemployment insurance for business owners and corporate officers).

He also receives health and death & disability insurance under the same terms and conditions as Wendel management employees.

	2018		2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Bernard Gautier Member of the Executive Board				
Total fixed compensation	840,000	840,000	840,000	840,000
of which director's fees ⁽¹⁾	100,000	109,995	131,175	176,545
Variable compensation	793,086	889,976	889,976	681,840
Other compensation ⁽²⁾	5,677	25,291	19,614	19,308
Benefits in kind	-	-	-	-
TOTAL	1,638,793	1,755,267	1,749,590	1,541,148

(1) Bernard Gautier received director's fees from Saint-Gobain, Trief Corporation SA and Winvest Conseil SA.

(2) Mr. Gautier benefits from the agreements in force at Wendel:

- In 2018 he received a gross collective performance bonus for 2017 of half of the annual reference amount determined by French Social Security (plafond annuel de la sécurité sociale) for 2017, i.e. €19,614;
- Given the progression in NAV in 2018, he should not receive any gross collective performance bonus in 2019 for 2018.

The compensation paid to Bernard Gautier is entirely under his employment contract.

2.1.7.5 Subscription-type and purchase-type stock options granted to executive corporate officers

Executive Board members were granted stock options in 2018 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 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.

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 related to the level of the ordinary dividend: first half of the options vest if the dividend paid in year n+1 is equal to or greater than the dividend paid in year n; second half of the options vest if the dividend paid in year n+2 is equal to or greater than the dividend paid in year n+1;
- a holding period condition: the members of the Executive Board must hold at least 500 shares obtained through the exercise of options granted in 2018, 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
André François-Poncet	Plan W-11	Purchase	€16.30	23,140	€120.61	2019-2028	
	Date: July 6, 2018						See above
Bernard Gautier	Plan W-11	Purchase	€16.30	33,784	€120.61	2019-2028	
	Date: July 6, 2018						See above
TOTAL				56,924			

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 €16.30 as of the grant date (July 6, 2018), 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 72,000 stock options were granted in 2018 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 7, 2017: The number of options was subject to an annual growth of 5% of the average of 50 closing prices of the Wendel share preceding the Shareholders' Meeting for the 2017-2018 period. This performance condition was fulfilled so half of the options granted on July 7, 2017 were vested.

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
Bernard Gautier	Plan W-6	Purchase	18,744	€82.90
	Date: July 1, 2013			

Table 8 under the Afep-Medef Code - Summary of all stock subscription or purchase option plans to date

	Plan 1		Plan 2		Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10	Plan 11
Date of the Shareholders' Meeting	4-Jun-07		5-Jun-09		4-Jun-10	30-May-11	4-Jun-12	28-May-13	6-Jun-14	5-Jun-15	1-Jun-16	18-May-17	17-May-18
Plan	W1-2	W1-3	W2-1	W2-2	W-3	W-4	W-5	W-6	W-7	W-8	W-9	W-10	W-11
Date of the Board of Directors or Executive Board meeting	15-Jul-08	2-Apr-09	16-Jul-09	8-Feb-10	4-Jun-10	7-Jul-11	5-Jul-12	1-Jul-13	8-Jul-14	15-Jul-15	7-Jul-16	7-Jul-17	6-Jul-18
Type of option	Subscription	Subscription	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
For Initial total number of shares that can be subscribed or purchased	890,600	271,000	391,200	7,000	353,177	404,400	227,270	252,182	231,834	268,314	68,814	235,895	152,744
of which:													
Number initially granted to corporate officers:													
François-Poncet													23,140
Frédéric Lemoine	-	-	120,000	-	105,000	96,000	54,542	53,518	52,632	51,747	0	50,952	-
Bernard Gautier	150,000	-	80,000	-	70,000	64,000	36,361	35,677	35,088	34,500	0	33,968	33,784
Start date for exercise of options	15-Jul-13	2-Apr-14	16-Jul-10 ⁽²⁾	8-Feb-11	4-Jun-11	7-Jul-12	5-Jul-13	1-Jul-14	8-Jul-15	15-Jul-16	7-Jul-17	9-Jul-18	8-Jul-19
Option expiration date	15-Jul-18	2-Apr-19	16-Jul-19	8-Feb-20	4-Jun-20	7-Jul-21	5-Jul-22	1-Jul-23	8-Jul-24	15-Jul-25	6-Jul-26	6-Jul-27	5-Jul-28
Subscription or purchase price per share	67.50 €	18.96 €	22.58 €	41.73 €	44.32 €	80.91 €	54.93 €	82.90 €	107.30 €	112.39 €	94.38 €	134.43 €	120.61 €
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Performance conditions ⁽¹⁾	for all	for all	for corporate officers	-	for all	for all	for all	for all	for all	for all	for all	for all	for all
Cumulative number of shares subscribed or purchased as of Dec. 31, 2018	99,165	186,050	375,961	7,000	326,277	339,257	179,044	185,742	0	131,559	12,653	0	0
Cumulative number of canceled or expired options	791,435	64,000	6,667	0	6,900	9,350	500	0	231,834	16,005	5,565	53,374	0
Number of options remaining to be subscribed to or purchased as of Dec. 31, 2018 ⁽³⁾	0	20,950	8,572	0	20,000	55,793	47,726	66,440	0	120,750	50,596	182,521	152,744
NUMBER OF OPTIONS REMAINING TO BE EXERCISED BY CORPORATE OFFICERS ⁽³⁾ :													
André François-Poncet		-	0	-	0	0	0	0	0	0	-	0	23,140
Bernard Gautier	0	-	0	-	0	0	0	35,677	0	34,500	-	33,968	33,784

(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 2018 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.

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 three-year period expires; the Supervisory Board can waive this presence condition;
- three performance conditions:
 - 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;
- a holding period condition: the members of the Executive Board must hold at least 500 shares obtained under the 2018 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
André François-Poncet	Plan 10-1	37,023	€52.90	July 6, 2021	July 6, 2021	
	Date: July 6, 2018					See above
Bernard Gautier	Plan 10-1	11,107	€52.90	July 6, 2021	July 6, 2021	
	Date: July 6, 2018					See above
TOTAL		48,130				

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 €52.90 as of the grant date (July 6, 2018), 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 40,000 performance shares were granted in 2018 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 7, 2016: the performance condition for the vesting of these shares was an increase in NAV of 10.25% (including dividends) from 2016 to 2018. This performance condition was fulfilled, so all performance shares were vested at the end of the two-year period, provided that the presence condition is met;
- performance shares granted on July 7, 2017: the performance condition for the vesting of these shares was an increase by 5% of the Wendel average closing share price over the 50 days preceding the annual meeting over the period 2017-2018. 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.

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
Bernard Gautier	Plan 8-1		See above
	Date: July 7, 2016	23,048	

Table 9 under the Afep-Medef Code - Summary of all performance share grants to date

Situation as of 31/12/2018	Plan 5-1	Plan 6-1	Plan 7-1	Plan 8-1	Plan 9-1	Plan 10-1
Date of Annual shareholders' meeting	5/28/2013	6/6/2014	6/5/2015	6/1/2016	5/18/2017	5/17/2018
no of authorized shares as % of capital	0.3%	0.3%	0.3333%	0.3333%	0.3333%	0.5%
share grants as % of capital	0.13%	0.14%	0.147%	0.286%	0.1667%	0.283%
Date of Executive Board meeting	7/1/2013	7/8/2014	7/15/2015	7/7/2016	7/7/2017	7/6/2018
Number of performance shares granted	64,595	68,928	70,268	137,122	78,632	130,860
of which, shares granted to corporate officers:						
André François-Poncet						37,023
Frédéric Lemoine	17,838	17,544	17,249	34,572	16,984	-
Bernard Gautier	11,892	11,696	11,500	23,048	11,323	11,107
Shares to be issued/existing shares	existing	existing	existing	existing	existing	existing
Vesting date	7/1/2015	7/8/2016	7/17/2017	7/9/2018	7/8/2019	7/6/2021
End of holding period	7/1/2017	7/8/2018	7/15/2019	7/9/2018	7/8/2019	7/6/2021
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes
Share value at grant date	82.90 €	107.30 €	112.39 €	94.38 €	134.43 €	120.61 €
Share value at vesting date	111.00 €	-	127.95 €	-	-	-
Number of shares vested	64,595	0	65,363	0	0	0
Cumulative number of canceled or expired shares	0	68,928	4,905	5,005	17,354	0
Number of shares not yet vested	0	0	0	132,117	61,278	130,860

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
Executive corporate officers								
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, and April 7, 2017 - April 7, 2021)	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

On May 18, 2017, shareholders increased the annual amount of director's fees to €900,000.

Director's fees for 2018 were as follows:

- 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.

Members of the Board may be reimbursed for their travel expenses. The expense reimbursement policy for Supervisory Board members was approved by the Supervisory Board, on the recommendation of the Governance 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 (see table attached)

Director's fees and other compensation received by non-executive, non-employee corporate officers⁽¹⁾

Non-executive corporate officers	Amounts paid in 2018	Amounts paid in 2017
François de Wendel Chairman until May 17, 2018		
Director's fees	80,831	77,000
Wendel-Participations fees + Director's fees	15,000	18,832
Compensation as Chairman of the Supervisory Board	29,166	70,000
TOTAL	124,997	165,832
Nicolas ver Hulst Chairman from May 17, 2018		
Director's fees	87,500	30,000
Wendel-Participations Director's fees	10,000	9,416
Compensation as Chairman of the Supervisory Board	145,833	0
TOTAL	243,333	39,416
Dominique Hériard Dubreuil		
Director's fees (until May 17, 2018)	49,999	93,500
Franca Bertagnin Benetton		
Director's fees (from May 17, 2018)	39,166	
Laurent Burelle		
Director's fees (H1 2017)		17,500
Bénédicte Coste		
Director's fees	70,000	55,000
Wendel-Participations Director's fees	10,000	9,416
TOTAL	80,000	64,416
Édouard de l'Espée		
Director's fees	70,000	55,000
Wendel-Participations Director's fees	10,000	9,416
TOTAL	80,000	64,416
Nicolas Ferguson		
Director's fees	70,000	30,000
Priscilla de Moustier		
Director's fees	70,000	55,000
Compensation as Chairwoman and CEO of Wendel-Participations	27,500	9,416
TOTAL	97,500	64,416
Christian d'Oosthove		
Director's fees (H1 2017)		25,000
Wendel-Participations fees	4,708	9,416
TOTAL	4,708	34,416
Gervais Pellissier		
Director's fees	70,000	55,000
Guyline Saucier		
Director's fees	120,000	93,500
Jacqueline Tammenoms Bakker		
Director's fees	97,499	55,000
Humbert de Wendel		
Director's fees	70,000	55,000
Wendel-Participations Director's fees	10,000	9,416
TOTAL	80,000	64,416
TOTAL	1,167,202	841,828
Of which Wendel Director's fees and compensation of the Supervisory Board Chairman	1,069,994	766,500

(1) The Director who is an employee does not receive Director's fees for his position on the Supervisory 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 2018 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 16, 2019 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 2018 fiscal year. This will be covered in resolutions 10 to 13 of the Shareholders' Meeting (see section 8.10).

Breakdown of compensation paid or granted to André François-Poncet, Chairman of the Executive Board for the 2018 fiscal year, to be submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€1,150,000 of which	The fixed compensation was approved by the Supervisory Board on November 16, 2017. It is paid in part as director's fees,
Director's fees	€195,510	
Gross variable compensation for the year	€1,085,772.5	<p>If all the financial (65%) and non- financial (35%) objectives are achieved, the variable compensation will total 115% of fixed compensation. The financial objectives are: performance of Bureau Veritas; development over the year of unlisted companies in the portfolio; and debt level. The extra-financial objectives are chosen each year by the Supervisory Board (sales or positioning towards the exit; specific initiatives at Bureau Veritas, Cromology and IHS, development of the acquisition pipelines, strengthening teams and rationalizing structures; proper implementation of CSR/compliance procedures) (see section 2.1.7.4). On March 20, 2019, upon the recommendation of the Governance Committee, the Supervisory Board set André François-Poncet's variable compensation at 82.1% of his maximum variable compensation (115% of his fixed compensation), or €1,085,772.5.</p> <p>André François-Poncet's variable compensation is subject to shareholder approval at the Annual meeting.</p> <p>Under the authorization granted by shareholders at the May 17, 2018 Annual meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 6, 2018 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 three performance conditions.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Performance shares	37,023 performance shares valued at €1,958,517	

Form of compensation	Amount	Comments
Stock options	23,140 stock options valued at €377,182	Under the authorization granted by shareholders at the May 17, 2018 Annual meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 6, 2018 to grant stock options to Executive Board members. Subject to and without prejudice to the presence condition, first half of the options vest if the dividend paid in year n+1 is equal to or greater than the dividend paid in year n; second half of the options vest if the dividend paid in year n+2 is equal to or greater than the dividend paid in year n+1.
Other benefits	€18,443	Matching contributions under the Group savings plan, and unemployment benefits.
		On November 16, 2017, the Supervisory Board made the following commitments: Removal in 2019 & 2020: severance payment equal to fixed monthly compensation at the time of removal times the number of months in office, limited to 24 months of fixed compensation; <ul style="list-style-type: none"> ■ subject to 2 performance conditions for 2019 (i) the dividend paid on 2017 earnings must be greater than or equal to the dividend paid on 2016 earnings and (ii) A. 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; ■ subject to 2 performance conditions for 2020 (i) 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) A. François-Poncet must have obtained at least 37% of its maximum variable compensation for one of the two previous years. <i>In the event Wendel-Participations loses control of Wendel:</i> <ul style="list-style-type: none"> ■ severance payment of 36 months of fixed compensation as it stands at the time of departure; ■ subject to the payment of a dividend for each of the years prior resignation or removal greater than or equal to the dividend paid on 2016 earnings.
Termination benefits	None owed or paid	

André François-Poncet 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 2018 fiscal year, to be submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€840,000 of which	The fixed compensation was approved by the Supervisory Board on October 20, 2016, upon the proposal of the Executive Board Chairman. It is paid in part as director's fees.
Director's fees	€100,000	
Gross variable compensation for the year	€793,086	<p>If all the financial (65%) and extra-financial (35%) objectives are achieved, the variable compensation will total 115% of fixed compensation. The financial objectives are: performance of Bureau Veritas; development over the year of unlisted companies in the portfolio; and debt level. The extra-financial objectives are chosen each year by the Supervisory Board (sales or positioning towards the exit; specific initiatives at Bureau Veritas, Cromology and IHS, development of the acquisition pipelines, strengthening teams and rationalizing structures; proper implementation of CSR/compliance procedures) (see section 2.1.7.4).</p> <p>On March 20, 2019, upon the proposal of the Executive Board Chairman and the recommendation of the Governance Committee, the Supervisory Board set variable compensation of Bernard Gautier at 82.1% of his maximum variable compensation (115% of his fixed compensation), or €793,086</p>
Performance shares	11,107 performance shares valued at €587,560	<p>Under the authorization granted by shareholders at the May 17, 2018 Annual meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 6, 2018 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Stock options	33,784 stock options valued at €550,679	Under the authorization granted by shareholders at the May 17, 2018 Annual meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 6, 2018 to grant stock options to Executive Board members. Subject to and without prejudice to the presence condition, first half of the options vest if the dividend paid in year n+1 is equal to or greater than the dividend paid in year n; second half of the options vest if the dividend paid in year n+2 is equal to or greater than the dividend paid in year n+1.
Other benefits	€5,677	Matching contributions under the Group savings plan.
Termination benefits	None owed or paid	<p>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.</p> <p>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).</p>

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, until May 17, 2018 and submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€29,166	The compensation for the Chairman of the Supervisory Board was set at €70,000 per year
Director's fees	€41,666	The director's fees were increased up to €100,000 by decision of the Supervisory Board on March 21, 2018

François 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.

Breakdown of compensation paid or granted to Nicolas ver Hulst, Chairman of the Supervisory Board from May 18, 2018, and submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€145,833	The Supervisory Board reviewed the compensation for the Chairman of the Supervisory Board on March 21, 2018 and set it at €250,000, in line with market practices
Director's fees	€58,333	The director's fees were increased up to €100,000 by decision of the Supervisory Board on March 21, 2018

Nicolas ver Hulst 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 financial year ended 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.

The summary table below shows a unified view of major risks, and comprises detailed records in the following specific sections: 2.2.1 Financial risks and 2.2.3 Extra-financial risks. Risks are presented in order of decreasing importance. Details of risk factors are given below or by reference to the relevant sections.

Other risk factors are also presented in section 2.2.2. Operational risks, but they are not considered the most significant for Wendel at the date of this registration document.

Risk identification	Presentation of risk	Risk management
Risks related to geographical exposure and asset concentration (2.2.2.1)	<p>Sensitivity of Wendel's results to the performance of certain sectors or geographical areas in the event of excessive concentration.</p> <p>Bureau Veritas represents a significant part of Wendel's assets.</p> <p>IHS operates in different African countries that may pose a risk of regulatory and political instability.</p>	<p>Caution in selecting assets exposed to riskier geographic areas, such as Africa.</p> <p>Choice of quality partners to co-invest with.</p> <p>Wendel strives to avoid major segment concentrations.</p> <p>Vigilant monitoring of Bureau Veritas and its risks.</p>
Risks related to the robustness of portfolio companies' business models (2.2.2.2)	<p>Wendel's performance can be durably impacted if the economic models of its holdings prove to be fragile, particularly in a context of high debt.</p>	<p>Conducting in-depth and formalized due diligence at the time of the acquisition based on parameters that could affect the business model of the portfolio companies.</p> <p>Monthly reporting of the performance of portfolio companies post-acquisition and quarterly monitoring during business reviews.</p> <p>Appropriate financing structures and obtaining favorable conditions given current market characteristics</p>
Equity market risks (section 5.7, note 5.1 to the consolidated financial statements)	<p>Wendel's performance can be impacted by unfavorable changes in the equity markets, namely:</p> <ul style="list-style-type: none"> ■ deterioration of aggregates of portfolio companies; ■ lower multiples; ■ risk related to the double leverage on Wendel and its portfolio companies; 	<p>Long-term shareholding less constrained by changes in the spot value of assets.</p> <p>Strict selection process for portfolio companies and selection of relatively liquid companies</p> <p>Debt monitoring and stringent management of refinancing constraints</p>
Risks related to due diligence on contemplated investments and divestments (2.2.2.3)	<p>The acquisitions made by Wendel are subject to strict and methodical evaluation. However, there is a risk of overvaluation of the value of an asset at the time of acquisition.</p> <p>Representations and warranties granted by Wendel to third parties as part of the divestment process.</p>	<p>Conducting thorough due diligence as part of purchasing processes.</p> <p>Limitations in terms of the amount and time of representations and warranties. Monitoring of these representations and warranties over time.</p> <p>Choice of quality co-investors with an alignment of interests</p>

Risk identification	Presentation of risk	Risk management
Risks related to valuing portfolio companies (2.2.2.4)	<p>The context of high volatility in the financial markets could cause the published NAV of Wendel's assets to fluctuate significantly and consequently impact Wendel's stock price.</p> <p>Unfavorable market conditions or assessment errors could lead to divestments at values lower than those established by Wendel.</p>	<p>Valuations conducted by a large, experienced team, following a rigorous and contradictory process</p> <p>Regular update of the NAV according to a widely used method</p> <p>Comparison of the values obtained with those of an independent expert</p> <p>Long-term investments limiting forced sales.</p>
Risks related to the reliability of information transmitted by portfolio companies (2.2.2.5)	Wendel's performance analyses are based in particular on information provided by unlisted companies in its portfolio. As a result, the quality and accuracy of this information may impact investment or management decisions made by Wendel.	<p>Appropriate governance: presence of Wendel's teams in audit committees, presence of independent members in boards</p> <p>Choice of leading statutory auditors, also retained by Wendel for the purpose of strong consolidation</p> <p>Appointment of a Director for internal audit and a performance officer at Wendel</p>
Risks related to legislative and regulatory changes (2.2.2.6)	The legal, regulatory, accounting and tax frameworks applicable to the operations carried out by Wendel may lead to complexity and legal or tax insecurity. In addition, Wendel has numerous operating or holding subsidiaries in foreign countries.	<p>Active monitoring by the corporate teams composed of experienced people in their respective fields.</p> <p>Use of professional advice and expertise throughout these processes.</p> <p>Compliance with the legislation in force</p>
Risks related to IT security (2.2.2.7)	Wendel uses information systems to retain its data, information and resources. These systems, by definition, face a security risk that could impact the Group.	<p>Wendel regularly analyzes the level of security of its information systems.</p> <p>Setting up restricted internal access and a security policy (password, backup, etc.)</p>

2.2.1 Financial risks

Information on financial risks can be found in note 5 "Managing financial risks," to the consolidated financial statements, given in this registration document.

By decreasing order of importance, these financial risks are equity markets risks, interest-rate risks, currency risks, raw materials risks, liquidity risks and credit risks.

2.2.2 Operational risks

The operational risks are presented by decreasing order of importance, the main risks are presented first.

2.2.2.1 Risks related to regional exposure and asset concentration

Presentation of risk

A high level of concentration in specific regions and sectors can create significant economic risks for the portfolio in the event of a downturn in those regions or sectors. Wendel has been taking steps to diversify its asset allocation since 2013.

However, by increasing the regional diversification of its assets, Wendel has also increased its exposure to currency risk and to certain specific risks, such as in Africa.

Wendel deems its investment in Bureau Veritas to be a high-quality asset. This holding accounted for 30.42% of the Company's net asset value at December 31, 2018. Any significant decrease in Bureau Veritas' stock price would have a considerable impact on Wendel's net asset value.

IHS operates in Africa, in countries that may present regulatory and political instability. As such, its development could be negatively impacted by legal, regulatory, political or fiscal factors specific to the region and which could be beyond its control.

As announced, Wendel continues its strategy of acquiring large scale companies, which could lead to a greater concentration of its assets.

Risk management

The Wendel group seeks to reduce its sensitivity to regional or sectoral risks by diversifying its assets, in terms of both sector and region. Divestments made in 2018 and announced in 2019 to rationalize Wendel's portfolio by reducing the number of investments, mechanically strengthen the concentration of its assets. Given the composition of the NAV, these divestments have not significantly changed the geographical or sectoral profile of the group.

Wendel remains vigilant during its acquisitions in riskier geographic areas, such as Africa. In-depth due diligence is conducted and investments are made in partnership with quality investors.

Finally, Wendel's teams perform constant and accurate monitoring of Bureau Veritas and its risks.

The portfolio's concentration risk is limited: at December 31, 2018, Wendel's gross assets was made up of 35% of listed assets, of which 30% account for Bureau Veritas, 43% account for unlisted assets (8 assets) and 22% account for liquidity.

2.2.2.2 Risks related to the robustness of portfolio companies' business models

Presentation of risk

Wendel's ability to seize investment opportunities, best manage its equity investments, and optimize financing and refinancing depends on how well it is able to assess the stability and resilience of the business models of its portfolio companies, from when those companies are acquired through to when they are divested. This assessment looks particularly at the following factors:

- key people: see section 2.2.3 extra-financial risks;
- 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

Risk evaluation is carried out prior to the acquisition of stakes by conducting in-depth due diligence including a significant number of parameters that could affect the business model of the portfolio companies.

Monthly reporting of the performance of portfolio companies is carried out post-acquisition and quarterly monitoring via business reviews. The teams were strengthened in this way with the presence of operating partners within the investment team.

Wendel pays special attention to the quality of its managers and its associates and subsidiaries and regularly evaluates their performance.

Appropriate financing is set up with favorable borrowing conditions given current market characteristics.

Finally, the financing is without recourse to Wendel.

2.2.2.3 Risks related to due diligence on contemplated investments and divestments

Presentation of risk

Equity investments involve a risk at the time an ownership stake is taken in a company, in that the Company's value might be overestimated. The valuation applied to a target company is based in particular on operating, environmental, financial, accounting, social, legal, and tax data communicated during *due diligence*, and this information might not be entirely accurate or complete.

As part of a divestment, Wendel may grant earnouts or representations and warranties.

Proposed investments and divestments are also subject to stock market, debt and venture-capital risks, which can impact the prices and liquidity of these assets.

Risk management

Wendel's *due diligence* processes are thorough and must meet predetermined investment criteria. Identified risks can, on a case-by-case basis, be covered by a guarantee from the seller. These *due diligence* processes are updated regularly and include considerations related to CSR and digitalization, as well as aspects related to compliance or internal control.

Wendel aims to limit the amount and duration of any earnout clauses and representations and warranties granted during divestments.

Wendel regularly makes co-investments with quality partners in order to better examine its projects and limit its exposure, with the prospect of an alignment of interests.

2.2.2.4 Risks related to valuing portfolio companies

Presentation of risk

Once they have joined the portfolio, the companies in which Wendel has invested must be evaluated periodically. These periodic valuations are used to calculate net asset value (NAV) per share, but they do not necessarily reflect ultimate divestment value. Controlled private companies show less liquidity and are generally of a smaller size than listed companies. High volatility in the financial markets or low economic performances amplified by leveraging linked to the debt of portfolio companies could cause significant fluctuations in the NAV. 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.

There is no guarantee that portfolio companies can be sold at a value at least equal to that used to calculate Wendel's NAV, which does not provide any potential discount for a initial public offering or sale. The sale of equity investments can be facilitated or hindered by market conditions.

Risk management

Wendel's NAV is currently 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. Wendel commissioned an independent expert to review the aggregates used.

The valuations carried out by Wendel do not include any discount or premium.

In addition to this rigorous and contradictory estimation process, Wendel's business model does not have a time constraint on completing sales. The risk of forced sale at a potentially unfavorable price is limited.

2.2.2.5 Risks related to the transmission of information by portfolio companies

Presentation of risk

Wendel's strategic decisions, such as reinvestments, are made as a result of rigorous analysis by its investment team, with the support of external consultants as needed. However, these analyses are also based on information provided by portfolio companies that prepare their financial statements and forward-looking business models. This financial and strategic information may contain errors, be subject to interpretation or be based on aggregates not comparable to those used by Wendel.

In addition, material information that would be brought to the attention of the public could be based on inaccurate reporting by portfolio companies.

Risk management

Wendel has directors in the governing bodies of portfolio companies (boards of directors and audit committees) whose mission is to analyze this information and ask the management for additional analysis when necessary.

The governing bodies of portfolio companies also include independent directors, who provide an external perspective and additional expertise. Portfolio companies use independent consultants and experts, if necessary. Statutory auditors of portfolio companies are chosen from leading firms and are also retained by Wendel with the aim of strong consolidation.

Finally, Wendel has an internal audit team and has appointed a performance officer.

2.2.2.6 Risks related to legislative and regulatory changes

Presentation of risk

Acquisition and divestment operations are often complex, because of the application of legal, fiscal and regulatory provisions under multiple legislation and because specific organizational structures must be implemented depending on the characteristics of each investment.

Moreover, unfavorable changes in tax legislation or its interpretation could make Wendel's investment transactions less attractive.

Risk management

Legislative and regulatory change is constantly monitored through active monitoring by the corporate teams composed of experienced people in their respective fields.

During an acquisition or divestment, Wendel's investment team, in association with the legal, tax, and finance teams, work with experienced consultants in the local markets to ensure that the new structure complies with all applicable legal, regulatory, and tax requirements.

Wendel makes sure that it is in compliance with the laws and regulations in force.

2.2.2.7 Risks related to IT security

Presentation of risk

Wendel uses and lists its data and work or analysis tools using information systems chosen for their security. However, the assumption of a malicious intrusion (virus, attempted intrusion) or a flaw in one of these systems cannot be excluded and could have a significant impact on Wendel's activities and responsibility if the data or information stored were no longer secure. Wendel's central information systems host operational and strategic information and any loss or leak of information represents a significant risk. The consequences would be financial (loss of data from external services, penalties, etc.), reputational (disclosure of confidential and personal data) and/or legal (liability vis-à-vis legal entities and/or individuals whose information Wendel holds).

Risk management

Wendel's Executive Board has designated IT security as one of its goals for the year 2019. As such, several steps to strengthen the security of information systems and to raise awareness of cyber risks have already been initiated: computer security audits and intrusion testing, redesigning of the systems used as a basis for retrieval and processing of information, securing the platform on which mail and file management systems are based and finally, setting up an authorization management policy aimed at strengthening the security.

2.2.2.8 Risks related to the presence of a majority shareholder

Presentation of risk

Wendel is controlled by a majority shareholder with the ability to sell its shares, which could have an adverse effect on Wendel's stock price. In addition, this control situation implies that decisions of the majority shareholder could have adverse consequences for Wendel.

Risk management

Wendel ensures that its governance remains balanced with the presence of five independent members on the Supervisory Board. In 2018, the Supervisory Board appointed a lead member, one of whose missions is to prevent, analyze and manage potential conflicts with the majority shareholder.

Wendel also respects and implements the principles and recommendations of the AFEF-MEDEF code.

2.2.2.9 Risks of portfolio companies

Bureau Veritas

The main risks identified by Bureau Veritas are: changes in the macroeconomic environment; geopolitical risks; risks related to the Group's competitive environment and innovation; risks related to acquisitions; risks related to the impairment of intangible assets from acquisitions; risks related to the loss, suspension, or inability to renew necessary permits; 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 the liquidity risk arising from its financing structure, changes to the macroeconomic environment, increases in certain raw material costs and availability, titanium dioxide (TiO₂) in particular, intense competition and pricing pressure, dependence on some clients and suppliers, risks related to human resources, risks related to the digitization of distribution activities, industrial and environmental risks.

The Cromology management team is in charge of managing these risks.

Stahl

The main risks identified by Stahl are: changes to the macroeconomic and financial environment; 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).

The Stahl management team is in charge of managing these risks.

Constantia Flexibles

The main risks identified for Constantia Flexibles are: regulatory change in public health, environment or security matters leading to significant investment or compliance costs, the volatility of commodity prices; environmental risks; hiring and retaining talented employees; finding the *right balance* between product prices and maintaining long-term relationships with key customers; possible interruptions to production processes; machine breakdowns and quality requirements; and risks related to data processing and IT security. The packaging industry is subject to a number of regulatory requirements that 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.

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; 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, integrating acquisitions (leveraging synergies) and risks

related to the way in which contracts are terminated with the partners.

The Tsebo management team is in charge of managing these risks.

IHS

IHS is not a fully consolidated company of the Wendel group. However, certain significant risks specific to this company are described as they are likely to have an impact on Wendel.

The main risks identified by IHS are: geopolitical and macroeconomic risks (particularly in Nigeria), corruption, risks involving regulated activities, exchange-rate risks, non-payment by certain customers, consolidation of telecom operators, risks related to new acquisitions, the risk related to recruiting and retaining qualified employees and refinancing risks and the risk related to operations (sub-contracting, safety, etc.).

IHS operates in different African countries with financial, regulatory, fiscal and/or political instability that could impact its activities.

Since November 14, 2018, the banks of IHS in Nigeria have unblocked all accounts that had previously been frozen as a result of the "post no debit" measures imposed by the EFCC. To the knowledge of IHS, it may be recalled that it was not notified of any formal allegation or investigation in the context of EFCC requests.

IHS operates Internationally and is exposed to foreign exchange risk arising from currency exposures other than the US Dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

IHS is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the IHS' cash flow and future profits. IHS is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the functional currency in which they are measured.

In managing foreign exchange risk, IHS aims to reduce the impact of short-term fluctuations on earnings. The company has no export sales, but it has customers that are either contracted using fees denominated in US Dollars or other foreign currencies, but with foreign exchange indexation. IHS' significant exposure to currency risk relates to its loan facilities that are mainly in foreign currencies. IHS manages foreign exchange risk through the use of derivative financial instruments such as currency swaps and forward contracts. IHS monitors the movement in the currency rates on an ongoing basis.

Currency exposure arising from assets and liabilities denominated in foreign currencies is managed primarily by setting limits on the percentage of net assets that may be invested in such deposits.

The table below shows the impact on IHS' loss if the exchange rate between the following currencies to US Dollars had increased or

decreased, with all other variables held constant. The rate of change was determined by an assessment of a reasonable or probable change in the exchange rate being applied as at December 31.

In thousands of US dollars	Effect on Euro	Effect on Rwandan Franc	Effect on Nigerian Naira	Effect on Zambian Kwacha
2018				
Change rate	5%	5%	5%	5%
Effect of US Dollar weakening on loss	14,369	3,643	114,280	10,185
Effect of US Dollar strengthening on loss	-14,369	-3,643	-114,280	-10,185
2017				
Change rate	5%	5%	5%	5%
Effect of US Dollar weakening on loss	14,241	3,531	100,85	10,710
Effect of US Dollar strengthening on loss	-14,241	-3,531	-100,885	-10,710

The impact is based on external and intercompany loans.

This analysis excludes the natural hedging arising from contracts with customers in the Nigeria, Zambia and Rwanda operations, which are either wholly or partly US Dollar based. It is, however, impracticable to incorporate the impact of this US Dollar component in the above analysis due to the complexity of the contracts and the timing of any devaluation event.

The IHS management team is in charge of managing these risks.

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 Extra-financial Risks

Information relating to extra-financial risks and their detailed explanation are described in the extra-financial performance statement, Appendix to the Registration Document, section 3.1.3.

2.2.4 Regulatory aspects

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. The SICAR 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 alternative investment fund management directive (AIFM) 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, and in which changes could be unfavorable.

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).

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.

The activities of Constantia Flexibles do not rely only on intellectual property. Although Constantia Flexibles owns patents and licenses, these are not material with respect to its business activity.

Tsebo

Tsebo's operations are not subject to any specific regulations. Nevertheless, the Group must comply with the laws and standards of the economic activities in the countries where it operates, such as laws on carrying weapons (security), legislation on the Black Economic Empowerment program in South Africa, 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.

2.2.5 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.

2.2.6 Insurance

Wendel

In the context of its risk management policy, Wendel has taken out insurance policies with top-ranking insurance companies and carries out regular invitations to tender in order to improve its coverage while ensuring that it has the best market prices available. At December 31, 2018, the following principal risks are 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 management, supervisory or administrative duties. 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 2018 the Bureau Veritas Group continued to centralize and optimize its insurance policies as follows:

The centralized insurance policies are:

- a professional and general liability program covering all of the Group's businesses, except for Aeronautics and the Construction division's French operations. This program supplements local insurance programs;
- general liability insurance for corporate officers;
- professional liability insurance for the aeronautics business;
- Bureau Veritas 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.
- Bureau Veritas also implemented a cyber security risk policy effective from January 1, 2019.

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;

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.

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.

Tsebo

Tsebo has subscribed 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 present the main risk management and internal control procedures in place at Wendel (which includes Wendel SE, its holding company and foreign offices) and companies in its portfolio. The Executive Board is responsible for gathering the necessary information from the relevant entities and managers and presenting the systems in place. Wendel's internal control policy forms part of the Company's broader Corporate governance rules, under which the Audit Committee is assigned with making sure that risk management and internal control systems are properly implemented and effective. The rules are intended to help the Supervisory Board ensure that the Company's internal controls are effective and that the information provided to shareholders and financial markets is reliable.

Definitions and objectives of risk management and internal control

Wendel applies the AMF guidelines issued in July 2010, entitled "Reference framework for internal control and risk management systems," as well as the recommendations for implementing those guidelines, to develop its approach and procedures for internal control and risk management. These guidelines include the objectives and other elements of the reference framework.

Objectives of internal control

Wendel's internal control system consists of resources, behaviors, procedures, and initiatives tailored to the specifics of Wendel's business.

By regularly reviewing how the system is implemented across its operations, Wendel aims to put in place adequate processes to manage the risks to which the Group is exposed.

The internal control system aims to secure that the Group generates reliable and complete financial information, and that it has the right processes for managing its operations in accordance with applicable laws and regulations and with the management principles and strategy set by the Executive Board.

The internal control system therefore aims to help Wendel and its Portfolio companies mitigate its risks, prevent fraud and corruption,

and more generally reach its objectives, and protect the value that it creates for shareholders and employees.

However, no such system can provide an absolute guarantee that all risks to which Wendel and its Portfolio companies are exposed are managed in their entirety, nor that the Wendel Group will reach its objectives.

Principles of internal control

Wendel's internal control system is based on the following fundamental principles, consistent with the Company's objectives:

- an organization with competent, responsible men and women that draws on established procedures, tools, and practices, supported by dedicated IT systems;
- periodic assessments of the Company's main risks in order to identify, analyze, and manage those risks with respect to its objectives;
- appropriate internal control measures proportionate to the risks of each business process and designed to ensure that the right steps are taken to manage risks that could prevent the Company from reaching its objectives;
- the dissemination within the Company of relevant, reliable information that lets each employee carry out his or her duties;
- 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.

The Company's risk management system is designed to identify and analyze the main risks to which Wendel is exposed. The system helps:

- preserve Wendel's assets, reputation, and the value it has created;
- make Wendel's decision-making and other processes more secure so as to help Wendel achieve its objectives; foster consistency between Wendel's activities and its values;
- encourage Wendel's employees to adopt a shared view of the principal risks and raise their awareness about the risks inherent to their business activities.

Relationship between risk management and internal control

Wendel's risk management and internal control systems are complementary.

The risk management system is designed to identify and analyze its main risks.

The risk management system includes controls within the internal control system that are designed to ensure risk management functions properly. Risks whose possible occurrence or magnitude exceeds limits that the Company deems acceptable are dealt with using the risk management system described here, and action plans are implemented if necessary. These action plans could involve setting up controls, transferring the potential financial consequences (such as through an insurance policy), and/or modifying the associated business processes.

Any controls that are set up form part of the Company's internal control system.

This aims to ensure that the system can help the Company deal with the risks to which it is exposed. Similarly, the internal control system relies on the risk management system to identify the principal risks that must be controlled. The internal control system consequently helps protect the value that Wendel creates for its shareholders and employees.

These and any such internal control and risk management systems, no matter how well they are designed and implemented, cannot provide an absolute guarantee that risks will be totally eliminated and that Wendel's objectives will be achieved.

Internal control scope and limitations

Wendel's risk management and internal control system, as described in this report, covers all operations carried out by Wendel SE as an investment company as well as all of its directly controlled holding, investment and advisory companies. Wendel and its Portfolio companies is a Group of companies that: (i) is decentralized, including in the choice of organizational structure and in its risk management and internal control systems; (ii) includes listed and unlisted companies; and (iii) includes companies in different businesses and of varying sizes. As a result, the scope and characteristics of risk management and internal control can vary from one subsidiary to another. Each operating company and its executives are responsible for designing and implementing their own risk management and internal control systems, in line with the Group's philosophy and organization. Regardless of the quality of its design and operating effectiveness, such internal control systems can only provide a reasonable assurance that processes are operated as intended and risks adequately mitigated. Moreover, despite the many interactions and exchanges between Wendel SE and its Portfolio companies, there is no certainty that unexpected events may occur in its portfolio companies and impact Wendel Group ability to reach its objectives.

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 governance structure encourages transparency and traceability in decision-making. It requires strong involvement of the manager of each functional area, who must take ownership of the Company's policies and procedures, help implement them and ensure they are followed, and supplement them when needed.

Persons involved in internal control at Wendel SE

The Supervisory Board and its committees

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel SE. Throughout the year, it performs the checks and controls that it deems appropriate and may request any document that it considers necessary to fulfill its duties.

The Supervisory Board regularly reviews the main risks to which the Group is exposed. It does so within the framework of its meetings, and in particular:

- when it examines the quarterly management reports prepared by the Executive Board on the economic and financial condition of each subsidiary or investment (business trends, margins and financial debt), as well as all events that could have a significant impact on the Group;
- as part of investment projects: the Executive Board explains to the Supervisory Board how the projects will be implemented, the risks and opportunities connected with each investment, based on various assumptions, as well as current and projected resources to protect against identified risks. The Supervisory Board's prior approval is required for all projects of more than €100 million or any decision requiring a long-term commitment on the part of Wendel or its subsidiaries.

In addition, the Executive Board regularly updates the Supervisory Board on changes in Wendel's net asset value (NAV), indebtedness and liquidity.

In accordance with Article L. 823-19 of the French Commercial Code, the Supervisory Board's Audit Committee is responsible for ascertaining the quality and reliability of financial statements and other published financial information, tracking the effectiveness of risk management and internal control procedures, interviewing the Statutory Auditors, in particular with no Wendel SE representatives present, and ensuring they remain independent. The Audit 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 2018. Based on a questionnaire and interviews with Board members, it was conducted under the responsibility of the Governance Committee and the Chairman of the Supervisory

Board. In accordance with Afep-Medef recommendations, in 2018, the individual contribution of each Board member to the work of the Supervisory Board was also addressed. Findings, including positive points and areas of improvement, were presented and discussed at the Supervisory Board meeting on November 28, 2018. Progress on these issues will be monitored in 2019.

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 Board is specified in the same section.

The rules by which the Supervisory Board and its committees operate (deriving from legislation, the by-laws, and the Afep-Medef Code) are set forth in the Supervisory Board's internal regulations and detailed in section 2.1.2. The internal regulations are reviewed regularly to take into account any new laws and the latest best practices for Corporate governance. More specifically, in October 2018, a Lead Independent Director was appointed.

Executive Board and its committees

The Executive Board has two members. In 2018 it met 25 times (generally 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 SE procedures by setting up four committees:

- an Investment Committee, which includes the Executive Board, the Managing Directors of the Investment Team, and the Chief Financial Officer. It meets once every two weeks (24 meetings in 2018) 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 at least once a month (16 meetings in 2018);
- 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 approximately once a month (11 meetings in 2018).

- 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 SE, making it possible to apply the risk management and internal control principles described in this report to them.

Operating subsidiaries (portfolio companies)

Each operating subsidiary enjoys full management autonomy but reports periodically to Wendel SE periodically on operational and financial matters. Wendel also takes part in the Corporate governance bodies of its subsidiaries and thus ensures that internal control and risk management procedures are properly applied in each of them.

Internal audit

Wendel SE created a Group Internal Audit department in 2016. This department is responsible for evaluating the internal control and risk management systems of Wendel SE, its holding, investment, and foreign offices, and its operating subsidiaries (portfolio companies), as well as for regularly checking those systems and making recommendations for improving them. It is also responsible for promoting continuous improvement efforts for internal control and risk management systems.

The Group Internal Audit department helps train and inform internal control managers but is not directly involved in the implementation and day-to-day functioning of internal control and risk management systems. Reporting to the Executive Board and the Audit Committee, the department provides support to senior management that is independent of the operations and functions that it reviews. In the first half of 2018, due to a vacancy in the Internal Audit director position, audit activities were temporarily performed with the assistance of external advisers under the supervision of Wendel's Chief Financial Officer. In October 2018, Wendel SE hired a new Internal Audit Director who took over Internal Audit and Internal Control activities. An experienced auditor was also recruited in early January 2019.

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 and its Portfolio companies are exposed, within the framework of the regular meetings described in the section titled "Persons involved in internal control at Wendel" relating to the Supervisory Board and its committees.

Because Wendel's four Management Committees meet often, the Executive Board can organize appropriate dissemination of information within the Company. Consequently, the Executive Board and each department head can make decisions based on all the relevant information in Wendel's possession on its organization, strategic planning, financial position, and the business activities of its subsidiaries.

Dissemination of information on Wendel's organization and its employees' responsibilities

Wendel aims to clearly identified responsibilities for organizing, preparing and reporting information. Several procedures help ensure this:

- the Executive Board convenes meetings of all Wendel employees whenever necessary, in addition to the committee meetings mentioned above and internal team meetings. Similarly, Group reflection and motivation seminars involving some or all employees are held to take stock of Wendel's position and its environment, and to encourage each person to express his or her expectations about Wendel's operations;
- the dissemination of procedures and rules to all personnel - such as expense commitment procedures, the Market Confidentiality and Ethics Code (see below), the Ethics Code (see below), policies to fight money-laundering and corruption (see below), and the IT System charter - helps each employee to comply with the internal control procedures established by the Executive Board. The Group has drafted a finance and business administration procedure for its advisory companies to communicate the Wendel internal controls requirements;
- an intranet is operational at Wendel : it serves to share useful information with all Wendel's employees about Group events and organization. Among other things, the intranet includes a functional and hierarchical organization chart as well as the calendar of blackout periods.

Protection of confidential information

Wendel endeavor to preserve the utmost confidentiality when sharing sensitive information:

- the Market Confidentiality and Ethics Code was presented to all employees and is part of the internal regulations. It applies to all employees in France and abroad, and to members of the Executive and Supervisory Boards;
- IT access and security are managed centrally by the IT function. Each workstation can be accessed only by the employee to whom it is assigned. Session access is controlled by a login and password combination. The access rights of each employee are limited to his or her responsibilities or department;
- in order to comply with the EU's 2018 General Data Protection Regulation (regulation 2016/679), a Data Protection Officer (DPO) was appointed. All employees of Wendel SE, its holding companies and its foreign offices also attended a dedicated e-learning training on data privacy. In 2019, Wendel will continue to update and refine its GDPR related processes in order to keep abreast of and apply any changes to regulations;
- a video-surveillance system has been implemented and security guards are assigned to the building at all times, securing all building access.

Compliance with laws and regulations and with ethical rules

Compliance with laws and regulations

The Legal, Human Resources, Sustainable Development, and Tax departments, along with the General Secretariat, address compliance with the laws and regulations in the countries where Wendel and its holding, investment, and advisory companies are located. They monitor the legal and tax environment, so as to stay on top of changes in laws and regulations that might be applicable to them.

Market Confidentiality and Ethics

The Market Confidentiality and Ethics Code is part of Wendel SE internal regulations and applies to employees of Wendel and its international offices, and to members of the Executive and Supervisory Boards.

This Code explains the rules of confidentiality for persons who are in possession of confidential or privileged information. It explains the obligation to abstain from stock-market transactions when in possession of privileged information and during blackout periods. Blackout periods are defined as extending from 30 days before until one day after the publication of annual and semi-annual earnings, as well as from 15 days before until one day after the publication of quarterly financial data and the NAV.

The Code defines illegal insider trading, misinformation and share price manipulation, and explains the applicable legal sanctions. It also sets up a number of measures for preventing such infractions. The Code also includes the provisions applicable to stock options and bonus shares and details the AMF disclosure obligations incumbent on executives and persons affiliated with them.

In addition to legal and regulatory obligations in this area, the Code includes certain more restrictive provisions in the interest of transparency and prudence. Specifically, it requires Executive and Supervisory Board members, employees and their relatives to register their Wendel shares and restricts transactions on derivatives or speculative transactions. The Code also defines conflict-of-interest situations. The Group Ethics Officer monitors adherence to the Code. The Code forbids employees and executives from holding, buying or selling shares of listed Group subsidiaries or associates at any time, except for shares that the Board members of those companies must own, or dividends-in-kind paid to them in the form of shares of Wendel's subsidiaries or associates.

Pursuant to EU Regulation 596/2014 of April 16, 2014 on market abuse, and as part of its effort to prevent illegal insider activity, Wendel draws up a list of insiders every time sensitive information emerges that will not be published immediately. These lists are made available to the AMF, which can request to see them. They are kept for at least five years after they are created or after their last update. The Compliance Officer is in charge of creating and updating the lists. Specific compliance rules applicable to the members of the Executive and Supervisory Boards are detailed in section 2.1.6.

In 2019, Wendel will remain vigilant to update and improve its Code and practices as necessary.

Code of Ethics

The Executive Board of Wendel SE adopted a Code of Ethics in March 2015. This Code embodies the values of the Company and its employees and supplies the frame of reference for Wendel's SE role as a long-term investor. It applies to all employees and executives of the Company in all its offices, as well as to its holding companies. Wendel encourages the companies in which it invests to adopt similar standards.

The main issues covered by the Code are: anti-money laundering measures, compliance with economic sanctions, bribery prevention, fair competition, workplace equality, occupational health and safety, personal data protection, the preservation of operating resources, and being a responsible corporate citizen.

Wendel SE 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. All employees of Winvest Conseil S.A. and its subsidiaries additionally followed an e-learning module in late 2018 and early 2019 to take into account changes in regulation in Luxembourg (circular 18/698).

Wendel SE has introduced several initiatives to comply with the new requirements under France's Sapin 2 law on transparency, combating bribery, and modernizing the economy, which went into effect on June 1, 2017. In 2018, the Group deployed processes around the 8 pillars of Sapin 2 and conducted a first assessment of the implementations of these requirements in its Portfolio companies. With the help of an external consultant, it evaluated the processes in place in its controlled Portfolio companies using the AFA's (Agence Française Anticorruption) published Guidelines and questionnaire. All Wendel SE employees followed a specific training on the prevention of bribery. New joiners also followed this specific training as part of their integration process. In early 2019, an updated Group-wide anti-bribery will be deployed together with a new whistleblower policy.

Human resources policy

Wendel's human resources policy is designed to make sure the Company has employees with the skills and knowledge necessary to carry out their duties and help the Group reach its current and future objectives. Wendel's employees are aware of their responsibilities and limits and are informed of and comply with the

Company's rules. The main factors supporting this are discussed in the "Internal control environment" section, under "Dissemination of information on Wendel's organization and its employees' responsibilities."

Wendel conducts formal, annual performance reviews, through which it regularly examines the contribution of each employee, the scope of their position and the resources given to them for meeting their objectives. This information is centralized by the Human Resources department and can, where necessary, lead to recommendations for training, in order to allow all employees to improve their respective skillsets. In 2018, Wendel improved the performance reviews conducting a 360°feedback exercise to measure the contribution of each person and identify improvement opportunities more globally.

Information systems

The Company's IT systems are tailored to its current objectives and have been designed to support its future objectives. The systems' hardware and software employ security mechanisms for protecting the data they store (access protection, backup procedures). Wendel has decided to use cloud-based systems to maximize data security. Following the initial deployment of Microsoft's cloud-based messaging, Wendel continued in 2018, with the migration of Microsoft Office 365 data to the cloud (Office 365 is a suite of business software developed specifically for use in the cloud). Wendel also continued in 2018 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 it is organized, and how those risks are covered.

Wendel SE and its governing bodies are organized in such a way as to allow for active risk management and internal control. The Executive Board assigns and distributes risk monitoring responsibilities to various departments of Wendel SE in the following ways:

- the Investment Team is in charge of monitoring subsidiary performance on a monthly basis, the operational risks specific to each equity investment and the acquisition and divestment process. It is also responsible for valuation risk on Wendel's assets with the support of the Finance department;
- the Executive Board and the Investment Team also review that the management team of each subsidiary and associated company is organized in such a way as to manage its risks properly and achieve its objectives;

- the Finance department monitors Wendel's SE financial risks (financial leverage, liquidity, interest rates, foreign exchange), cash management, and the quality of Wendel's SE financial counterparties, accounting regulations, the production of financial statements, the calculation of NAV, earnings forecasts, the estimates needed to prepare the financial statements and calculate NAV (together with other Wendel departments if necessary), and transaction security. Key indicators (changes in NAV, financial leverage, current and projected cash levels, and exposure to interest rates and exchange rates) are reviewed regularly so that the Executive Board can take measures insofar as possible to adjust Wendel's exposure to these risks if deemed necessary;
- the Group Internal Audit department is responsible for evaluating the internal control and risk management procedures of Wendel SE, its holdings and foreign offices, and its operating subsidiaries (portfolio companies);
- the Legal department is responsible for Wendel's legal security and reviewing that Wendel's SE transactions (financing, acquisitions, divestments, etc.) comply with all applicable laws and regulations and that the corresponding contracts are legally valid. More generally, the department is responsible for the proper execution of all transactions that Wendel undertakes as a long-term investor;
- the General Secretariat is responsible for ensuring that Wendel SE and its holding companies adhere to company law and laws governing market trading and Corporate governance, and to regulations on compliance, ethics, disputes and litigation, data protection; it is also in charge of general liability insurance for corporate officers, professional liability insurance, and intellectual property.
- the Tax department monitors tax regulations, ensures that Wendel's SE obligations *vis-à-vis* the tax authority are handled properly and guards against tax risks;
- the Communications and Sustainable Development department seeks to preserve Wendel's image and reputation and to stay abreast of environmental and social responsibility (ESR) obligations;
- the Financial Communications department makes sure that the financial information communicated to investors and analysts is of high quality;
- the IT department is in charge of the prevention of IT risks (intrusion, data security and storage, business continuity, etc.) at Wendel SE level;
- the Human Resources department is in charge of managing human resources risks;
- the international offices in London, Casablanca, Luxembourg, New York, Singapore, provide the Group with business and investment advice for their respective regions.

To the extent necessary, each department may be assisted by outside experts (lawyers, bankers, brokers, auditors, consultants, etc.) with approval of the Executive Board.

The Executive Board oversees the monitoring of risk and, together with each department, decides on the procedures that will be used to cover them. This takes place in Management Committee and Executive Board meetings as described in the section on organization.

As indicated in the section on organization, the Executive Board discusses the main risks that could significantly impact the value of Wendel's assets with the Supervisory Board, whenever required and as part of the quarterly business report.

In addition, in accordance with Article L. 823-19 of the French Commercial Code, incorporated into the Supervisory Board's internal regulations, the Audit 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 will be updated next in May 2019.

For certain principal risks identified in the mapping - i.e. those whose occurrence and/or intensity are considered the highest - a detailed analysis is formalized by the departments involved. This analysis is presented to the Audit 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.

Portfolio companies

Portfolio companies manage their own risks, particularly operational risks, and take the necessary steps to understand and monitor them. It is for them to decide whether it is necessary to map these risks and to determine the action plans to be implemented each year.

Nevertheless, Wendel's SE presence in the governing bodies of its portfolio companies allows it to verify that major risks are actively monitored.

Wendel SE also draws on its Internal Audit department as well as those of its portfolio companies (when they have them), and on portfolio companies' risk reports to assess their main risks and internal control procedures.

Wendel also takes into account the conclusions of the Statutory Auditors of its portfolio companies. To improve communication, they are often part of the same networks as Wendel's SE Statutory Auditors.

2.3.4 Appropriate internal control processes

Wendel SE has set up processes to ensure that relevant, reliable information is communicated in a timely manner to all necessary employees so that they can perform their duties.

Operational and functional control activities

Investments and divestments

The Investment Committee meets regularly to examine progress made on planned acquisitions and divestments and to explore new opportunities. The committee includes the Executive Board, the Managing Directors of the Investment Team and of international offices, and the Chief Financial Officer. The Executive Board selects a team comprising people with the requisite expertise to review each opportunity. A senior member of the team acts as coordinator and is responsible for the investment/divestment recommendation. Once the analysis has been finalized, the companies involved have made an investment decision on the proposed transaction and the Executive Board has approved it, the transaction is presented to the Supervisory Board for authorization if the by-laws so require. The presentation includes an analysis of the impact of the transaction on Wendel's SE net income from operations, financial position and net asset value under various favorable and unfavorable assumptions, as well as an assessment of the identified risks. The team in charge of the transaction is then responsible for executing it, with the help of the Finance, Legal, and Tax departments, and that of top-level banks, strategy consultants, legal firms, and Auditors, to the extent necessary. Liability guarantees granted or received are presented to the Audit Committee and to the Supervisory Board.

Monitoring investments

Monitoring the existing portfolio involves:

- a monthly operational report from each portfolio company presenting trends in sales, profitability and financial debt. Managed centrally by the Finance department, these reports will be migrated in 2019 to a dedicated software application to improve tracability and increase automation. 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 portfolio company. The agenda for these meetings includes, in addition to a review of the business, an in-depth analysis of one or more important topics (procurement policy, optimization of business assets, research and development, analysis of the position of major subsidiaries, existence and organization of internal control, coverage of financial risks, etc.);

- an annual budget meeting with each portfolio company, updated at additional meetings when new projections become available;
- numerous discussions or meetings organized with members of the management of each portfolio company, if required.

The members of the Investment Committee present a summary of their work monitoring the portfolio companies for which they are responsible and make recommendations in the event significant decisions concerning these investments need to be made. Moreover, in order to strengthen dialogue with the subsidiaries and better understand their operating environment and the concerns of their respective management teams, Wendel SE is systematically represented on the governing bodies of the subsidiaries and, in particular, on their Audit Committees. This presence on the governing bodies of the portfolio companies gives Wendel SE and its representatives insight into whether risk management and internal control procedures are functioning properly.

Wendel SE Supervisory Board is kept regularly informed of trends in the economic and financial situation of the companies in its portfolio at the numerous meetings described in the section titled "An appropriate organization with clearly-defined responsibilities and powers."

Senior executives of all portfolio companies are chosen in agreement with Wendel SE. In addition, Wendel SE representatives take part in the governing bodies of each portfolio company, enabling it to closely monitor the compensation of their principal executives and ensure its incentive character. Wendel SE also thereby aims to align the interests of the executives with those of the company they manage.

Monitoring Wendel's financial position

Internal control procedures are designed to provide ongoing reasonable assurance that financial transactions are carried out under secure conditions and in accordance with objectives:

- trends in NAV, in financial leverage and in bank covenant compliance are regularly monitored;
- Wendel SE has been rated by Standard & Poor's since September 2002 and since September 2018 by Moody's;
- the Executive Board regularly monitors the indebtedness, liquidity position and cash projections presented by the Chief Financial Officer and regularly presents the debt and liquidity positions to the Supervisory Board;
- the Executive Board reviews the monthly reporting of the cash position and cash investments of Wendel SE and its holding companies;

- Wendel SE and its holding companies have a budget process with formal procedures and responsibilities, including budget tracking.

The procedures for preparing financial statements and the financial information communicated outside the Group are detailed in the section titled "Control activities to ensure reliable accounting and financial information."

Arranging financing

Financing terms and their implementation are approved by the Executive Board after an in-depth review of various solutions and an analysis of Wendel's SE financial situation prepared by the Chief Financial Officer. After the Legal department reviews the related contracts and legal documentation, financing transactions are executed under delegations of power and/or signature authority given by the Executive Board Chairman to the Chief Financial Officer, the Director of Legal Affairs, or a member of the Management Committee. Depending on the transaction amounts and characteristics, the by-laws require bond issues or new loans to be authorized by the Supervisory Board.

Exposure to interest rates and exchange rates is analyzed regularly by the Chief Financial Officer. The Executive Board decides whether or not to adjust interest-rate and exchange-rate exposure, and if necessary, appropriate financial instruments are put in place.

Procedures for preventing fraud and monitoring commitments and expenditure

The procedures for authorizing expenditure commitments at Wendel SE, its holding companies and foreign offices cover all of Wendel's commitments as well as the signatures needed for bank transactions (*via* delegated signature authority).

- Estimates are submitted by several service providers. They are negotiated under the supervision of the Management Committee member or members in charge;
- Expenditures are subject to a formal authorization procedure. Depending on the amount, they must be authorized by the Management Committee member in charge of the expenditure, by an Executive Board member, and/or by the Executive Board Chairman. Funding requests are compared with the budget, and invoices are approved after comparison with funding requests;
- Only the Finance department can issue checks and transfer orders, backed up by supporting documentation, and it informs the Chairman of the Executive Board when the amount exceeds a certain threshold.

In 2018, Wendel SE completed the digitizing of 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 has been rolled out in New York in 2018. Singapore will follow in 2019.

For the Group's foreign offices, the Chief Financial Officer has issued a procedure for managing their finances and business administration. The Audit department carries out a formal audit of Wendel's foreign offices at least every 2 years to make sure they adhere to the Group's internal control policy.

Preservation of IT data integrity

In order to prevent the risks of abuse of and intrusion into computers and IT systems, the IT department is in charge of developing initiatives on data conservation and storage systems. Following the migration of certain of its applications to the cloud in 2017, the Company finalized in 2018 migration of its messaging systems and initiated the process of migrating its data. The effort will continue in 2019 with an increased focus on data security and cyber security.

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 are managed by data centers run by Efisens, Wendel's IT services provider, and in Microsoft data centers for Office 365 applications.

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 SE applies International Financial Reporting Standards (IFRS) for its consolidated financial statements. The principal rules applicable are described in the annual financial report and are distributed to subsidiaries as part of the process for reporting and for preparing the financial statements. Because of the diversity of the subsidiaries' activities, Wendel SE leaves it up to each subsidiary to propose the accounting processes appropriate for its business. The Finance department and the head of consolidation at Wendel look at uniformity of treatment within the Group, in particular by examining accounting principles in the financial statements of each subsidiary.

In addition, Wendel's Finance department oversees the proper reporting of full accounting and financial information from the subsidiaries to Wendel using the following procedures:

- in coordination with the Finance department of each subsidiary, a schedule is set for the submission of financial statements with the supplementary information required for preparing Wendel's consolidated financial statements;
- Wendel's SE CFO or his staff meet with the Finance department of each subsidiary to prepare the closing and to review the highlights of the period as well as any significant or exceptional transactions;
- accounting information from subsidiaries is reviewed in detail and consistency checked with the financial information compiled by the investment team from subsidiaries' monthly activity reports.

The Chief Financial Officer is a member of the Management Committee and the Coordination Committee (see section titled "Persons involved in internal control at Wendel"), which enables him to review significant events likely to have an impact on the Group's consolidated financial statements, the parent company financial statements, or on the financial statements of holding companies. The Chief Financial Officer reports directly to the Executive Board and is thus fully independent of other Wendel departments.

Procedures for auditing of the financial statements

At the controlled subsidiary level:

- to secure better upward reporting to Wendel's Statutory Auditors, the Group engages the same auditing firms for all subsidiaries, to the extent possible. Selection criteria for the Statutory Auditors includes their ability to audit all directly- and indirectly-held subsidiaries throughout the world and to obtain audit results and any observed anomalies from the subsidiaries' Statutory Auditors;
- a representative of the Finance department attends end-of-audit or Audit Committee meetings of subsidiaries under exclusive control and receives details of audit and internal control observations raised by the subsidiaries' Auditors during the course of their audit;

- one or more representatives of Wendel SE attend Board of Directors/Supervisory Board meetings and/or Audit Committee meetings of portfolio companies.

At the Wendel SE level:

- the Group CFO is responsible for accounting policies and compliance with accounting rules. If required, he has the authority to commission audits and informs the Executive Board of the results of any such audits. He regularly holds pre-closing meetings with the Statutory Auditors to follow-up on issues raised in previous financial periods and to explain how they were resolved. He also discusses transactions carried out during the financial period in question and the planned accounting treatment;
- the Executive Board is in regular contact with the Chief Financial Officer during the preparation of the financial statements. In particular, it is informed of the financial and accounting impact of any significant event, as well as estimates and judgments that have a significant impact on the financial statements. The Statutory Auditors and the Executive Board meet when subjects arise whose accounting interpretation is complex or whose impact on the financial statements is significant. The Chief Financial Officer also reviews all of Wendel's financial communication and is informed of any subject that is likely to have an impact on it;
- the Audit 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. NAV calculation and evolution are presented and discussed in Audit Committee meetings before presentation to the Supervisory Board and publication.

Internal control procedures related to financial information

Once the parent company and consolidated statements have been finalized and net asset value calculated, the Audit 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 steps necessary to improve them.

In addition to the controls carried out by all managers, internal controls are reviewed from two complementary perspectives:

Audit of internal control practices

This audit includes checks of the internal control system and helps with risk management at entities in the scope of consolidation.

A comprehensive review of the internal control system is carried out using detailed self-evaluation questionnaires.

Since 2007, Wendel SE has carried out a number of reviews relating to internal control, relying on the framework set down by the AMF in its January 21, 2007 recommendation and on its application guide updated in July 2010.

The reviews are based on a self-evaluation questionnaire that reflects all control principles and objectives provided for in the AMF's reference framework while adapting them to Wendel Group's specific features and activities, *i.e.* by identifying the specific areas of risk, such as financial risks.

Wendel Group completes the questionnaire once a year and distributes it to its principal, fully-consolidated portfolio companies. 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 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. After using a simplified version of the questionnaire in 2017 following its acquisition, Tsebo completed the full version in 2018. The findings of the questionnaires were given to Wendel's Audit Committee, and a summary of the replies were used in preparing this report.

2.3.6 Achievements in 2018

The application of procedures implemented in previous years was reviewed and improved in 2018 where necessary.

In 2018, Wendel increased its efforts on compliance related matters in the context of *Sapin 2* and GDPR to complete the implementation of these regulations.

With the assistance of an external consultant, new processes were designed at Wendel SE level in line with AFA's recommendation to implement the 8 pillars of *Sapin 2* regulation. In the controlled portfolio companies subjected to *Sapin 2*, Wendel rolled out these requirements and conducted a first assessment of their implementations. Improvements to those processes will continue to be monitored through Audit Committee meetings as they become more mature (see Chapter 3 of the registration document on CSR).

Dedicated trainings were deployed to all employees to increase awareness and keep them updated on the compliance rules applicable to Wendel and its employees.

The Company reinforced its Audit function at the end of 2018, adapting its resources and improving its independence with a dual reporting to the Executive Board and the Audit Committee.

Wendel also finalized the roll-out of softwares in 2018 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.

A new Internal Audit Director was hired at the end of 2018. The road-map and 3 years audit plan was approved by the Audit Committee in November 2018 and an experienced Internal Auditor was hired in the early days of January 2019 to start rolling out the 2019 audit plan.

In early 2019, a Director of IT Strategy and Digital Transformation was recruited and the Secretary General of Wendel was appointed as Group Chief Compliance Officer.

NON-FINANCIAL INFORMATION

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3.1 Wendel⁽¹⁾

Non-financial statement: reporting methodology

In the context of Decree No. 2017-1265 of August 9, 2017 transposing Directive 2014/95/EU of October 22, 2014 setting out the rules relating to the publication of non-financial information in the management report provided for in Article L. 225-100 of the French Commercial Code, Wendel has produced the non-financial statement presented in the following pages for the 2018 fiscal year.

Unlike the previous reporting framework (Grenelle 2), the companies concerned must publish the following information:

- an overview of the business model;
- a description of the main risks related to the business, covering social and environmental aspects and, where applicable, respect for human rights and the fight against corruption and tax evasion, including where relevant and proportionate, the risks created by the business relationships, products or services;
- a description of the policies applied, including, where applicable, the due diligence procedures implemented to prevent, identify and mitigate the occurrence of these risks;
- the results of these policies, including key performance indicators.

(1) The Wendel name includes the Company's head office in Paris and its offices abroad

HISTORY

315
years
of history

274
years
in the steel
industry

41
years
in investment

WENDEL VALUES

Long term
commitment
Excellence
Openness
Family

STRATEGIC ORIENTATIONS 2017-2020:

Continued investment
in high-quality assets
Development of Group
companies to create value
Prudent financial structure
Creating value
for shareholders

GOVERNANCE

SUPERVISORY BOARD

EXECUTIVE BOARD

HUMAN RESOURCES

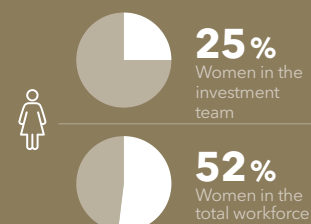
94
EMPLOYEES

6 COUNTRIES

France, Luxembourg, Morocco,
Singapore, United States
and United Kingdom

INVESTMENT TEAM
&
CORPORATE TEAMS

18.3H
OF TRAINING
per employee in France



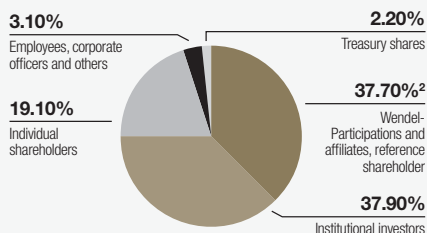
CSR: ACT AS A LONG-TERM INVESTOR

CSR objectives are included in the
variable compensation of the Executive
Board and senior executives

CSR strategy: the health and safety of employees and consumers
and the integration of ESG aspects in the performance of
products and services are central to Wendel's CSR strategy

STAKEHOLDERS & VALUE ADDED

PRINCIPAL SHAREHOLDERS¹



KEY FIGURES 2018¹

- Consolidated sales: **€8,389m**
- Nearly **€5bn** in market capitalization
- Net Asset Value (NAV) of **€147.4** per share
- Total shareholders return (dividends reinvested): **11.3% per year since 2002**

1. All figures are as of December 31, 2018

2. Share of the capital held by Wendel-Participations as of December 31, 2018 for 51.09% of the voting rights. In accordance with Article L. 233-10 of the French Commercial Code, the figures include Wendel-Participations and its Chairwoman. Shareholders of Wendel as at December 31, 2018.

SOCIETY

- Partnership with INSEAD since 1996
- Commitment to the Centre Pompidou-Metz since 2010
- Philanthropy Committee: support for community-based projects

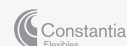
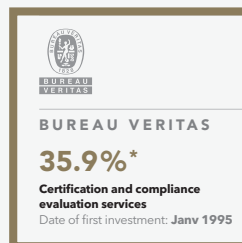
OTHER STAKEHOLDERS

- In 2018, Wendel met nearly 250 equity and fixed income investors (roadshows in France, Europe and North America and meetings at headquarters)
- Since 2009, Wendel has a Wendel Shareholders Advisory Committee
- Participation in and membership of professional and local bodies: AFEP, ANSA, MEDEF, France Invest, Paris Europlace

PORTFOLIO COMPANIES

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...

LISTED ASSET



CONSTANTIA FLEXIBLES

60.6%*
Flexible packaging
Date of first investment: 2015



IHS

21.3%*
Mobile telecommunication
infrastructure in Africa
Date of first investment: 2013

* Share of the capital held by Wendel as of 12/31/2018

UNLISTED ASSET

CROMOLOGY

CROMOLOGY

87.9%*
Decorative painting
Date of first investment: 2006

TSEBO

TSEBO

64.7%*
Business services
Date of first investment: 2017



STAHL

67.5%*
High-performance coatings
and leather-finishing products
Date of first investment: 2006

At the Wendel level

In this respect, Wendel has identified the main non-financial risks relating to its business, based on the operational risks already identified, interviews with its various departments, the international SASB reference framework and the reports of non-financial rating agencies (ISS, Oekom and Sustainalytics). Once identified and assessed, these risks were submitted to the Wendel Executive Board for approval and reviewed by the Wendel Audit Committee.

The main risks that have been identified are as follows:

- non-financial challenges in Wendel Group subsidiaries: awareness of the risks and opportunities to create long term value;

- risks related to the human resources of Wendel teams;
- risk of non-independence of governance bodies and control mechanisms;
- compliance risks.

These main risks, as well as their mitigation policies, action plans and tracking KPIs are presented in this chapter and are identified in the summary by the following icon:

NFS

The cross-reference table below links the non-financial information required in the Non-Financial Statement (NFS) with the other parts of the Wendel registration document, when they are relevant to the Company's main risks or policies, in accordance with Article L. 225-102-1 of the French Commercial Code.

Topics	Paragraph
Business model	
Description of the main businesses (business segments and/or divisions), products or services, including key figures (i.e. Volume of activity, headcount, results) by business/division and/or geographical area	Introductory guide + pages 18 to 31
Interactions within its subsidiaries/business segments (i.e. customer categories, potential partnerships, use of subcontracting, competitive positioning, relations with stakeholders, etc.)	Competitive positioning: p. 19
Challenges and outlook for the entity and its businesses (i.e. market trends, ongoing transformations, sectoral sustainable development issues, etc.)	Strategic orientations: p. 12, 30, 31
Information relating to value creation and its distribution among stakeholders	Dividends: p.28 Civil society commitments
Vision and objectives of the entity (i.e. values, strategy, transformation or investment plan).	p. 14-15
Main risks related to Wendel's business	
non-financial challenges in Wendel Group subsidiaries: awareness of the risks and opportunities to create long term value	Part 1.3.1
Risks related to the human resources of Wendel teams	Part 1.3.2
Risk of non-independence of governance bodies and control mechanisms	Part 1.3.3
Risks arising from business ethics	Part 1.3.4
Other information disclosed by Article L. 225-102-1 of the French Commercial Code	
The employee-related consequences of the business, particularly with regard to collective agreements and their impact, the fight against discrimination and the promotion of diversity, societal commitments, disability;	Part 1.3.2
The environmental consequences of the business, in particular with regard to climate change, the circular economy, food waste, the fight against food insecurity, respect for animal welfare and responsible, equitable and sustainable nutrition;	Environmental risks have not been identified as relevant in view of Wendel's investor activity (other than risks related to the business of the subsidiaries and associates).
The impact of the business on respect for human rights	Part 1.3.2. - Promotion and respect of the ILO fundamental conventions
The impact of the business on the fight against corruption.	Part 1.3.4.

Additional information (not directly related to the main non-financial risks) is presented to provide a better understanding of Wendel's CSR context. This is the case for Parts 1.1, 1.2 and 1.4.

At the Wendel Group subsidiary level

Wendel is the majority shareholder in Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo. The financial statements of these companies are fully consolidated in Wendel's consolidated

financial statements. Accordingly, they must be reviewed by an independent third-party verifier, as required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

As a result, the same exercise was carried out in each of the companies in the consolidated portfolio. The Wendel Group, assisted by an external consulting firm, provided a methodology for identifying and prioritizing the main non-financial risks to the consolidated companies (excluding Bureau Veritas): Cromology, Constantia Flexibles, Stahl and Tsebo. The results of this work have been validated by the appropriate governing body of each company in the portfolio and reviewed by an independent third-party body (ITB). The main risks are presented for each of the subsidiaries and associates (Part 2: Subsidiaries' NFS).

For Bureau Veritas, Wendel's largest investment, listed on Euronext Paris and included in the Next 20 index (Compartiment A, Code ISIN FR0006174348, stock symbol: BVI), Wendel publishes a summary of information on its social and environmental responsibility. Since Bureau Veritas is obligated to publish and verify this data, all of the information required concerning it, including the NFS, is available in its own registration document for 2018.

In addition, the data on subsidiaries and associates published in Part "3.1.3 - non-financial risks within the Wendel Group's subsidiaries" concerns the fully consolidated subsidiaries (Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo).

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; instead it has decided to publish indicators monitoring the CSR policies of its associated companies.

3.1.1 CSR governance involving the various internal stakeholders

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. 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.

Wendel adopted a Code of Ethics which embodies the values of the Company's employees and shareholders, and supplies the frame of reference for Wendel's role as a long-term investor. It applies to all employees and executives of the Company.

In addition, Wendel pays special attention to two CSR themes within its subsidiaries: employee health and safety, as well as the integration of ESG (Environment, Social and Governance) performance criteria into the design of products and services (see *section 1.3. non-financial challenges within Wendel Group subsidiaries: consideration given to risks and opportunities for the creation of value over the long term*). All companies subject to the NFS obligation have been requested to integrate these two criteria into their risk analyses.

3.1.2 An intensified CSR approach in 2018

The CSR approach gained momentum in 2018, both at Wendel and its subsidiaries.

At the Wendel level

For 2018, CSR objectives were integrated into the Executive Board's variable compensation. In particular, Wendel's Supervisory Board 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.

Remote collaboration tools (Office 365, videoconferencing and teleconferencing tools) have been deployed or improved at Wendel to reduce the environmental footprint and improve collaborative efficiency. Although Wendel's activities have a limited impact on the environment, these tools make it possible to limit travel, paper printing and email size.

The Group's solidarity approach has evolved to support more projects across more diverse themes than in the past. To implement it, Wendel created a Philanthropy Committee in 2018 to select the projects supported, some of which are presented by Wendel employees (*for more information, please refer to paragraph 1.5. Commitments in civil society*).

At the subsidiary level

In 2018, Wendel also developed its CSR approach with subsidiaries, by increasing the level of requirements and the support provided for the implementation of regulations applicable in 2018 in relation to CSR: the French "Sapin 2" law, Duty of care, Non-Financial Statement (NFS) etc.

For each of these regulations, Wendel provided its consolidated subsidiaries with internal support (Wendel Communication and Sustainable Development Division) or with support from external consultants. In particular, a reporting platform (Reporting 21) was made available at Cromology, Constantia Flexibles, Stahl and Tsebo to collect and centralize all quantitative and qualitative non-financial data from the subsidiaries and associates and to improve data management and auditability.

These topics were discussed with the relevant governing bodies of each portfolio company (Audit Committee, Board of Directors,

executive management) concerned by these regulations in concert with the investment team members who keep track of shareholdings and who were involved in monitoring these missions. Compliance with these regulations was also one of the conditions for the variable compensation of the N-1 members of the Executive Board, the investment teams and the managers of the companies concerned.

Duty of care

In 2016, in response to the requirements of the law of March 27, 2017 on the Duty of care, Wendel's CSR Steering Committee set up a 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, and Tsebo.

With regard to information published pursuant to Article R.225-105-1 of the French Commercial Code, a certain number of tools and procedures had already been implemented on topics covered by the duty of care.

As an investment company that acts as a professional shareholder, Wendel does not take part in the operational management of its subsidiaries. It ensures that the risks targeted by the Duty of care regulation are taken into account by the subsidiaries it controls, however, to the extent they relate to their business. In this context, the relevant companies completed a questionnaire about their risk environment with respect to the topics covered by the Duty of care regulation:

- preventing violations of human rights and fundamental freedoms;
- personal health and safety;
- preventing harm to the environment.

On the basis of this questionnaire, vigilance plans were drawn up by the consolidated companies in accordance with applicable regulations and are published in this registration document.

As Wendel is a holding company made up of a small management team, its duty of care largely relates to its shareholdings and is thus covered in the NFS. Nonetheless Wendel incorporated duty of care into its whistleblowing procedures and began setting up a third-party assessment procedure.

The vigilance plan of each entity controlled by the Wendel Group is presented in the section of this chapter devoted to it.

3.1.3 Wendel's main non-financial risks

The main non-financial risks that have been identified as relevant to Wendel are as follows: non-financial risks within subsidiaries, risks linked to human resources and business ethics.

3.1.3.1 non-financial challenges within Wendel Group subsidiaries: consideration given to risks and opportunities for the creation of value over the long term

NFS

Risk description

Wendel defines itself as a long-term investor. As non-financial issues may have far-reaching implications with regard to the strategy and operations of its portfolio companies, Wendel considers it essential to take these into account with regard to the risks that may be generated as well as the opportunities for the creation of value over the long term which they represent.

Wendel makes sure that management in its portfolio companies takes the appropriate measures to prevent and/or mitigate non-financial risks and seize every opportunity to create value over the long term. For Wendel, this is a matter of strengthening its positive impact - in strict compliance with its role as a shareholder and with rules of governance - on the companies in its portfolio by encouraging them to take ever greater account of non-financial issues.

Policies and results

Beyond the implementation of the regulations mentioned in 1.2, Wendel has a responsible investor strategy and integrates the study of ESG (Environment, Social and Governance) risks and opportunities throughout the life cycle of its investments, in particular:

1) at the time of acquisition:

Wendel, a historically industrial investor, invests in diversified business segments and does not invest in business segments whose image would damage the Company's reputation and its values.

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.

- In 2018, the Sustainable Development department was consulted by the investment teams on all investment opportunities in the advanced study phase.

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

As a shareholder, the Wendel Group is not involved in the operational management of its subsidiaries but does ensure, mainly

through close communication with their management and the Boards of directors, that these companies gradually integrate CSR issues in their risk management and strategies. The subsidiaries and associates are already subject to numerous national regulations, and this dialogue is carried out in compliance with local laws;

- 100% of companies had a Committee or Board of Directors that reviewed CSR in 2018;
- 100% of the companies identified non-financial risks relating to their business, the mitigation policies in place and to be implemented, and monitor them via specific indicators, within the framework of the NFS regulation;
- 100% of the companies have implemented a Vigilance Plan on CSR issues in their business and that of their suppliers and/or subcontractors, as part of the regulation on the Duty of Care. Four of them were not subjected to this regulation outside Wendel's control.

Even though the responsibility for managing non-financial issues is assumed directly by the management teams of the various companies, through its role as a professional shareholder, Wendel oversees and promotes the CSR initiatives of its subsidiaries and associates, in particular in two areas: employee safety and ESG performance of products and services;

- As a shareholder Wendel is particularly attentive to **issues related to employee and consumer health and safety**, which it considers priorities. It views the safety of employees and consumers as the most important of a company's responsibilities and a fundamental prerequisite to good management. Workplace health and safety indicators are often revealing in terms of how well a company is run.
- 100% of the consolidated subsidiaries and associates monitor accident statistics (Frequency and severity rate of workplace accidents, using their own methodologies);
- 100% of companies have a dedicated policy on employee health and safety;
- 100% organize training courses dedicated to health and safety.

For example, at Cromology and Constantia Flexibles, the criteria used in determining the variable compensation of management includes occupational health and safety criteria. This indicator has also been monitored by Stahl's Board of Directors at Wendel's request since 2006, when Stahl joined the Group, and has been declining steadily since then, although it was at a low level to begin with. Moreover, 100% of Cromology's industrial sites are OHSAS18001 certified.

Constantia Flexibles has also been rewarded for its efforts in the field of occupational safety, since the frequency rate of lost-time incidents has decreased by 44% since 2015, when Wendel became the majority shareholder.

- **The integration of ESG (Environment, Social and Governance) dimensions into the performance of products and services** designed and distributed by the companies is encouraged and monitored by Wendel, which considers these dimensions as opportunities. If the portfolio companies did not take them into account, they would risk losing competitiveness and not responding to new consumer demands.

For example, with its solutions, Bureau Veritas helps customers continuously improve their operations in the areas of health and hygiene, safety and the environment. More than 85% of products designed by Stahl are now solvent-free. Cromology's strategy is to develop innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and that 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. Around ninety percent of the paint in its product ranges is now water-based. Similarly, Constantia Flexibles is committed to ensuring that 100% of its packaging solutions are recyclable by 2025.

In addition, Stahl and Constantia Flexibles, since 2018 use the life-cycle analysis (LCA) methodology of their products and processes.

Owing to its catering activity, and with the help of dieticians, Tsebo has integrated nutritional food quality issues and has developed the "SmartChoices" program in its school services (for more information, see the Tsebo NFS).

3) in the CSR management of subsidiaries:

In 2018, on its own initiative, Wendel collected and published data⁽¹⁾ on the CSR performance of its consolidated companies in the following areas:

Employee-related

- The number of employees in the Wendel consolidated portfolio at December 31, 2018 was 128,118, spread over Europe, North America, South America, Africa and Asia;
- 100% of companies have developed a training plan.

Environmental

- Five companies have set up an environmental management system (in particular through ISO 14001 certification of all or part of their business scope);
- 80% of companies have implemented measures to increase the share of renewable energy in their energy consumption.

Societal

- 100% of companies have societal commitments in order to redistribute the value created by their business to external stakeholders.

3.1.3.2 Risks related to the human resources of Wendel teams

NFS

Risk description

The Wendel Group's primary resource is its human capital. Its human resources therefore represent its biggest risk factor, but also its most valuable opportunities.

In effect, Wendel provides a professional service that requires a high level of competence from its employees. In addition, as Wendel is a long-term investor, employees are responsible for the relationship with portfolio companies and for the confidentiality of the information processed. In addition, as Wendel is a long-term investor, employees are responsible for the relationship with portfolio companies and must continually engage with them in a constructive manner on all strategic aspects of the workplace. Attracting and retaining talent over time is therefore a key factor in the Group's success. However, the size of the Wendel teams (94 employees worldwide) limits this risk, which remains under control.

Policies and results

Managing these risks entails setting a good example (which starts with executives), providing adequate training, creating attractive working conditions, promoting diversity within teams, offering competitive pay, and appraising performance in a way that encourages transparency and teamwork.

(1) These indicators concern Wendel's full consolidation scope and cover Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo.

Context of Wendel teams

As at December 31, 2018, Wendel and its holding companies employed a total of 94 people.

Wendel has foreign offices that dedicated to investment research and/or 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 in 2007, Morocco, Singapore and the United States in 2013 and the United Kingdom in 2015.

Wendel has 51 employees in France (excluding three expatriates). In addition to the investment team and the senior management team, 10 or so experts specializing in finance, law, taxation and communication work in the management teams on investment and divestment transactions in France and abroad on a day-to-day basis.

In 2018, Wendel employed one fixed-term contract (apprenticeship contract) and three temporary employees to cover either the replacement of an absent employee or an increase in activity.

Employees with a permanent* employment contract in France: staff numbers and change	12/31/2018			12/31/2017			12/31/2016		
	Non- management	Mana- gement	Total	Non- management	Mana- gement	Total	Non- management	Mana- gement	Total
Total workforce	4	50	54	5	46	51	9	46	55
of whom Women	1	27	28	2	24	26	5	24	29
Men	3	23	26	3	22	25	4	22	26
New hires	-	7	7	-	6	6	-	3	3
of whom Women	-	3	3	-	3	3	-	1	1
Men	-	4	4	-	3	3	-	2	2
Departures	-	4	4	3	7	10	-	12	12
of whom Women	-	1	1	2	4	6	-	4	4
Men	-	3	3	1	3	4	-	8	8

* Employees in France with permanent contracts, including three management-level male expatriates.

The remaining staffs in the Finance, Legal, General Secretariat, Tax, Communication and Sustainable Development, and Operational Resources departments support Wendel's offices in France and abroad.

The holding companies and offices outside of France are located in eight countries and have 43 employees, more than two-thirds of whom are in the investment teams. (Investors + Office Managers and Assistants). The rest of the teams work primarily in financial and legal activities at the holding companies in Luxembourg and the Netherlands.

Employees with a permanent* employment contract abroad: staff numbers and changes	12/31/2018		12/31/2017		12/31/2016	
Total workforce	43		46		44	
of whom Women	19		21		19	
Men	24		25		25	
New hires	3		6		20	
of whom Women	2		3		9	
Men	1		3		11	
Departures	6		4		4	
of whom Women	4		1		2	
Men	2		3		2	

* Employees with an employment contract abroad, including three management-level male expatriates already included in employees in France (employment contract in France suspended).

Key people

Due to its small workforce, Wendel must ensure that its business is not jeopardized by the departure of key people.

Wendel takes the necessary steps to ensure that each specific skill or expertise is possessed by at least two people.

The collegial nature of Wendel's processes for making investment and divestment decisions and for monitoring portfolio companies also limits the potential impact of the departure of key personnel.

Talent acquisition and retention

In order to maintain its position as a competitive and attractive company, Wendel is committed to hiring excellent talent, creating the best possible working environment for its employees and developing their skills.

Training

Developing the employability of its staff is one of Wendel's priorities.

In 2018, in order to optimize employee development and labor relations, the Management implemented a 360° feedback process in conjunction with the annual appraisals. This process will also ensure that training is better adapted to each employee according to the Company's needs.

Wendel offers its employees customized training to ensure that they always have the skill level required to perform their jobs.

Accordingly, the Company has implemented, in all offices, a certain number of mandatory training courses for employees in areas that it considered important given its role as an investor, in particular compliance, digitalization tools and interpersonal communication. Division-specific training has also been widely introduced.

- In France, all employees received at least one training course, including trainees and apprentices, for a total of 937.5 hours;
- On average, this represents 18.3 hours of trainings per employee⁽¹⁾, compared to 8 hours in 2017.

A training program dedicated to digitalization, Digital@Wendel was introduced in 2018, to train all Wendel employees in the challenges related to digitalization, their impact on the Group's investment business and other businesses, on portfolio companies, but also on digital collaboration tools. This program enables Wendel to remain competitive in a market environment with constantly evolving technological developments.

Work-Life Balance and Working Conditions

As an employer, Wendel has a responsibility to ensure that its employees benefit from working conditions that are conducive to their professional and personal balance. This balance is also a guarantee of their long-term commitment and investment in the Company's goals.

Support for managers, regular meetings with employees and close dialogue with employee representatives (Works Councils, CHSCT (*Comité d'hygiène, de sécurité et des conditions de travail* [Committee for Hygiene, Safety and Working Conditions]), aim to optimize working conditions and relations. In this way, Wendel can implement the measures that most closely match staff expectations.

In France, 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 2018, Wendel financed daycare for four children, for the benefit of four employees.

Furthermore, in addition to the part of the Works Council's budget devoted to social and cultural activities (Holiday vouchers, Gift vouchers, discounted cinema tickets, etc.), Wendel covers various services: sports lessons, Cesu checks (Checks for Universal Employment Services), health checks.

Finally, with regard to the development of digital tools (laptops, mobile phones and smartphones), it has become necessary to guarantee employees a right to disconnect, in order to preserve their right to rest and respect their personal and family life. Consequently, since the right to disconnect has been incorporated into the Labor Code with Act No. 2016-1088 of August 8, 2016, Wendel has undertaken to ensure that this right is respected for all its employees, and that the workload does not entail an obligation for the employee to remain "connected" during the periods when the employment contract is suspended. A charter was created and submitted to the Wendel Works Council, which issued a favorable opinion on February 26, 2018.

In 2019, Wendel began to develop the practice of teleworking. A specific charter was signed in November 2018 and is currently being introduced.

Abroad, Wendel strives to provide similar services in line with local practices (examples: quality health coverage, contribution to the cost of gym membership, etc.).

All these measures represent an additional factor of attractiveness on the labor market.

(1) Employees in France with permanent contracts, excluding expatriates, at 12/31

Absenteeism

	2018	2017
Absenteeism (scope: France)	3.11%	3%

Methodology for calculating absenteeism: $(\text{total days of absence} \times 100) / (218 \text{ days} \times \text{average number of employees})$.

Absenteeism, excluding family events, remained stable at around 3.1%. There were two commuting accidents and one workplace accident in 2018.

Combating discrimination and promoting diversity

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.

The indicators for monitoring this issue are as follows:

	2018 Data		2017 Data	
	France	International	France	International
Women in the total workforce*	52%	44%	54%	46%
Women in the workforce* management	54%	N/A	50%	N/A
Female Investors**	25%	22%	20%	18%
Women on the Investment Committee		15%		17%
Women on the Supervisory Board		45%		45%
Women as a percentage of new hires	43%	67%	50%	50%

* France scope: Permanent contract staff in France without the three management-level male expatriates./International scope: Employees with a permanent* international employment contract including three management-level male expatriates (employment contract in France suspended).

** Women employees within the investment teams, excluding assistants and office managers.

The proportion of women on Wendel's Supervisory Board is higher than the average of its peers (according to a study of 28 listed European management companies conducted by HSBC Bank and published on February 1, 2019), and Wendel exceeded the 40% regulatory threshold (Coppé-Zimmerman Act) before the introduction of the regulatory obligation.

Wendel employs a person with a disability in France and enters into supply contracts with work assistance institutions. The mandatory contribution paid to AGEFIPH, an organization that promotes the employment of people with disabilities, was ca. €7.4 thousand in 2018.

Compensation

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 compensation is awarded based on individual and collective performance.

For France, total compensation in cash (base salary, variable pay and individual job-related bonuses) paid in respect of 2018 was approximately €12.4 million. This figure is slightly higher than in 2017.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2015 were not met in 2018. There will therefore be no performance bonus paid in respect of 2018.

Lastly, Wendel offers very comprehensive death & disability insurance to its employees and their families, financed largely by the Company.

In France, Wendel decided to award a one-off, tax-free "purchasing power bonus" to employees who qualify under the law. The terms and conditions of the bonus were made formal on January 30, 2019 via a legal mechanism known as a Décision Unilatérale de l'Employeur (DUE). The bonus was paid to the ten employees concerned in February 2019.

Promoting employee shareholding

Wendel believes that employee share ownership is essential for establishing a long-term partnership with employees and has always encouraged it, whether through the Group Savings Plan

that has been in place for more than 30 years or grants of performance shares and/or stock options, which most employees have received since 2007.

Grant of stock options and performance shares

In addition to the two Executive Board members, 79 employees in France and abroad received stock options and/or performance shares by virtue of the authorization granted at the Shareholders'

Meeting of May 17, 2018 and the Executive Board's decision on July 6, 2018.

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, 2018:

- 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.

	Total number of options	Strike priceweighted average
Options granted during the year to the ten Group employees who were granted the largest number of options	72,000	€120.61
Options exercised during the year by the ten employees who exercised the most options	36,568	€89.69 ⁽¹⁾

(1) In 2018, these options were exercised at €22.58 (W 2-1 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 40,000.

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 at December 31, 2018, excluding Executive Board members, former and current employees held 0.73% of the capital of Wendel via the Group Savings Plan.

In June 2018, the Executive Board decided to carry out a capital increase. Ninety-four percent of eligible employees subscribed and were allocated a total of 17,063 shares.

Offering additional pension benefits

"Perco" pension plan

In 2010, a Company pension plan ("Perco") was introduced for employees in France. The Company matches certain contributions up to the legal limit.

On December 31, 2018, 34.5% of the employees present had already invested in Perco, compared with 29% at the same date of the previous year.

Supplementary pension plan

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 transferred the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

As at December 31, 2018, there were 36 retirees and six employees of the Company who benefited from the plan.

Promotion and respect of the ILO fundamental conventions

Wendel manages its human resources in accordance with the International Labor Organization's (ILO) fundamental conventions. France has ratified the eight fundamental ILO conventions on forced labor, the freedom of association and protection of the right to organize, the right to organize and collective bargaining, equal pay, the abolition of forced labor, discrimination, the minimum age for admission to employment and all forms of child labor.

Wendel does not operate in a business segment with a high risk of violation of workers' rights, and therefore has not encountered any issues with applying these conventions.

3.1.3.3 Independence of governance bodies and control mechanisms

NFS

Risk description

Wendel is managed by an Executive and Supervisory Board and has a main shareholder, Wendel-Participations, which held, as at 12/31/2018, 37.69% of Wendel's capital and 50.32% of the theoretical voting rights. Wendel's Supervisory Board is composed of six non-independent members, related to the Wendel family, and five independent members.

Policies and results

The division of powers between the Executive and Supervisory Boards is described in section 2.1.5 of the registration document. section 2.1.2 describes the composition of the Supervisory Board and its operating procedures, including the assessment of the independence of its members.

Governance is organized to ensure that control is appropriate: these measures are described in section 7.4.2 of the registration document.

Internal control

Risk description

Wendel must ensure the effectiveness of the internal control of its own organization and that of its consolidated subsidiaries, in order to control risks relating to their operational activities.

Policies and results

For internal control procedures, refer to chapter 2.3 Risk management and internal control system.

3.1.3.4. Risks linked to Business Ethics

NFS

Risk description

The risk mapping for Wendel and its direct subsidiaries (holding companies and foreign offices) has shown that the risk of corruption could arise in the context of some of activities, in particular its investment activity, for example to influence the outcome of a competitive process for the acquisition or sale of a company, the granting of specific authorizations or the dissemination of confidential information.

Policies & Results

Wendel established and distributed 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 corruption, and modernizing the economy. In April 2019 it was completely revised and circulated in order to align with the recommendations of the French anti-corruption agency (AFA) and take Wendel's business risks as identified in the risk mapping into account. This policy is currently being redesigned for publication in the first quarter of 2019.

The 8 measures prescribed by the "Sapin 2" law were implemented in 2018 and early 2019 within the Wendel Group: anti-corruption policy, internal whistle-blowing system, risk mapping, third-party evaluation, accounting control procedures, obligatory Group employee training system, disciplinary system in the event of a breach of the Code of Conduct, internal control and evaluation system for the measures taken. These measures were subject to a specific internal control audit, which was carried out in March 2019.

Wendel also ensures the implementation of the measures required by the "Sapin 2" law within the controlled companies in its portfolio. In late 2018 Wendel, with the help of an external consultant, conducted a preliminary evaluation of the implementation of the law's requirements. It focused on the existence of the eight measures required by the "Sapin 2" law in each of the portfolio companies.

Wendel also ensures the implementation of the measures prescribed by the "Sapin 2" law within the controlled companies in its portfolio. An external consultant was commissioned to conduct a preliminary evaluation of the implementation of the law. The external consultant reviewed the eight measures prescribed by the "Sapin 2" law in each of the portfolio companies. No effectiveness tests have been conducted.

Each review was broken down as follows:

1. review of the AFA (French Anti-Corruption Agency) questionnaire completed by each company and review of the documents attached to the questionnaire;
2. interviews with the main individuals concerned (legal, compliance, finance, human resources, internal control/internal audit);
3. analysis of the documentation provided to Wendel and the documentation provided on site;
4. feedback and recommendations meeting with each of the audited companies.

3.1.4 Compliance program

Wendel pays particular attention to the implementation of its compliance program in a constantly changing regulatory environment.

Wendel is committed to promoting best practices in this area throughout the Group in order to reduce these risks.

The implementation of a strict compliance program is also likely to boost Wendel's reputation, thus benefiting all its stakeholders while respecting its long-term commitments.

As regards applicable regulations, the most important regulatory issues with regard to the Wendel Group's business segment and in accordance with the NFS are the prevention of acts of corruption and the fight against influence peddling.

To promote an overall understanding of the compliance mechanisms in place beyond the disclosure obligations imposed by the NFS, below is a description of the compliance program adopted by Wendel at the initiative of the Executive Board:

- a Code of Ethics,
- a policy to prevent corruption and influence peddling,
- a policy to comply with international sanctions programs,
- an anti-money laundering policy,
- a whistle-blowing system and
- the implementation of the European General Data Protection Regulation (GDPR).

The Code of Ethics, embodies the values of the Company's employees and constitutes the reference framework within which Wendel's long-term investment business is conducted. It applies to all employees and executives of the Company, its holding companies and at all locations. Wendel requests that the companies in which it invests adopt similar standards. Wendel's Code of Ethics can be viewed under the heading "commitments" on its website: www.wendelgroup.com.

When examining investment files, due diligence specific to compliance matters is carried out, which depends both on the business of the target company and on the country or countries in which it operates. Integrity due diligence of stakeholders is carried out, i.e. of sellers, buyers, shareholders and managers. Such assessments will be enhanced as Wendel rolls out its compliance program.

Wendel ensures that the companies in its portfolio implement a compliance program.

Wendel rolls out its compliance program with its employees and portfolio companies through specific policies, appropriate for the Company's risks and through mandatory training sessions.

Preventing market abuse

Given its activity as an investor and its status as a listed company, Wendel must prevent any market abuse.

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.

A Market Confidentiality and Ethics Code establish 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.

Wendel is in compliance with European Regulation 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse ("MAR") and opens insider lists whenever necessary and has established blackout periods during which all transactions are prohibited in order to prevent any breach. A Compliance Committee is in charge of ensuring compliance with stock market regulations within Wendel.

Compliance with economic sanctions

In February 2017, Wendel established its policy concerning international sanctions. Wendel ensures that neither its holding companies nor the companies in its portfolio engage in business activity prohibited by the regulations on sanctions and embargoes or enter into contact with natural or legal persons on sanctions lists; background checks are carried out whenever necessary.

Anti-money laundering

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

Within the framework of the AIFM regulations to which the Luxembourg fund manager, Winvest Conseil S.A., and its subsidiaries are subject, a specific policy has been put in place.

To ensure compliance with its anti-money laundering policy, all employees of Winvest Conseil S.A. and its subsidiaries undergo an annual course on the subject. The course is overseen by the fund manager's Head of Compliance.

Winvest Conseil S.A.'s management board conducts a monthly compliance assessment which also covers AML/CFT.

Winvest Conseil S.A. determines the extent of the reasonable due diligence to be carried out depending on the risk level allocated to each investor or investment.

The fight against tax evasion

Wendel ensures that its activities comply with laws and regulations meant to combat tax evasion⁽¹⁾ and in general endeavors to invest the funds entrusted to its care in strict adherence to tax regulations in force via suitable means and due diligence.

Whistle-blowing procedure

A professional whistle-blowing system was set up in June 2017 and updated in the first quarter of 2019. This whistle-blowing system covers the following areas: financial and accounting, stock market ethics, the fight against corruption, anti-competitive practices, health, hygiene and safety at work, the fight against discrimination and harassment at work, environmental protection, human rights and fundamental freedoms.

A whistle-blowing service is also available for third parties working with Wendel

Personal data protection

The European regulation on the protection of personal data took effect on May 25, 2018. Wendel is in the process of complying with the new regulation so as to ensure that the personal data it manages will be properly protected.

In 2018, all employees received mandatory training on personal data protection.

Moreover, the Digital@Wendel program emphasizes data confidentiality and trains Wendel employees in good practices in this area.

Distribution to employees

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.

(1) As provided for by Article 20 of Law No. 2018-898 of October 23, 2018 on combating fraud.

3.1.5 Commitments in civil society

In addition to the main non-financial issues related to the investor activity, Wendel is committed to maintaining and developing its involvement in civil society.

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.

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. The Group is represented on the Centre Pompidou-Metz Board of Directors by Nicolas ver Hulst, Chairman of Wendel's Supervisory Board. Frédéric Lemoine, former Chairman of the Executive Board of Wendel, sits on the board of directors of INSEAD Business School.

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 2018

In 2018, Wendel completed its sponsorship program with the creation of a Philanthropy Committee to support solidarity projects. Wendel employees had the opportunity to present projects that were analyzed and appraised by the Philanthropy Committee. Wendel has supported several associations, including *La maison des enfants d'Awa*, *Les Restaurants du Cœur*, Casamasanté, iMentor, Cycle for Survival, Clubhouse France, the *Fondation de la Maison de la Gendarmerie*, and the PlanVue program of Helen Keller International, which Wendel has supported since 2017.

In addition, in 2018, the Wendel Running Team participated in several races including the *La Parisienne*, the London Half Marathon and the Paris 20 km for various charities.

Stakeholder relations

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 2018. 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. Three new members joined the committee in 2018.

Wendel participated in the Actionaria trade show in 2018:

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2018, Wendel met nearly 250 equity and bond investors at roadshows (France, United Kingdom, Austria, Germany, Switzerland, Netherlands, United States, Canada and Sweden) and at its headquarters;
- 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

3.2.1 Bureau Veritas

Bureau Veritas, as a listed company, is subject to regulations governing the statement of non-financial performance and the duty of care that are published in its own Registration Document A summary of the CSR commitment of Bureau Veritas is published below.

As a Business to Business to Society service company, the role of the Group is to establish a relationship of trust between companies, public authorities and consumers.

Promoting trust

Bureau Veritas' mission is to reduce its clients' risks, improve their performance and help them innovate to meet the challenges of quality, health and safety, environmental protection and social responsibility.

Since it was founded in 1828, the Bureau Veritas brand has been synonymous with integrity, and represents an invaluable asset in an industry based on trust. Today, the Group continues to work to improve trust between businesses, consumers and public authorities.

A "Business to Business to Society" services company

Today, the Group is capitalizing on its extensive experience to better serve society's aspirations.

Driven by society, Bureau Veritas acknowledges the challenges of growing urbanization, anticipating the need for safer, smarter cities. The Group anticipates the expectations of an expanding global population, including the need for safe and reliable agricultural production. Bureau Veritas understands the impact of climate change, working to ensure people worldwide have access to cleaner energy while supporting its clients in the efficient management or conversion of their existing assets. We embrace digitalization while mitigating the risks it brings.

Bureau Veritas is entering a new era

Driven by society, the Group is working ever more closely with its clients, addressing today's crucial challenges and answering society's aspirations.

Since its inception, Bureau Veritas has always supported its clients in mitigating risks through its expertise in quality, health and safety, and environmental fields, as well as in data protection and technological progress.

As an independent party, Bureau Veritas helps to build trust between governments, companies and citizens, who represent the foundation of our society.

Complex and interlinked forces are transforming our economies, shaped by growing urbanization, booming demographics, the shift towards greener energy, a digital transformation through artificial intelligence, data fusion and machine learning, to name but a few.

The Group sees that this shift in the playing field is profoundly reshaping the face of Bureau Veritas and the way it addresses its clients' needs and helps them meet their challenges. Bureau Veritas is entering a new phase of its development, with the ultimate goal of meeting society's deepest aspirations while addressing its clients' existing and future challenges. Leveraging their expertise and experience, Bureau Veritas employees around the world represent the Group's most important asset ingenerating value for its clients.

The Group's employees are proud to see how each day, their work has a positive impact on the lives of millions of people around the world. Bureau Veritas' success belongs to them.

Bureau Veritas' CSR commitment

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

Owing to the nature of its services, Bureau Veritas has a direct and indirect impact on CSR issues:

- directly, in each of its businesses, entities, subsidiaries and regions;
- indirectly, Bureau Veritas offers a broad range of services aimed at improving the impact its clients have in terms of health and safety, security, environment and sustainable development.

The Group firmly believes that its actions in this respect are helping to prepare for the future in the best interests of its shareholders.

This view is echoed in the commitment to social and environmental issues expressed by the Chairman of Bureau Veritas' Board of Directors and the Group's Chief Executive Officer, as set out below.

Bureau Veritas commitment to Corporate Social Responsibility

Corporate social responsibility (CSR) is a strong commitment of Bureau Veritas. It complements our absolutes and our fundamental values.

CSR is embedded in our purpose and corresponds to our will to act in a responsible and sustainable way. Our mission and the nature of our services allow us to serve the society by reinforcing safety, improving quality and protecting the environment.

As a leader of our market sector we want to be exemplary. In 2018, five key actions were initiated to accelerate our CSR program. We have:

- reinforced our central and regional CSR organization;
- reduced our accident rate by 18%;
- reduced by 4% our laboratories the energy consumption;

- launched a project for the biodiversity protection;
- intensified our actions for inclusion and diversity.

Bureau Veritas remains mobilized with each of its employees to continue the improvement of its social and environmental impacts, notably through environmental protection, biodiversity conservation, defense of Human Rights, respect of ethics, health and safety.

We want Bureau Veritas to remain a model company, responsible and committed towards the Society.

At Bureau Veritas, Corporate Social Responsibility is an integral part of our values.

Together, employees, clients and suppliers, let's be committed to our future.

Aldo Cardoso
Chairman of the Board

Didier Michaud-Daniel
Chief Executive Officer

The entire CSR report of Bureau Veritas may be consulted in its 2018 Registration Document.

3.2.2 Constantia Flexibles

3.2.2.1 Business model

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles group produces flexible packaging, primarily for the agri-food and pharmaceutical industries in two divisions: Consumer and Pharma. 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%.

Constantia Flexibles is the world's fourth largest producer of flexible packaging, with sales of roughly €1.5 billion in 2018. Based on the guiding principle of 'People, Passion, Packaging', some 8,300 employees located in 22 countries - including Headquarters and other offices - manufacture tailor-made packaging solutions at 39 production sites in 17 countries. Moreover, Constantia Flexibles has successfully developed its activity outside Europe and, over the last years, has become a global leader in flexible packaging. Many international companies and local market leaders from the food and pharma industries choose the innovative products of Constantia Flexibles, with their focus on preservation, promotion, protection and attractive to increase consumer demand for these products and ensure their safety.

Constantia Flexibles implemented its 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, Digitalization, Innovation, Manufacturing Optimization, Commercial Excellence and Cost Management.

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 continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. In 2018, Constantia Flexibles committed that 100% of its packaging solutions will be recyclable by 2025 and has set an absolute GHG emission reduction target in accordance with climate science. Accordingly, Constantia Flexibles uses appropriate procedures to monitor the possible impact of its products on the environment, in particular by performing life cycle assessments.

Constantia Flexibles also places in all their operations health and safety of everybody who works for and with Constantia Flexibles to first priority, and takes pro-active measures to achieve its 'Zero loss - no harm' objective. It is understood, that it is a duty to create and maintain a safe and sustainable work environment as well.



MISSION

“We are a leading global flexible packaging group, with a passion to provide our customers with superior solutions that improve people’s daily lives.”



VALUES

Customers
Society and Environment
Growth
Employees



HUMAN
CAPITAL

8,300
EMPLOYEES

22
COUNTRIES

59% Europe
16% Asia
10% America
14% Middle-East, Africa & Australia



INTELLECTUAL
CAPITAL

42
PATENTS
all categories*



MANAGEMENT
SYSTEMS

100%
of production sites certified
on **ISO 9001**

Additional certificates:
ISO 14001,
OHSAS 18001,
BRC (British Retail Standard),
ISO 15378 as appropriate

Main material	Aluminum	Plastics	Chemicals	Paper
Share of all procurement (by purchase volume)	~40%	~30%	~20%	~7%
Supplier countries	Europe	Europe, Mexico, Turkey, India	Europe, Mexico, United States	Europe
Integrated production	Material sourcing, Rolling	Lacquering, Lamination, Extrusion	Printing, Cutting	Finishing, Customer Service

R & D

2 centers
 75 experts

PRODUCTION

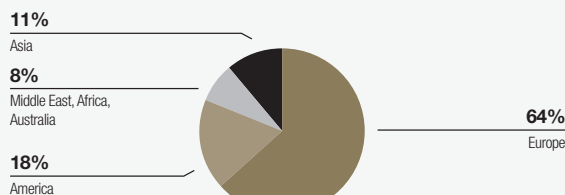
39
manufacturing sites
in 17 countries

MARKETS

FOOD,
HEALTHCARE,
PHARMACEUTICALS

SALES
€1.5 bn

SALES PER RÉGION



#2
IN EUROPE**

#4
GLOBALLY**

DIVISIONS & PRODUCTS

Consumer (~78% of sales)

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

Pharma (~22% of sales)

- Blister lidding foils
- Coldform foils

COMMITMENT TO THE ENVIRONMENT

100%
OF ITS PACKAGING
SOLUTIONS WILL
BE RECYCLABLE
BY 2025

TO REDUCE
ABSOLUTE SCOPE
1, 2 AND 3
GHG EMISSIONS
24%
BY 2030
From 2015 base-year

INDUSTRY INITIATIVES FOR A SUSTAINABLE SECTOR

Aluminium Stewardship Initiative (ASI),
A Circular Economy for Flexible
Packaging (CEFLEX),
New Plastics Economy (NPEC)

* Foils: 20 patents (and 15 applications) - Film: 22 patent-families (at least 1 patent each)

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

3.2.2.2 Highlights 2018

Constantia Flexibles' understands the value of initiatives supportive for sustainable improvements of its products as a great opportunity to accelerate success factors by building up for long-term relationships with our key stakeholders.

Initiatives which go far beyond legal requirements underpin its global commitment to achieve its bold ambition of providing superior solutions of flexible packaging that improve people's daily lives.

Following topics related to the respective area in the field of sustainable development could have been implemented, for which Constantia Flexibles would like to highlight their successful and effective implementation beside other comprehensive achievements during 2018:

■ Environment:

- Constantia Flexibles' largest plant Constantia Teich, located in Austria, has become the first aluminum foil roller and packaging converter and the first European company to be certified according to the Aluminum Stewardship Initiative's performance standard for environmental, social and governance performance,
- Constantia Flexibles committed to reduce absolute Scope 1, 2 and 3 greenhouse gas (GHG) emissions 24% by 2030 and 49% by 2050 from a 2015 base-year, a target approved by the Science Based Targets initiative,
- Constantia Flexibles pledged that 100% of its consumer and pharma packaging will be recyclable by 2025,
- Constantia Flexibles improved its already strong CDP (Carbon Disclosure Project) climate score and supplier engagement score even further. Constantia Flexibles was rewarded with a very high CDP Climate Score Rating in 2018 (A-) and is among the 3% of companies evaluated that has been awarded a CDP Supplier Engagement Leader (A), holding a position on the third annual Supplier Engagement Rating leader Board;

■ Health and safety:

- Constantia Flexibles made another step on the road to achieve operational excellence with regard to health and safety: For the first time, the CF-Group HSSE Award was granted for solid long-term (safety-) performance. This very first annual HSSE Award was handed over to the Head of Plant of Constantia Teich Poland, where the last LTI (number of work accidents with work days lost) occurred in June 2015, being close to achieving 1,000 days without any accident. The Teich

plant represents about 250 employees delivering an outstanding performance by putting "Safety first",

- Two new Group Standards for HSSE were released within Constantia Flexibles Group and successfully implemented. The main objectives were met by HSSE-related communication and obvious signage for all relevant stakeholders visiting a plant. For example, globally standardized basic core rules like reverse parking, 'use the handrail' as well as the H & S-information Boards and their minimum content were implemented as a strong sign for supporting Safety awareness and its required attention,
- A groupwide Safety Initiative on 'Electrical Pallet trucks' - including trainings material - was rolled out. The need for such certain minimum trainings for awareness-sessions on the shop floor derived from the analysis of accidents occurred. As a result, the number of Lost Time Injuries with pallet trucks could have been successfully minimized;
- Social Initiatives, in particular:
 - Constantia Cooking - Employees of Rivergate headquarters cook monthly for the homeless at VinziRast in Vienna since 2009,
 - START Austria - Constantia Flexibles is supporting 25 START students in Austria. The young people, who are coming from countries such as Afghanistan or Syria, are encouraged and supported to get the maximum out of their talents. This is achieved, among other things, by a secure stay in Austria, language support and trainings. The Company also offers site visits and a chance for one of the students to experience an apprenticeship,
 - in Turkey, the team at Constantia Flexibles' plant ASAŞ collected money by selling home-made cookies to colleagues, which was then donated to the charity LÖSEV, a non-profit NGO, which mainly aims to provide educational and emotional support, financial assistance and health services for children with leukemia or chronic blood disorders,
 - during the "Toy Day" at Aluprint in Mexico, employees donated toys, clothes and food to support families in need,
 - a solidarity Christmas lottery was set up at Constantia Tobepal in Spain. The total amount of money that was raised during the lottery was donated to a food bank;
 - the team of Constantia Teich-plant in Austria is supporting an ongoing initiative where underprivileged children from local schools obtain financial support for extracurricular activities. They are thus able to join their classmates in e.g. English lessons and sports activities.

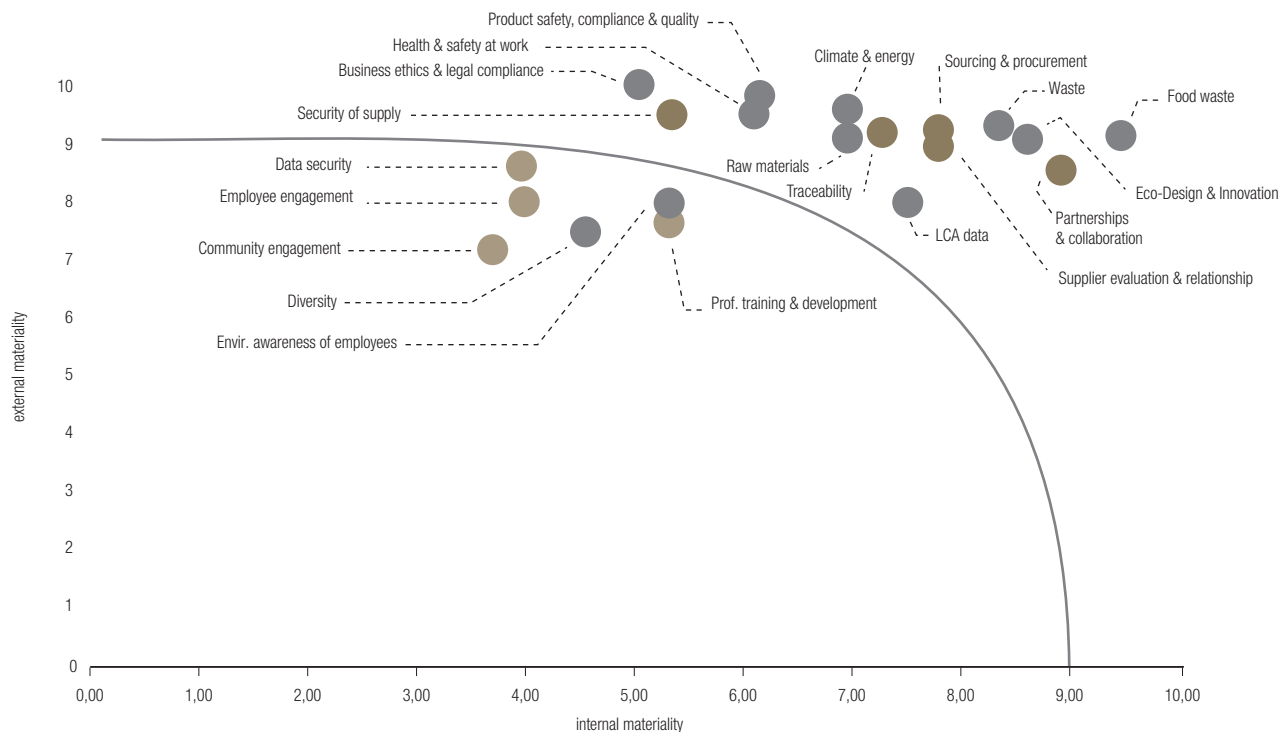
3.2.2.3 Materiality matrix

By developing a robust understanding of the non-financial aspects of their business, firms can better prevent or mitigate these risks. Constantia Flexibles reckons its selection of data in this report is a major challenge in adapting its CSR measures to the reporting principles of the Global Reporting Initiative (GRI). With respect to relations with its stakeholders, Constantia Flexibles combined an internal impact assessment with a broad stakeholder analysis in accordance with the AA1000 stakeholder engagement Standard. Stakeholders were requested to share their view (external materiality) on Constantia Flexibles' sustainability challenges (internal materiality) and to rate Constantia Flexibles' engagement in these areas using an online questionnaire developed together with specialized external experts.

The result of this assessment shows that Constantia Flexibles' internal view on the materiality of the company's sustainability topics is largely in line with the external assessment by its stakeholders. Qualitative responses were focused on environmental issues, providing a qualitative indication of importance. Many remarks and stakeholder expectations stressed topics with regard to eco-design, recyclability, barrier function, environmental impact of packaging materials and the communication of features to the broad public. Regarding Constantia Flexibles' engagement, topics such as product safety and compliance, business ethics, packaging and design, traceability as well as health and safety at work were rated as high, demonstrating the company's areas of strength.

Constantia Flexibles is already working on all topics with highest materiality and will continue to focus on these areas and to further pursue an intensive dialogue with its stakeholders.

Constantia Flexibles materiality matrix



3.2.2.4 Main Risks

Based on the comprehensive assessment of materiality and on the established internal risk and opportunity management system, Constantia Flexibles has defined the following material risks in the context of its business activities:

- GHG Emissions;
- Increased demand and regulation for sustainable packaging;
- Environmental, social and ethical risks in raw material sourcing;
- Shortage of skilled labor workers;
- Missing trainings and development activities;
- Work safety;
- Air pollution;
- Consumer health and safety.

Because of the nature of the activities for manufacturing flexible packaging for agri-food and pharmaceutical industries, Constantia Flexibles considered that the topic of "Fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food" does not represent a main non-financial risk and does not need to be developed in this declaration.

3.2.2.4.1 GHG Emissions

The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having very severe consequences for ecosystems and communities.

Constantia Flexibles 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 of 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
- Maximum utilization of resource friendly and environmentally friendly technologies alongside the ongoing optimization of material use.

Among other tasks relating to corporate responsibility, 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) and is quantifying as well the indirect emissions (Scope 3) coming from upstream and downstream value chain activities. Direct and indirect GHG emissions are generated by Constantia Flexibles' plants by production processes consuming electricity, gas, steam and hot water, as well as indirectly by purchased goods and services and fuel- and energy related activities.

3.2.2.4.1.1 Energy

Constantia Flexibles had a total energy consumption of 558,053 MWh, which is a 2% decrease compared to 2017. The table below shows the split of energy consumption by source.

Energy source	[%]
Electricity	48.7%
Natural gas	43.0%
LPG	3.2%
Steam	3.1%
Hot water	1.2%
Fuel oils	0.8%
Heating oil	0.1%

Constantia Flexibles works for a continuous improvement related to energy efficiency, for example through heat recovery from Regenerative Thermal Oxidizers (RTO). Moreover, several of the plants in Europe are verified against the ISO 50001 standard and therefore place special emphasis on reducing energy consumption.

It can be observed that in 2018 Constantia Flexibles had a total of 28 initiatives with environmental focus. 13 initiatives intended to reduce energy consumption have been implemented, among which 12 resulted in total savings of 7 GWh.

3.2.2.4.1.2 Corporate Value Chain Accounting

Constantia Flexibles measures and reports GHG emissions according to the internationally recognized Greenhouse Gas Protocol and is verified annually by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology.

The table below shows the overall Scope 1 and 2 and 3 GHG emissions of Constantia Flexibles for 2017 and 2018.

	Scope 1		Variation [%]	Scope 2		Variation [%]	Scope 3		Variation [%]
	2017	2018		2017	2018		2017	2018	
Kt CO ₂ -equiv.	131.97	113.26	-14%	145.82	144.47	-1%	1,542.92	1,459.86	-5%

Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the group wide data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all production sites located in countries around the world.

More than half of the company's emissions are occurring as a result of the electricity consumption (Scope 2). To address these emissions, Constantia Flexibles 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 15% of the total electricity consumption in 2018.

Most of the remaining emissions still occur due to the solvent and natural gas consumption, which are Scope 1 emissions. For this reason, Constantia Flexibles is reducing its Scope 1 emissions by using more solvent free inks and water based lacquers.

In addition to the assessment of direct and indirect emissions 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. Aluminum and plastic raw material purchases represent over 83% of the company's Scope 3 emissions, therefore purchased goods used to manufacture Constantia Flexibles products are the most important element of Scope 3 emissions of the company. For Constantia Flexibles the total material Scope 3 emissions are a key factor in terms of achieving its corporate target. Since 2015 material Scope 3 emissions are thus tracked for each of Constantia Flexibles' plants. This enables the group to identify and analyze hotspots to initiate projects in direct contact with its suppliers, such as the Aluminum Stewardship Initiative, to decrease

Scope 3 emissions deriving from purchased raw materials. Constantia Flexibles therefore also engages with its suppliers to evaluate these emissions.

Knowledge of site-specific challenges on the corporate, product and raw material levels helps Constantia Flexibles to tackle similar problems throughout the group. Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. Potential environmental impacts on the level of product sustainability are made quantifiable through comprehensive investigations (for example by conducting life cycle assessments).

To promote opportunities for reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in CO₂ emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as reference year). Furthermore, in 2017 Constantia Flexibles developed a group-wide absolute emissions reductions target, which was approved by the Science Based Targets initiative (SBTi) in 2018. The Science Based Targets initiative is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments.

Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 GHG emissions 24% by 2030 and 49% by 2050 from a 2015 base-year. Targets adopted by companies to reduce GHG emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre- industrial temperatures. Setting this ambitions target in line with climate science demonstrates to customers and other stakeholders Constantia Flexibles' dedication to play its part in international efforts to limit global temperature rise and to continuously improve sustainability performance across the value chain.

The table below shows the progress towards Constantia Flexibles' SBTi-target.

Indicator	Baseline CO ₂ e kt	2018 performance	2030 objective
Reducing CO ₂ emissions by 24% until 2030 and 49% by 2050 (Scope 1, 2 and 3)	1,974	-13%	-24%

Furthermore, Constantia Flexibles shares key environmental data throughout the supply chains and collaborates with selected platforms/projects, such as CDP and EcoVadis. In 2018 Constantia Flexibles improved its already strong Carbon Disclosure Project (CDP) climate score and supplier engagement score even further. In recognition of both the high degree of transparency in climate change reporting and climate protection efforts, Constantia Flexibles was rewarded with a high CDP Climate Score Rating in 2018. Constantia Flexibles has received a score of A- which is within the Leadership band and is much higher than the sector average and the Europe regional average. CDP evaluates strategies, goals, and actual reductions in emissions annually, along with the transparency and verification of reported data. More than 7,000 companies worldwide responded to CDP questionnaires in 2018. This above average score demonstrates Constantia Flexibles' high level of environmental stewardship, and the company's actions and approaches in managing climate change. Constantia Flexibles also participated in CDP's supply chain program and was assessed against CDP's supplier engagement rating methodology in addition to the CDP climate scoring methodology. Of over 5,000 companies assessed, Constantia Flexibles is among the 3% that has been awarded a CDP Supplier Engagement Leader. CDP therefore awarded Constantia Flexibles a position on its third annual Supplier Engagement Rating leader Board. The leader Board comprises the companies that have been specifically recognized as leaders in their efforts and actions to manage carbon emissions and address climate-related issues across their supply chains in the past CDP-reporting year.

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 practice, while reducing the costs of monitoring supplier sustainability. In 2018, Constantia Flexibles as a group has again received the gold CSR recognition level of EcoVadis, placing the company among the top 5 percent of all suppliers evaluated by EcoVadis.

3.2.2.4.2 Increasing demand and regulation for sustainable packaging

Due to current and emerging regulations regarding packaging recyclability (e.g. expected national/EU labelling legislations and standards, such as the Product Environmental Footprint - PEF - initiative of the European Commission, and the mandatory reporting of the CO₂ performance of FMCGs), as well as lower demand for non-recyclable packaging (e.g. complex multimaterial laminates in Constantia Flexibles' product portfolio) and stigmatization of packaging by consumers, Constantia Flexibles faces the risks of increased operating costs, compliance costs and loss of market share. Additional life cycle assessments (LCA) and footprint information of products will need to be conducted in order for the products to comply with the regulation.

In terms of associated opportunities, the extended producer responsibility legislation and the Packaging and Packaging Waste Directive (under the Circular Economy framework) are giving Constantia Flexibles a "motivation" to further develop and push new recycling technologies for its flexible packaging. Also, the funding of these technologies can be ensured. Increase of flexible packaging collection and recycling rates result in higher demand for Constantia Flexibles' recyclable flexible packaging solutions. In addition, Constantia Flexibles sees the opportunity to develop recyclable packaging solutions, which would pose lower Extended Producer Responsibility fees and therefore give Constantia Flexibles a competitive advantage from this point of view.

3.2.2.4.2.1 Circular Economy

As an active member participating in several innovative projects Constantia Flexibles understands the importance of plastic packaging design. It thus joined the New Plastics Economy initiative led by the Ellen MacArthur Foundation that seeks to build a system in which plastic waste would be eliminated. The ambitious vision underlying the initiative is part of the circular economy and has inspired several firms throughout the value chain, philanthropic organizations, cities and governments to take part. The initiative focuses on five interlinked and mutually reinforcing building blocks to create the conditions conducive to a system re-design: Dialogue mechanism, Global Plastics Protocol, Innovation projects, a database and outreach.

As a global flexible packaging producer for the consumer and pharma industry and a company being committed to sustainability from the very beginning, Constantia Flexibles recognizes the importance of supporting the development towards a circular economy for plastics. In 2018 Constantia Flexibles therefore pledged that 100% of its consumer and pharma packaging will be recyclable by 2025. Future product innovations will focus on the implementation of design guidelines to develop specifications which are recyclable - in practice and on a commercial scale. This pledge is part of Constantia Flexibles' commitment to the New Plastics Economy "Global Commitment", which unites many of the world's largest packaging producers, brands, retailers, recyclers, governments and NGOs and is underpinned by shared ambitions, definitions and a high degree of transparency, working on solutions that address the root causes of plastic waste and pollution. Constantia Flexibles believes that working side-by-side, businesses and governments can tackle plastic pollution at its source and is therefore proud to be among the 250 companies that have signed the Global Commitment. Signatories include companies representing 20% of all plastic packaging produced globally. The Global Commitment and its vision for a circular economy for plastic are supported by the World Wide Fund for Nature (WWF), and have been endorsed by the World Economic Forum, The Consumer Goods Forum as well as universities, institutions and academics.

As part of the CEFLEX project (A Circular Economy for Flexible Packaging), Constantia Flexibles as a founding member also intensively works on further enhancing the performance of flexible packaging in the circular economy by advancing better system design solutions *via* collaboration. CEFLEX is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them. CEFLEX stakeholders are working together in seven workstreams to identify and develop the best solutions: 1. Design guidelines, 2. Understand the European flexible packaging market, 3. Identify and develop sustainable end markets for secondary materials, 4. Develop a sustainable business case, 5. Proof of principle in a pilot region, 6. Facilitating technologies, 7. Communication. Constantia Flexibles is an active member in six of these working groups and continuously works on increasing the recyclability of flexible packaging.

To manage and achieve 100% recyclability until 2025, Constantia Flexibles will continuously evaluate the status in terms of recyclability of its product portfolio and track progress towards the goal. A comprehensive monitoring process for all specifications is in progress, including relevant procedures.

As the European Strategy for Plastics in a Circular Economy stipulates that all plastic packaging has to be recyclable by 2030, Constantia Flexibles supports the food industry to meet legal requirements by developing "Constantia ecolutions". And in doing, the company also helps to create products appealing to an ever increasing share of consumers caring for sustainability. As pledged in 2018 to offer recyclable solutions for the whole product portfolio until 2025, first projects were already realized with EcoLam (a pure PE (polyethylene) based solution which allows recycling in the PE waste stream). In 2020 the EcoLam+ (a barrier version of EcoLam) will be launched to provide the market with a more sustainable option for barrier laminates. Recent studies show as well that consumers prefer more sustainable options. With various products offered already today (EcoLam, EcoCover, EcoPouch, EcoTainerAlu) Constantia Flexibles is ready to enter into a new area of packaging.

Constantia Flexibles also collaborates with stakeholders along the whole supply chain raising the awareness that without the protection that packaging provides for products during their lifetime, the targeted provision of goods would be impossible. 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 Flexibles is also working to reduce food waste as a member of the UN Save Food Initiative. The Save Food Initiative was introduced 2011 to put the issue of 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.

As a member of international task forces, Constantia Flexibles participates in associations forums focused on the proactive management of risks linked to climate change. In particular, the company is a permanent member of Flexible Packaging Europe's Sustainability Committee and the European Aluminum Foil Association's Foil Sustainability Action Group, which are a constant source of ideas aimed at encouraging intercompany cooperation in defense of common interests.

Likewise, Constantia Flexibles' membership in the Sustainable Packaging Coalition (SPC) strengthens its ties to key accounts and increases shared understanding of the sustainability issues affecting the packaging industry. The SPC is a task force dedicated to the vision of more environmentally friendly packaging. Constantia Flexibles understands that sharing efforts on a global level to develop recycling solutions advances collective understanding, and shared best practices, to create a sustainable solution for the management of multi-material flexible packaging at their end of life.

Constantia Flexibles also takes an active interest legislation regarding the European Commission's initiative on the development of Product Environmental Footprint Category Rules (PEFCR). Constantia Flexibles is helping to map the entire value chain for the purposes of these studies, allowing the categories of environmental impact put forward by the European Commission to be reviewed and evaluated.

3.2.2.4.2.2 Waste management

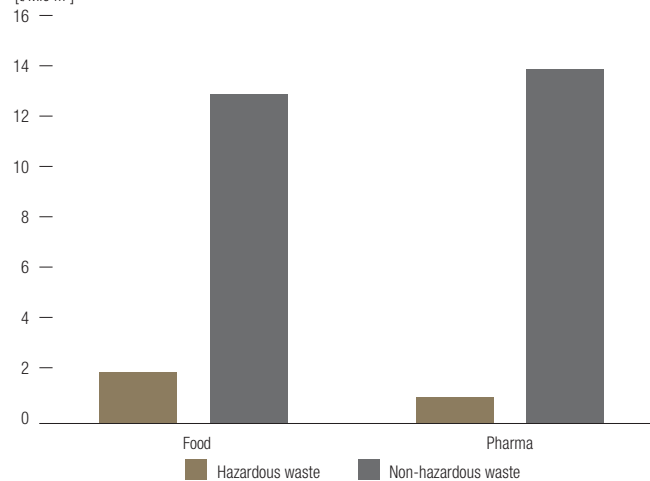
In accordance with a comprehensive understanding of circular economy challenges, Constantia Flexibles continuously monitors the achievement of implemented waste targets with waste management plans on plant level.

The total amount of waste at Constantia Flexibles' sites was 64,390 t in 2018, which is a 6% decrease compared to 2017. The graphic below shows Constantia Flexibles' waste accrual by division and category per output in 2018.

Waste per output by waste type and division

Waste per output by waste type and division

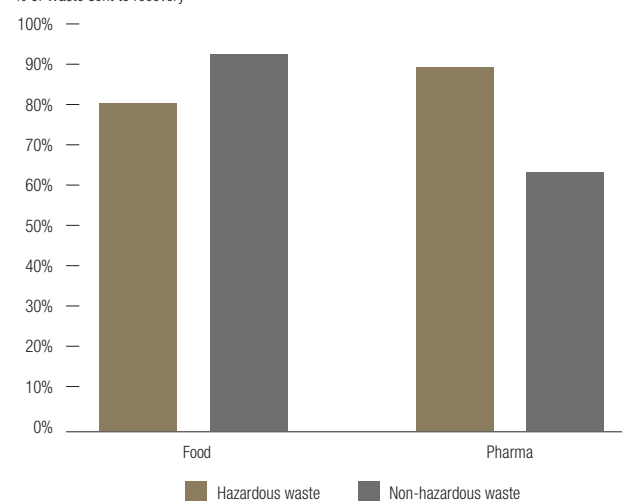
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In 2018, Constantia Flexibles sent 82% of the hazardous waste and 88% of the non-hazardous waste to recovery (recycling, composting and incineration with energy recovery). Compared to the previous year the recovery rates remained stable - in 2017 82% of the hazardous waste and 90% of the non-hazardous waste was sent to recovery. The chart below shows the breakdown of waste sent to recovery by waste type and division.

Waste sent to recovery

% of Waste sent to recovery



3.2.2.4.2.3 Life Cycle Assessments

Constantia Flexibles is conscious of its role and responsibility as part of the value chain and strives constantly toward making further improvements to its processes and products with regard to sustainability. Alongside the monitoring and development of relevant trends with the potential to improve the sustainability of its products on the market, support for internal (e.g. sales and product management teams).

The life cycle assessment (LCA) studies led by Constantia Flexibles in cooperation with associations are fundamental to the improvement of its ecological footprint. 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. This peer-reviewed innovative LCA-meta-model enables Constantia Flexibles to provide customers and other stakeholders with information on the environmental footprint of products by allowing evaluation of production processes, raw material input, waste handling possibilities and country specific settings to a high level of detail.

By developing credible expertise in the field of product sustainability, Constantia Flexibles benefits from increased confidence of its while responding to expectations from end consumers and regulators. In addition, there is the possibility to gain a competitive advantage and to discover potential cost savings through product optimization.

3.2.2.4.3 Environmental, social and ethical risks in raw material sourcing

Constantia Flexibles is aware of the main risks associated with its consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents: risks of inefficiency, reputational damage, compliance costs, operational disruptions and resource depletion due to the environmental impact of the sourcing of raw materials.

Therefore, 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 Aluminum Stewardship Initiative (ASI). The Aluminum 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 aluminum and responsible sourcing. In 2018, Constantia Flexibles' largest plant C. Teich has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. ASI Certification of the Teich facility signifies that Constantia Flexibles' practices meet the industry's highest standards.

Furthermore, within the CEFLEX (A Circular Economy for Flexible Packaging) and NPEC (New Plastics Economy) projects, Constantia Flexibles intensively works on further enhancing the performance of flexible packaging in the circular economy (see Section "Increasing demand and regulation for sustainable packaging").

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 Flexibles 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 particular). The Code of Conduct for suppliers is part of the purchasing conditions set by Constantia Flexibles.

Together with an external consultant a comprehensive supplier questionnaire was developed, and was rolled out to all main suppliers end of 2018. The goal of this assessment is to understand the status quo and maturity of suppliers in terms of climate-related topics and to carry out a supplier evaluation to identify top performers and weak spots. Generated supplier scorecards will indicate the maturity level of suppliers. This engagement was also recognized in Constantia Flexibles Supplier Engagement Rating by the Carbon Disclosure Project (CDP), where the company is among the 3% of the companies that has been awarded a CDP Supplier Engagement Leader (see section "GHG emissions").

3.2.2.4.4 Shortage of skilled labor workers

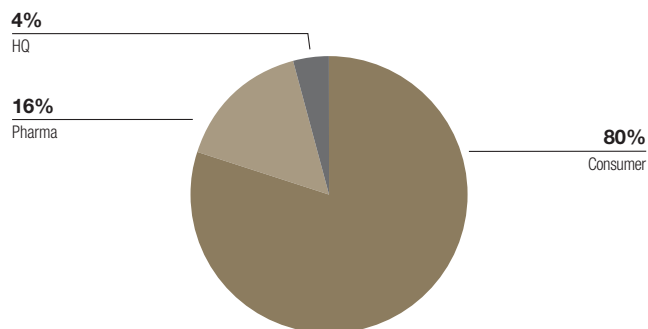
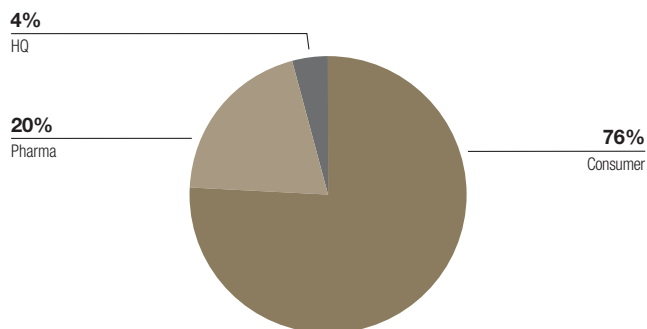
Motivated and well-trained employees are key to success for Constantia Flexibles. However, it is becoming increasingly difficult to find skilled labor workers, especially on shopfloor level.

Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of non-filling crucial positions, regardless if this may occur for blue collar, specialist or management level.

The number of employees (HC) at the end of the fiscal year 2018 was 8,322 with the majority (80%) of employees working in Constantia Flexibles Consumer division. This equates to an increase of 1,283 employees (HC) compared to the previous year, which majorly was linked to the acquisition of Creative Polypack in India.

Headcount split per division at yearend 2017 and 2018

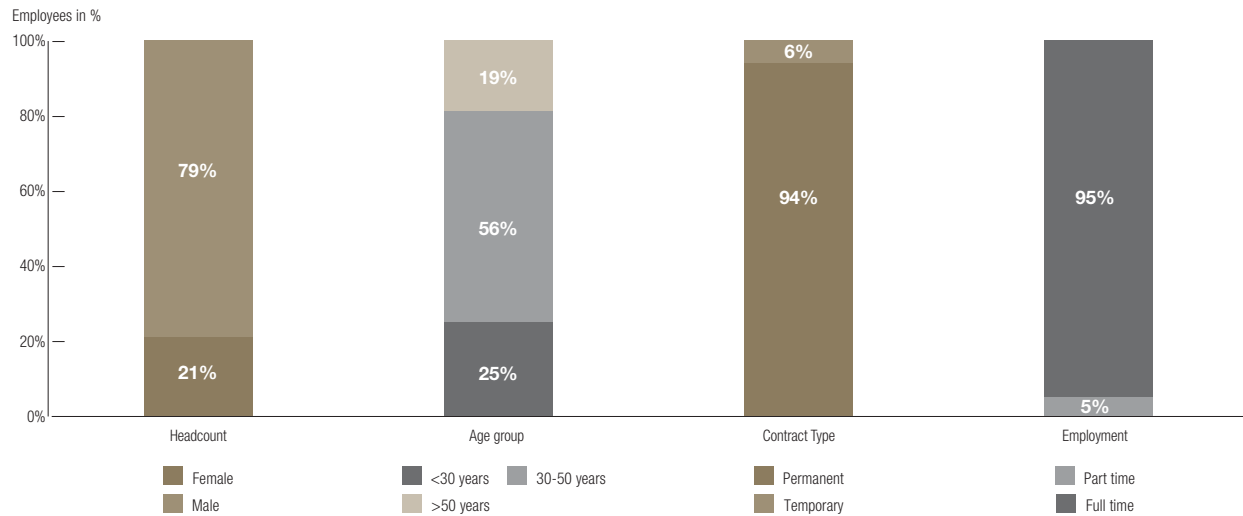
Division	2017		2018	
	Headcount	Headcount in %	Headcount	Headcount in %
Consumer	5,369	76%	6,613	80%
Pharma	1,378	20%	1,346	16%
HQ	292	4%	363	4%
TOTAL	7,039	100%	8,322	100%



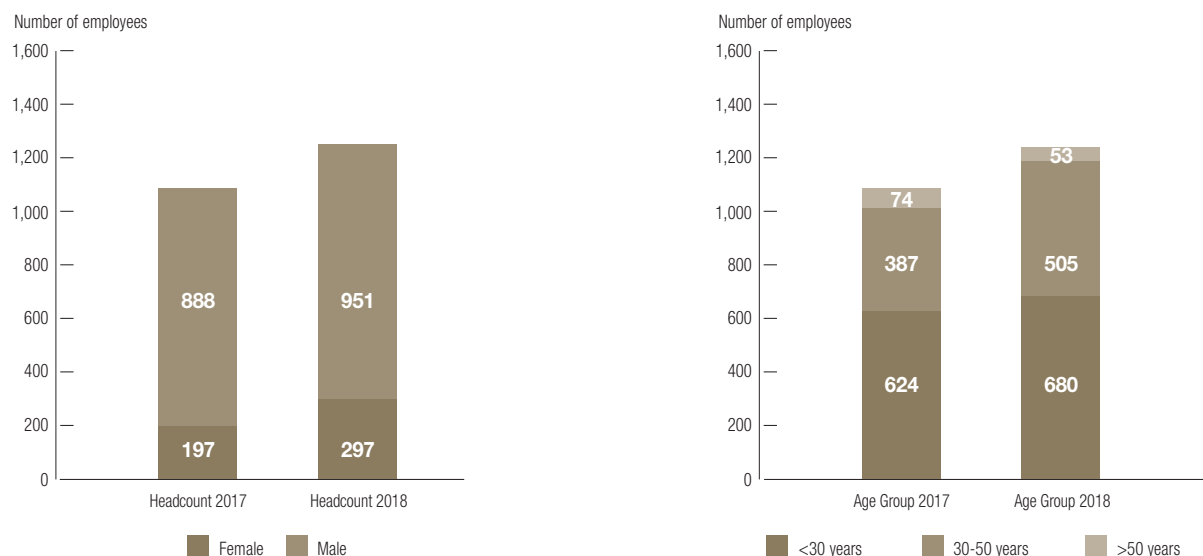
56% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 21% female and 79% male. 95% of the employees of Constantia Flexibles are full-time employees and 94% have permanent employment contracts. Compared to 2017, there is no large variation in these proportions. In 2017, also 56% out of all

Constantia Flexibles' employees were between 30-50 years old, 22% of the total headcount were female and 78% were male employees. 94% of all employments were full-time and 93% of all employees had a permanent employment contract.

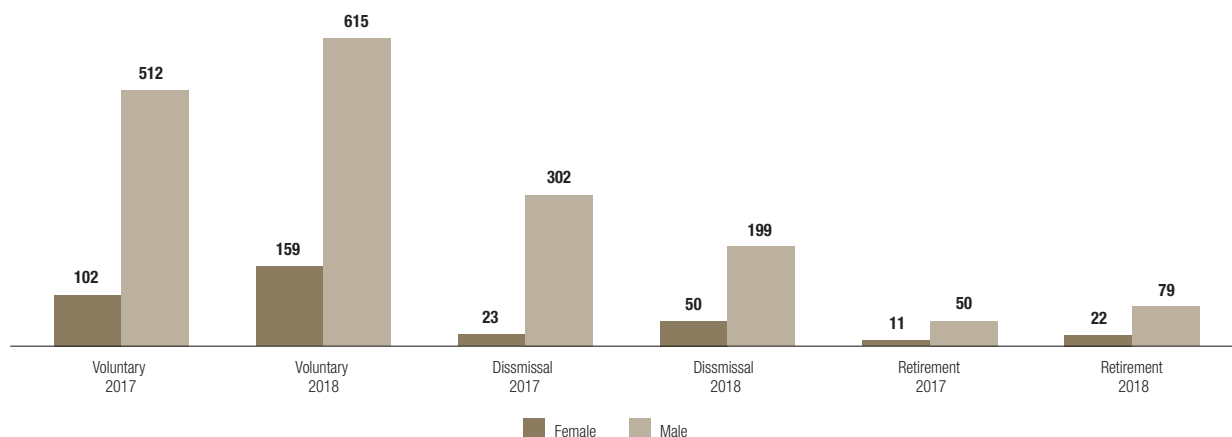
Breakdown of employees by gender, age group, contract type and employment type



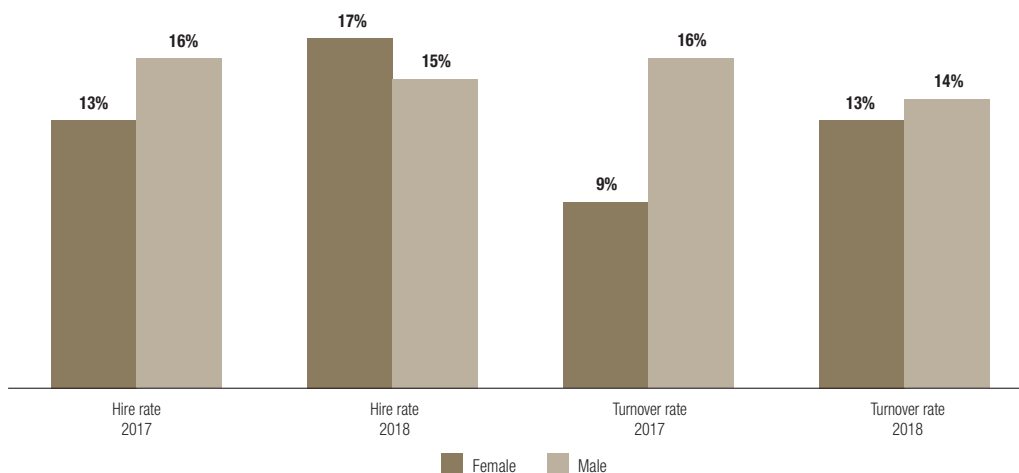
In 2018, a total of 297 female and 951 male employees was hired in Constantia Flexibles entities. Out of all new hires, 680 employees were less than 30 years, 505 employees were between 30 and 50 years and 63 employees were more than 50 years old. The following graph shows these numbers in comparison to the values of the previous reporting period:



During the reporting period, 1,124 employees left Constantia Flexibles, whereas in the previous reporting period 1,000 employees left the company. The following graph shows the numbers split by gender and reasons of leaving:



In total, the hire rate for Constantia Flexibles in 2018 sums up to 15%, whereas the turnover rate amounts to 13.5%. In 2017, the hire rate was 15.4% and the turnover rate was 14.2%.



In order to mitigate the risk of a lack of skilled labour workers, Constantia Flexibles implemented a number of tools and initiatives. At Group level, Constantia Flexibles is fostering the exchange of employees between different entities and supporting the development of employees. Moreover, job postings are published

on the intranet and shared within the company's HR community. For improving the recruiting process for both Constantia Flexibles HR staff and external applicants, a global recruiting solution is currently being implemented. This tool will help to publish all vacant positions online and to set up a global talent pool.

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 2.4% of Constantia Flexibles' workforce are employees with disabilities.

3.2.2.4.5 Missing trainings and development activities

As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage.

In order to address this risk, Constantia Flexibles is offering a large variety of development and training activities, based on a tailored Constantia Flexibles competency model for senior and middle management as well as professionals.

Over the past years, the investment in people development programs, with a strong focus on senior and middle management development, has been gradually increased. Generally, Constantia

Flexibles is increasingly offering interactive online modules in order to reach employees. Constantia Flexibles refreshes its range of trainings with focus on communication, efficiency at work and leadership skills to support employees in their career development and employability on an annual basis. The structured annual talks for all employees along with succession planning at senior managerial level are also integrated in the training plan.

To support these efforts the "Constantia University", a dynamic and interactive web-based learning management platform was set up. The platform integrates new learning pathways, utilizing online training opportunities, video-based learning materials as well as virtual training. The Constantia University is also the platform for the ongoing development initiatives such as "Executive Leadership Program" and "Constantia Flexibles Sales Academy". These initiatives aim to train Constantia Flexibles senior and middle managers and sales staff on the Constantia Flexibles Leadership and Sales approach respectively. Moreover, two new development initiatives, "Operational Excellence Center" and "Finance Academy" were recently added to the training and development modules as well.

On top of the abovementioned initiatives that are managed by Group Organizational and People Development, local training is conducted at the plant level. These include for example language trainings, individual development plans and - among others - regular health and safety, hygiene and technical trainings for employees working in production areas.

The following table shows the most relevant KPIs (Key Performance Indicators) that allows Constantia Flexibles to track the development of training initiatives on a global level:

	Total number of annual training hours	Average annual training hours per FTE	Number of employees trained for min. 1 day	Share of employees trained for min. 1 day
2017	63,145	9.01	3,496	49.67%
2018	137,999	17.51	5,123	61.56%

3.2.2.4.6 Hazardous working conditions

Several manufacturing processes used to produce flexible packaging within Constantia Flexibles still require the use of hazardous substances, for example solvents in printing inks which are flammable liquids with the potential to harm peoples' health and safety and the environment.

Although Constantia Flexibles applies best practices in operations and high-tech technology is provided for machinery- and other production equipment, the inherent operational risks related to occupational health and safety for people who work with and for the company is understood to be properly addressed: It is the responsibility of Constantia Flexibles to ensure the implementation of appropriate measures to address this risk.

"Safety of people at work" could be put at risk by several factors, which potentially could be triggered by non-compliance with procedures, e.g. by not wearing required and provided personal protective equipment (PPE) or not following the trained work-instructions. Moreover, only sufficient and completed instruction-trainings result in appropriate knowledge and awareness where leased personnel and temporary employees could be exposed to this risk. Specifically contractors will be exposed to additional risks as their core deliverables to be fulfilled according contracts, which often includes non-routine work. Constantia Flexibles takes into account the risks at work related to distraction and psychological and physical stress (for example, for people who are often travelling for business and provides a broad range of counter-measures: appropriate behavioral-based trainings, operations-personnel on the shop floor to awareness-campaigns are provided, etc.

Thus, based on the Group HSSE Policy (health, safety, security and environment) rolled out in early 2017 and the Corporate Risk & Opportunity Management-tool, which considers H & S-related risks beside other major potentials like undesired weather conditions or even their implications, which could harm people, describe several types of counter-measures to mitigate the described risks following eliminating them in best case rather than only minimizing them.

Constantia Flexibles works constantly on improvements related to "Working conditions" around the machinery and tools used by reducing the risks attached to workplace ergonomics, e.g. by exposure to solvents and their vapours, facing noise (>80 dB(A)) or repetitive motion which finally could result in occupational diseases by long-term exposures of work-force. Constantia Flexibles has increased its investments in new machines, additional equipment, improvements of technical building-features already within the last years. Thus, in 2018 no case of occupational disease was reported in Constantia Flexibles globally.

At the Group-level, Constantia Flexibles compiles several data and figures from all global production sites to investigate potential correlations of the accidents' circumstances and results. These figures - handed in on monthly basis by all 31 operational production in scope for reporting to Group HSSE by end of 2018, are subsequently summarized, verified and checked. These reports reflect the safety performance per division and cascaded into their divisional clusters on monthly basis. However, beside key learnings from certain Lost Time Injuries occurred, related corrective and preventive measures are shared to mitigate this risk of potential re-occurrence at other similar workplaces in Constantia Flexibles Group.

In addition to monitoring, local management teams are tasked with taking on-site measures such as safety meetings and on-site patrols, etc.

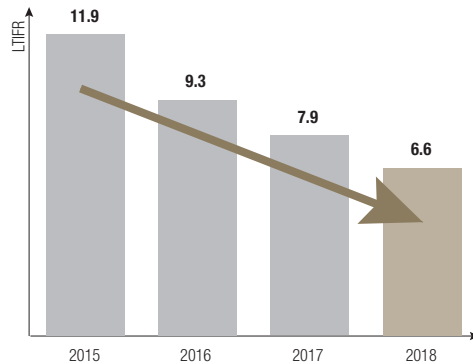
To improve its performance in this area, and at the request of Wendel, its shareholder, in 2017 Constantia Flexibles introduced a bonus for reaching health and safety targets. The measure concerns operational managers and the Executive Committee. These bonuses are indexed on pro-active goals and initiatives to highlight their commitment and contribution of the teams in charge. Constantia Flexibles does not wish to set targets based on 'Number of Lost Time Injuries' or the Lost Time Injury Frequency Rate (LTIFR) but rather to work on the causes of accidents. Nevertheless, the overall Safety-performance of the Group improved significantly by nearly -50% in terms of LTIFR since Wendel became majority shareholder of Constantia Flexibles.

Constantia Flexibles Group

Occupational health and safety Data	2017	2018
Number of Lost Time Injuries	117	94
Division Consumer	93	79
Division Pharma	23	15
Offices	1	0
Lost Time Injury Frequency Rate (LTIFR)	7.9	6.6
Division Consumer	7.8	7.0
Division Pharma	9.7	6.1
Offices	2.2	0.0

LTIFR = Lost Time Injury Frequency Rate = number of Lost Time Injuries (LTI) per 1 million hours worked
For comparability reasons, 2015 and 2016 do not include "Labels-division", which was sold during 2017.

Key Performance Indicator annually published: the Lost Time Injury Frequency Rate



LTIFR = Lost Time Injury Frequency Rate = Number of Lost Time Injuries (LTI) per 1 million hours worked.
For comparability reasons, 2015 and 2016 do not include "Labels-division", which was sold during 2017.

Several local H & S-initiatives - according the production site's needs - were implemented, which do contribute to Safety for people as well as to the status of working conditions. But for certain Cluster-related plants or even within the whole division "Consumer" specific focus was put on the introduction and implementation of proper near miss-reporting in light of and in combination with the existing continuous improvement process (CIP) during 2018. Learnings from such events are seen as being crucial for avoiding injury to other people and need to be immediately translated into prevention measures.

Constantia Flexibles collected, via a centralized tool the number and kind of initiatives for health and safety. They were implemented in its operating plants, where individuals are exposed to the hazards attached to its day-to-day manufacturing of flexible packaging.

During 2018, again the average number of H & S-Initiatives per plant could have been increased to 7 initiatives on average per production site implemented throughout Constantia Flexibles globally. This perspective highlights again the pursuing efforts of Constantia Flexibles Group to improve.

These efforts allow Constantia Flexibles to improve its safety performance and further its reputation as "preferred employer".

Although occupational health and safety matters basically require several kinds of resources to be spent, for example for trainings, workplace-introductions as well as purchase of additional equipment or machinery-upgrades, the "return on investment" could hardly be directly measured. But several KPIs and especially their reduction reflect the importance of consecutive investments for improvements Constantia Flexibles undertakes worldwide.

3.2.2.4.7 Environmental, health and regulatory risks related to the emission of air pollutants, due to the use of solvents

Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents, which is part of the printing process.

Constantia Flexibles works for a continuous improvement related to these emissions. Some of the approaches are:

- solvent recovery;
- Regenerative Thermal Oxidizers (RTO); and
- organic solvent-free technologies.

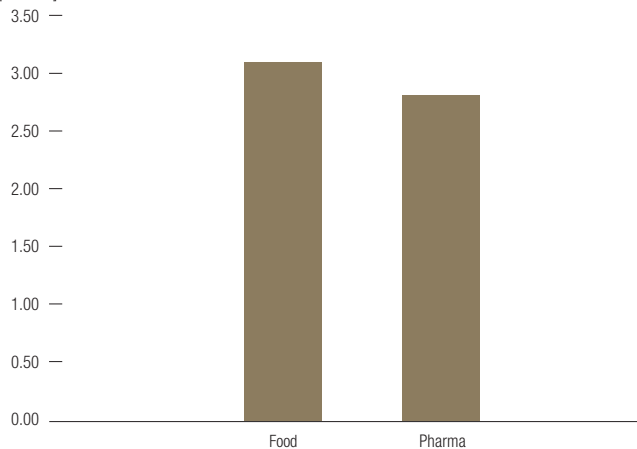
In this context the company has installed RTO facilities in several plants to recover heat energy, consequently reducing the VOC emissions. More than 50% of the plants, representing more than 80% of the total output, own technologies for the recovery of solvents and for the avoidance of solvent emissions.

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 €3 million for implementation in these technologies at its manufacturing site in Wangen, Germany. The old machines are no longer used and solvent use was completely eliminated from 2018 onwards. The investment effort continued in 2018.

The graph below shows the breakdown VOC emissions per product output and division. Total VOC emissions and VOC emissions per output have remained stable and show little variation to the previous year. Absolute VOC emissions decreased by 0.2%, while VOC emissions per output increased by 0.2% compared to 2017.

VOC Emissions per output and division

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



3.2.2.4.8 Permanent innovation in support of consumer health and safety

Constantia Flexibles believes that the requirements in this field represent a competitive advantage and develops new packaging solutions to satisfy the need of end- customers' health and safety for the company's direct clients (food- and pharma industry). Constantia Flexibles chose to be innovative to include long term tendencies in its offer - such as Urbanization, Health, Premium Products and Sustainability. Constantia Flexibles recognizes and applies further options to improve sustainable packaging by meeting customer's needs.

To ensure consumer health and safety, Constantia Flexibles complies with all food and pharma packaging regulations applicable in the respective jurisdictions in which has a presence. In the two competence centers of the group, analytical Research & Development experts are supported by state of the art analytics and laboratory tests to investigate the safety and compliance of products and set harmonized requirements and procedures to ensure compliance. In particular tests related to the supplementation of chemical-analytical capacity with a focus on food contact laws and regulations (e.g. migration & compliance testing). After final approval (by the customer) and confirmed acceptance tests, these products are manufactured under GMP (Good Manufacturing Practice), ISO- and other standards according the respective needs (e.g. BRC British Retail Consortium). Constantia Flexibles also implemented more detailed group- and local-/plant-related internal procedures in terms of ISO9001/Quality Management are in place. All of Constantia Flexibles' plants are ISO9001 certified.

With its Constantia Interactive app, Constantia Flexibles offers a unique comprehensive solution for interactive packaging in the food and pharmaceutical industries that opens up a multitude of digital communications and marketing opportunities. Using a smartphone app developed specifically for each brand, the consumer scans the packaging for a variety of identifying features such as image analysis, digital watermark, radio frequency identification (RFID) tags, and the like which then appear in augmented reality. The unique character of Constantia Interactive is in its combination of digitally readable packaging material with a digital platform for data management and a smartphone app customizable to a wide range of customer needs. The digital features span from purely informative, such as instructions for use, through videos and games, to contests that can be individually selected by the customer. For medical packaging, the app offers patients direct access to additional information about pharmaceutical products at any time, making it safer to take medication. A chat bot allows patients to submit questions. In combination with a digital anti-counterfeiting identification, Constantia Interactive is also an effective means of identifying counterfeit products.

Constantia also launched a "Stop Fake Drugs" campaign to increase public awareness.

Regarding medication packaging, Constantia Flexibles integrates the requirements of safety or children and seniors by developing a child-resistant lidding foil. Constantia Child Resistant is available in four different applications: Peel & Push, Peelable, Bend & Tear, and Push Through. All options provide comprehensive protection against moisture, oxygen, and light. They can be customized to meet country-specific regulations.

Constantia Flexibles has a sizeable number of patents and patent applications, illustrating its strong competitive technological status to ensure consumer health and safety.

3.2.2.4.9 Reporting scope & methodology

The reporting scope considers all legal entities including 39 production sites in 17 countries and several office-based locations (e.g. Headquarters, Sales-offices, Holding locations) worldwide which were part of Constantia Flexibles Group in 2018.

Correspondingly, all legal entities and office-locations of Constantia Flexibles Group (in 22 countries) were fully considered for HR-related reporting, whereas following exclusions apply:

- One production-facility from Afripack Group located in Kenya had to be excluded (for all sections) compared to 2017 due to the closure of operations and its minority stake in the portfolio of Constantia Flexibles Group;
- Newly acquired subsidiaries are not part of the reporting-scope for 2018, except for "Social"/HR-related indicators. Therefore the latest acquisition of "Creative Polypack" and its 8 production facilities are only included in all HR-related indicators:
 - the scope of environmental reporting includes 31 production-facilities in 17 countries (office-locations are not considered), and
 - For H & S-related reporting, major office locations like headquarters of Constantia Flexibles as well as all three offices of Constantia Business Services are fully considered beside all 31 production-sites.

Social

Employment

The employee hire rate is calculated by counting the number of hires (Headcount) during the reporting period, divided by the number of employees (Headcount) at the end of the reporting period, multiplied by 100.

The employee turnover rate is calculated by counting employees (Headcount) who left the group during the year in reference to the number of employees (Headcount) employed at the end of the year, multiplied by 100.

Health and Safety

LTIFR is measured by calculating the number of Lost Time Injuries (LTI) resulting in at least one full day lost per 1 million hours worked (combined for 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 1,2 and 3

The CO₂ emissions calculation is based on Scope 1, Scope 2 and Scope 3 as defined by the Greenhouse Gas Protocol Initiative (Corporate Value Chain Accounting and Reporting Standard). The standard provides requirements and guidance for companies and other organizations to prepare and publicly report a GHG-emissions inventory.

VOC Emissions

The evaluation of VOC Emissions is based on the French Guide d'élaboration d'un plan de gestion des solvants - Révision no 1 and is calculated as follows:

- VOC total emissions: I1 (solvents consumption) - O5 (eliminated/bound solvents) - O6 (solvents in collected waste) - O7 (solvents in products sold) - O8 (recovered and sold solvents)

Waste generation and disposal methods

The data on waste generation were defined according to GRI (Global Reporting Initiative) and collected in a mass unit.

- Hazardous waste: hazardous waste as defined by national legislation at the point of generation.
- Non-hazardous waste: all other forms of solid or liquid waste that are not considered as hazardous waste by national legislation at point of generation. Wastewater 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.

3.2.2.5 Vigilance plan

3.2.2.1.5.1 Risk mapping

In line with the requirements of the French law n° 2017-399 on March 27, 2017, Constantia Flexibles Group has included in its vigilance approach the risks of serious violations with regard to the following topics:

- Human Rights and Fundamental freedoms; and of
- Harm to human health and safety (including end-consumers), and to the environment.

In order to perform proper risk-assessments on these topics a specific working group was established; composed of representatives from the following departments on Group level of Constantia Flexibles: Human Resources, Sustainability, HSSE (Health, Safety, Security & Environment) and Procurement who got supported as well by Controlling and Legal, - respectively the Compliance Officer of Constantia Flexibles Group.

Beside the fact, that Constantia Flexibles performs twice a year a risk analysis to identify risks and opportunities with a bottom-up approach (from the operating plants to the group level), the risk map for this vigilance plan is based on the group's core activity of "Manufacturing of flexible packaging".

Risks related to Constantia Flexibles' own operations

The detailed identification, analysis and assessment of risks was built up on the related countries where Constantia Flexibles operates their own production facilities. These countries are related to the region "EU-countries", where 18 of all Constantia Flexibles' production-units are located whereas the Group operates another 21 plants in countries outside the European Union like Russian Federation (1), Turkey (1), Vietnam (1), India (9), South Africa (6), the United States (2) and Mexico (1) (the pure country-ratings derived from published information of ILO, etc.)

Risks for the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Constantia Flexibles understands the health and safety of people, who work with and for us, as well as the protection of our end-consumers' health and safety as an essential and integrated part of our daily business and success. Therefore, the risks of "occupational injuries and fatalities", "occupational toxics and hazards" were aggregated to the same level like the potential of "industrial (major) accidents" for all locations.

Moreover, Constantia Flexibles ensures the provision of flexible packaging according customers' specifications and regulatory requirements from the food- and pharmaceutical sector. This aspect in terms of "Consumer health and safety" was recognized and mapped as an opportunity (competitive advantage) for which a range of counter measures is already effectively implemented by Constantia Flexibles. Additional business-opportunities for Constantia Flexibles are long-term trends like urbanization, emerging middle class, demand for products that are not harmful to health, premium products and sustainability.

Risks related to the environment

Constantia Flexibles identified the risk of "Air pollution" and "The emissions of greenhouse gases (GHG)" as main risks, beside dealing with the topics and related risks of other environmental issues such as air and soil pollution, inadequate waste management, etc.

Direct and indirect GHG emissions are generated by production processes consuming electricity, gas, steam and hot water, as well as by upstream and downstream value chain activities, such as purchased goods and services and fuel- and energy related activities.

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance throughout the group. Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all production sites located in countries around the world. Constantia Flexibles measures and reports the emissions according the internationally recognized Greenhouse Gas Protocol and is verified by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology. To promote opportunities for reduction of emissions, Constantia Flexibles has set company-wide spanning GHG emission reduction goals (see chapter 2 - Regular assessment procedures and mitigation measures).

Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents, which is part of the printing process. In this context the company has installed Regenerative Thermal Oxidizers (RTO) in several plants and aims to decrease the overall solvent consumption (see chapter 2 - Regular assessment procedures and mitigation measures).

During the risk-assessment to fulfil the requirements for the Duty of Care-framework it was as well identified that the potential risk categories of Raw materials/Resource depletion, Water scarcity and Land/ecosystem/biodiversity destruction can be considered as very low.

Risks related to human rights and fundamental freedoms

Constantia Flexibles, being a manufacturer of flexible packaging by operating in 18 countries worldwide, clearly commits to the compliance with internationally recognized human rights. The categories in which Constantia Flexibles assessed the related residual risks like :

- Non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);
- Non respect of international labor standards on migrant workers; and
- Non respect of data privacy.

These topics were clearly identified as salient due to the company's multi-country business. Following the Group's organization, countries at risk on the above risks are mainly all beyond the borders of the European Union.

Constantia Flexibles recognizes and respects its employees' right to freedom of assembly, as well as their right to elect their representatives freely and independently.

Furthermore, Constantia Flexibles has a zero-tolerance approach to modern slavery which includes various forms like slavery, servitude, forced and compulsory labor and human trafficking, all of which are identified to deprive a person's liberty by another in order to exploit them for personal or commercial gain.

Due to this specific risk in several countries, the group is committed to acting ethically and with integrity in all its business dealings and relationships by implementing and enforcing effective systems and controls to eliminate potential breaches in its supply chain.

Constantia Flexibles complies with the rules established by the United Nations on human and children's rights as well as commits to offering employment that is free of any form of harassment and bullying. No form of violence or harassment, is tolerated.

Risks related to Constantia Flexibles' purchasing

Constantia Flexibles conducted the identification of risks related to its supply chain for the scope of purchase categories in several stages.

The first stage involved collecting and centralizing key data for each major category of purchases made by Group Procurement. The mapping includes the four major categories of procuring goods within Constantia Flexibles, which are "Aluminum", "Film", "Chemicals" and "Paper". Each category represents the amount of goods bought as a share of spending, namely aluminum (about 1/3), films (about 1/3), chemicals (about 1/5) and paper (less than 10%).

The second stage of the mapping process involved ranking the CSR risks – split again into main parts named “Human rights and fundamental freedoms”, “health and safety” and “Environment” – and linking and assessing the respective risk to each of the countries from where the suppliers produce the required goods and raw materials.

For this assessment, several internationally recognized and independent data-sources were used like Human Rights Watch (www.hrw.org), the International Labor Organization (www.ilo.org), the Environmental Performance Index provided by the collaboration of Yale and Columbia University (<https://epi.yale.edu>).

Steered by Group Procurement, Constantia Flexibles regularly monitors the main suppliers of raw materials on their non-financial performance by standardized forms. As part of supplier-selection a self-evaluation form to be filled by the potential supplier addresses core topics related to environmental, social and ethical risks that may arise from their manufacturing and is based on the Code of Conduct of Constantia Flexibles. Further supplier audits performed by Constantia Flexibles at the supplier production-facility follow a standardized set of questions to ensure the adherence to the required standard.

3.2.2.5.2 Regular assessment procedures and mitigation measures

Risks related to Constantia Flexibles' own operations

Constantia Flexibles implemented group wide its Risk and Opportunity Framework with the related policy and setup in 2017. This framework with a bottom-up approach ensures the consistent reporting of risks and opportunities from the plant-level (including each manufacturing unit) by using a group wide-standardized risk-catalogue. On Group level, the data of the assessed risks are compiled twice a year to the group risk map by the Group Risk Controller.

Then the process requires, that the reported data need to be reviewed by the respective Group functions, prior to their integration in the Group Risk Map.

Therefore, this process considers certain risks which need to be dealt with by the Group departments Human Resources, Sustainability/Environment and health and safety. Core business-risks from all operating sites (plants) globally will also be collected, assessed and reviewed.

The analysis of those risks consider appropriate mitigation measures and their potential effects at current stage and subsequently describe the level of residual risk.

Constantia Flexibles creates ownership by naming risk-owners, which are those who are responsible for implementing the specified mitigation actions. This includes respective risk-ownership on Group- as well as on plant-level.

Constantia Flexibles holds a “Risk Committee”-meeting and also a “Safety Committee” The “Audit Committee”-(meeting as part of the Supervisory Board), examines all the aspects of Internal Audit covering financial processes, statutory audits, etc. The social risks or degradation of Human Rights (working hours, data privacy, labor conditions), etc.), health and safety (accident reports, sick-leave/workers compensation), Environment (waste management, potential areas of pollution, etc.) are also handled by the Audit Committee. Constantia Flexibles experts from other group functions are consulted each time, as necessary.

Risks for the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Mainly derived from the the “List of Main Risks” which can be applied here.

Constantia Flexibles puts Safety as first priority especially at the manufacturing sites, where people who work for and with Constantia Flexibles are exposed to the hazards attached to our operations. Therefore, with regard to the protection of individuals Constantia Flexibles does not distinguish prevention and rules for workplace-safety into the people's contracts (employees, leased personnel/ temporary workers, contractors). Moreover, the constant development of creating and maintaining safe and sustainable working conditions are supported by:

- group Standards like Group HSSE Policy and underlying HSSE-Standards applicable for all subsidiaries;
- group Reporting process for accidents including standardized templates;
- defined group Terms & Definitions which underpin the need of common understanding throughout all countries where Constantia Flexibles operates, regardless the individual, national requirements;
- Minimum set of HSSE-related topics integrated into site-visits/-audits performed by HSSE and Group Internal Audit.

For all group wide standards set as group wide procedures an internal Document Control System provides the latest version on Constantia Flexibles Intranet-pages. Beside this data-base, ongoing trainings have to be attended online by all management-functions about core business-policies, for example the Code of Conduct.

Further group departments such as Operations Development and Global Operations ensure the constant implementation of technical improvements which consider technical safety (for example, in the field of fire protection).

Risks related to the environment

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 developed a group-wide absolute emissions reductions target, which was approved by the Science Based Targets initiative in 2018. Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 GHG emissions 24% by 2030 and 49% by 2050 from a 2015 base-year.

As more than half of the Scope 1 and 2 emissions are occurring as a result of electricity consumption (Scope 2), Constantia Flexibles is in close contact with its electricity suppliers with the aim to increase the share of purchased electricity coming from renewable resources. To mitigate the risk of "Air Pollution", Constantia Flexibles has installed Regenerative Thermal Oxidizers (RTO) in several plants 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. Moreover, Constantia Flexibles also aims to decrease the overall solvent consumption in several plants by investing in new solvent-free printing technologies.

In addition to the assessment of direct and indirect emissions 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. Purchased goods used to manufacture Constantia Flexibles products represent the most important element of Scope 3 emissions of the company. Constantia Flexibles therefore sees collaboration throughout the value chain (e. g. in order to implement responsible sourcing certifications) as an important component of a comprehensive approach to sustainability.

Constantia Flexibles is thus a founding member of initiatives such as the Aluminum Stewardship Initiative (ASI), which works towards responsible production, sourcing and stewardship of aluminum, following a comprehensive value chain approach. Constantia Teich as the biggest plant within the group and located in Austria, has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. ASI Certification of the Constantia Teich facility signifies that Constantia Flexibles' practices meet the industry's highest standards.

Constantia Flexibles is also a founding member of CEFLEX (A Circular Economy for Flexible Packaging). As part of this project, Constantia Flexibles intensively works on further enhancing the performance of flexible packaging in the circular economy. CEFLEX is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the

development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them.

As an additional mitigation action, Constantia Flexibles joined the New Plastics Economy (NPEC), an ambitious three-year initiative supported by the Ellen MacArthur Foundation, which brings together key stakeholders to rethink and redesign the future of plastics. Constantia Flexibles is an active member participating in several pioneer projects, which gives the opportunity to accelerate the fulfilment of market- and customer needs. As part of the New Plastics Economy "Global Commitment", Constantia Flexibles pledges that 100% of its packaging will be recyclable by 2025.

Risks related to human rights and fundamental freedoms

The biggest part of risk-categories relates to this chapter and could impact people working with and for Constantia Flexibles at all organizational levels and in all countries where the group operates in their manufacturing sites.

The sub-categories for which the country-related risks were assessed are built up as follows:

- 1 Forced labor;
- 2 Child labor;
- 3 Non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);
- 4 Non equal opportunities and discrimination;
- 5 Non respect of indigenous population rights;
- 6 Non respect of international labor standards on migrant workers;
- 7 Risk of withholding identification documents;
- 8 Non respect of data privacy;
- 9 Excessive working hours;
- 10 Unfair wages;
- 11 Inadequate social benefits and social security;
- 12 Harassment and abuse/disciplinary practices.

Due to established regulations and deployed standards, all countries belonging to the European Union could be rated less high for their inherent risks of above stated topics.

The final assessment then reflecting the analysis at the company level resulted in a higher risk in the categories of 3, 6 and 8 compared to the risk of risks as listed above.

Nevertheless, Constantia Flexibles implemented group wide - which means globally throughout all subsidiary companies - internal standards and built up specific reporting lines of key performance indicators, which are compiled at Group level.

As one of the key documents, the Code of Conduct covers most of the topics within the whole group. However, during the assessments performed for the Duty of Care framework, the potential of further improvements with regard to the minimum standards about excessive working hours, and unequal salaries.

Risks related to Constantia Flexibles' purchasing (includes chapter 3.2.)

For fulfilling the Duty of Care-requirements and for describing the several kinds of assessment procedures, Constantia Flexibles identified following implemented fields of activities and procedures. All purchase categories were summarized to be classified commonly as "industrial manufacturing" (B2B only).

- The potential risks related to "Human Rights and Fundamental freedoms", "health and safety" as well as "Environment" are effectively covered by the binding CSR-related purchasing charter named "Code of Conduct for Suppliers", for which Constantia Flexibles insists on to be signed by them for accepting the contract.
- Integration of mandatory minimum requirements of CSR-terms and conditions included in the contracts and purchase orders.
- Furthermore, group procurement performs supplier-audits at their production-sites and request them to fill a self-assessment form named "pre-audit questionnaire".

3.2.2.5.3 Alert mechanism

In the year 2008 Constantia Flexibles implemented a whistleblower hotline. It is outsourced to a dedicated service provider which deals as first point of contact for all incoming e-mails and calls. The law service provider is held to strict confidentiality obligations and able to answer in most languages spoken within the Constantia Flexibles Group and its affiliates worldwide. Every alert is then forwarded (depending on the whistleblower's request) Constantia's compliance team.

This system in place aims to encourage employees and leased personnel/temporary workers to report any concerns regarding unethical behavior or any human rights violations or environmental damage.

Covering as well the French law "Sapin 2" on corruption and anti-bribery aspects, Constantia Flexibles provides a description of this whistleblowing system made available through the intranet. Especially via the "Code of Conduct for Suppliers" Constantia Flexibles ensures this information to be forwarded to their employees and other contractors.

3.2.2.5.4. Monitoring system of implemented measures and assessment of their effectiveness

Constantia Flexibles implemented several systems and standardized their monitoring throughout all operating facilities.

Trainings and awareness-raising campaigns were identified by Constantia Flexibles as useful tools. For example, with regard to the document seen as a basement for the "Duty of Care"-framework,

which is the Code of Conduct, Constantia Flexibles provides annual web-based trainings about the requirements including a (anonymous) test which needs to be passed (80% correct answers) to finish the online-training session.

For ensuring the effectiveness of Constantia Flexibles Duty of Care-framework, especially group functions introduced specific measures:

- group Procurement conducts supplier audits on site based on defined criteria and performs recurring internal risk-assessments on the defined purchase-categories Aluminum, chemicals, films, etc.
- the group Sustainability-team collects and monitors all key environmental indicators for Constantia Flexibles and tracks the performance throughout the group;
- the group wide consolidation platform used as database provides and includes consistency checks and requests to upload evidence documents for reported data from the operating units;
- the department Group Human Resources as well as other disciplines like HSSE (health and safety) benefit from the participation of several operating units in SEDEX, which is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains, used by more than 50,000 members in over 150 countries. Third-party auditing companies perform so-called SMETA (Sedex Members Ethical Trade Audit) at the production-sites on behalf of SEDEX, which are set up as 4 pillar audits covering Labour Standards, health and safety, Business Ethics and the Environment;
- the department group HSSE (health and safety) implements group standards to fulfil the targeted management system based on the Constantia Flexibles vision of ZERO LOSS - NO HARM. Moreover, the group wide KPIs-set to be monitored on monthly basis include as well the opportunity of sharing lessons we have learned via events (accidents like Lost Time Injuries (LTI)), detailed audits on site and cross-checks with observations and findings identified by the department Group Internal Audit on site. This department provides an internal self-assessment matrix which needs to be filled by the operating units and performs frequent site-visits as part of the activities for ensuring internal compliance to the standards of Constantia Flexibles, which is the Code of Conduct and its elements considering Human rights, health and safety and environmental aspects.

Auditing against the required standards performed by independent parties ensures for Constantia Flexibles to close the cycle and constantly learn. These audits performed for SEDEX, necessary for obtaining any certificate based on ISO-standards or for other customer-related packaging-requirements like BRC (British Retail Consortium) give Constantia Flexibles the opportunity to continuously improve globally while ensuring the reliability of its Duty of Care.

3.2.3 Cromology

3.2.3.1 Cromology business model

Cromology is a European decorative paints company. Cromology designs and manufactures high-end decorative paints for professionals and individuals and has a direct presence in 10 countries, mostly in Europe.

With nearly 3,700 staff, 8 research laboratories, 10 manufacturing sites and 9 logistics platforms, 405 integrated points of sale and over 8,500 partner points of sale (independent retailers and major DIY stores), Cromology records net sales of 665 million Euros.

Mission: to protect and enhance living spaces by elevating the technical and artistic know-how of our professional and individual clients, making a long-term contribution to the well-being of all.

Outlook: thanks to a premium customer experience, high product quality and a digital multi-channel approach to the market, Cromology's ambition is to increase market share and consolidate its position in the decorative paints sector, particularly in Europe.

Strategy: two growth drivers

- organic growth via an increase in Digital Distribution and the Average Spend, and a shift to a more efficient, more digital business;
- acquisitions, through geographic expansion, extended distribution and strengthening the product offering.

MISSION

“Protect and enhance living and work spaces”



VALUES

- Security
- Excellence
- Respect
- Customer satisfaction
- Imagination
- Teamwork
- Simplicity



CUSTOMER RELATIONSHIPS

- Customer loyalty
- Aspirations (end customers)
- Technical know-how
- High Quality

PRODUCT SALES

€ 665m



COST STRUCTURE

- Production sites
- R&D
- Raw Materials
- Industrial facilities
- Employees
- Integrated stores
- Other investments
- Adjustment items



HUMAN CAPITAL

3,650
EMPLOYEES

8 COUNTRIES

68.7% France
22.4% Southern Europe
8.9% Other countries

100% of industrial sites are **OHSAS 18 001** certified



INTELLECTUAL CAPITAL

25%

of sales generated from products developed in the last 3 years



ENVIRONMENTAL CAPITAL

70%

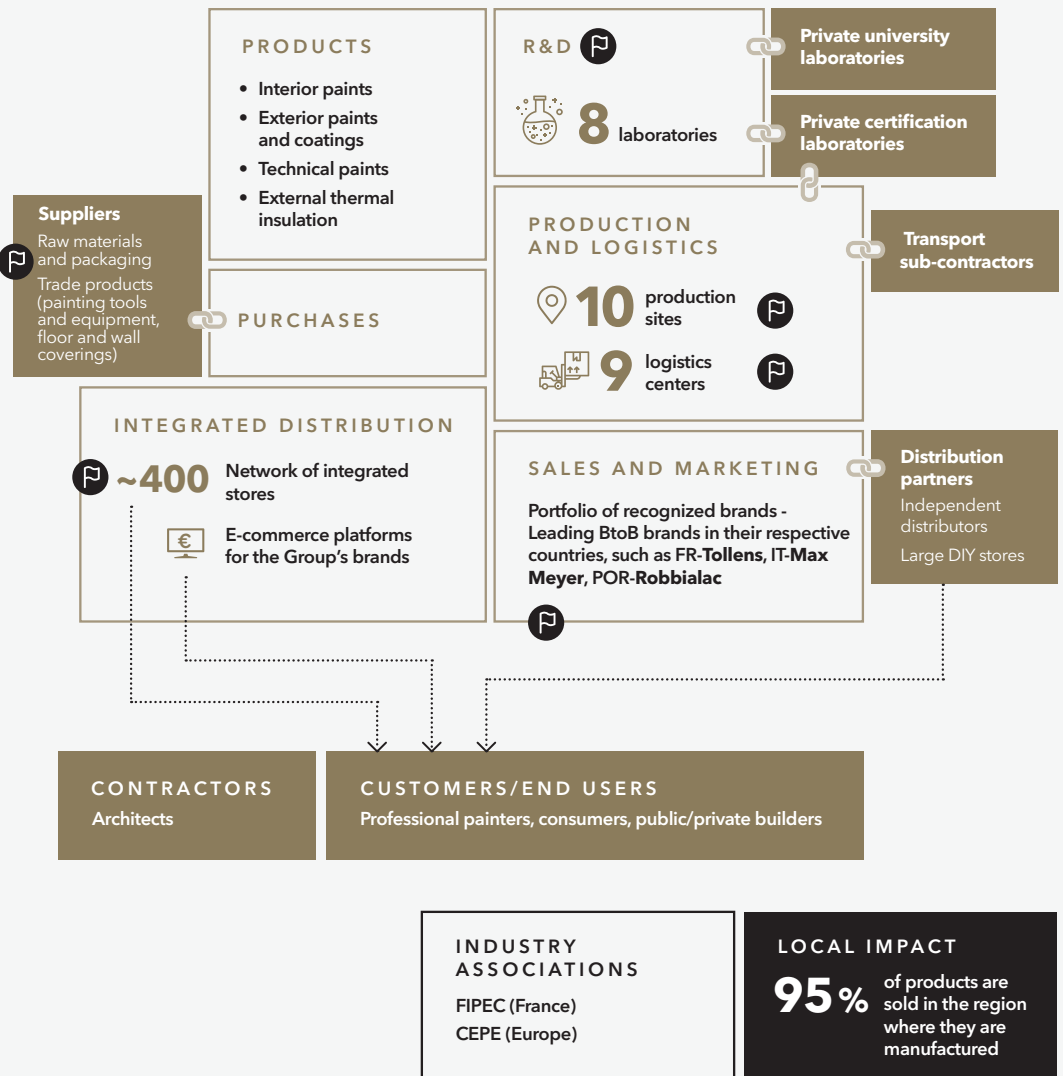
of industrial and logistics sites are **ISO 14 001** certified

90%

of the product portfolio is water-based

65%

of product sales have been developed within the last three years using eco-friendly products



KEY

Key resources

Key partners

Sales flows (Cromology-manufactured products)

Given its manufacturing and, in some countries, distributing activities, Cromology manages a wide range of divisions with employees spread across a large number of geographical locations.

Cromology has 3,647 employees across eight countries, broken down as follows:

France (+ Belgium, Luxembourg) 68.7%

Southern Europe (Spain, Italy, Portugal) 22.4%

Rest of the World (Morocco, Switzerland) 8.9%

3.2.3.2 Commitments for a responsible enterprise

3.2.3.2.1 General policy

Cromology's aim, in the long run, is to combine economic performance with excellence through its "CORE, Commitment for 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 the environment and users;
- 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 our presence in the local community.

Cromology's seven values⁽¹⁾, defined at the end of 2014, are its fundamental principles. These guide the initiatives, decisions, choices and day-to-day conduct of Cromology's people. These values are:

- safety first;
- excellence;
- universal respect;
- customer satisfaction;
- imagination;
- collective spirit;
- simplicity.

3.2.3.2.2 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 highlight their technical and aesthetic know-how, thus contributing in a lasting way to everyone's comfort and well-being.

This conviction means that, as a developer, manufacturer and distributor of decorative paints, we are conscious of our responsibility to everyone—internal and external—who works toward Cromology's sustainable and responsible growth.

In this way, Cromology's commitment to sustainable development is in step with our aim to combine long-term economic performance with:

- the safety and development of our employees and the sub-contractors who work on our premises;
- nature preservation; and
- dialogue with the community.

Cromology also conducts voluntary research and development to find ways of looking after its customers and their environment with more responsible products that wherever possible go above and beyond the regulatory framework. For example, in 2018 new products with an environmental label accounted for 64% of total sales. As part of product innovation Cromology systematically considers whether to eco-certify its new paints or make new products to meet the needs of customers in a given country - or to anticipate those needs, as was the case with its pollution-removing interior paint in Southern Europe.

Cromology also affirms its commitment as a corporate citizen mindful of the impact of the work done in its research laboratories, manufacturing sites and logistics platforms by seeking industry certifications. 100% of its industrial facilities are certified OHSAS 18001 (occupational health and safety) while 70% are certified ISO 9001 (quality) and ISO 14001 (the environment). More broadly, Cromology aims to obtain triple quality, health and safety and environmental certification for all its activities. It achieved this in France in 2018 with the triple certification of all of its manufacturing activities, including support functions such as procurement, technical assistance, accounting, finance and human resources.

Responsible development: we live it every day, and I am convinced that by respecting Cromology's CSR commitments in each of our business lines, we serve all our stakeholders."

Loïc Derrien

CEO of Cromology

(1) A detailed definition of each of Cromology's values is available at <http://www.cromology.com/qui-sommes-nous/nos-valeurs>.

3.2.3.2.3 CSR Governance

In 2015, Cromology formed a CSR Steering Committee. It is composed of the Heads of the Supply Chain, R & D, HR, QSE and Communications departments, 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, with CSR managers.

This local connection ensures that the commitments made are relevant and that they are quickly adopted and implemented by all teams.

For example, Zolpan, one of Cromology's French subsidiaries, has its own CSR approach. Consequently, during 2017, a leading independent body 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.

3.2.3.3 Methodology

3.2.3.3.1 NFS Methodology

To identify the main non-financial risks relating to its activity, Cromology has listed all of the risks associated with various non-financial topics. This list was established i) by taking into account a risk assessment conducted as part of the procedures required to obtain and renew the ISO 9 001⁽¹⁾, ISO 14 001⁽¹⁾ and OHSAS 18 001⁽¹⁾ standards, ii) in the context of the on-going analysis of regulations on the chemicals used in paint manufacturing, iii) by taking into account feedback from the non-financial audits carried out by major DIY distribution customers in relation to its operations, and iv) by studying the practices adopted by companies in the distribution and chemicals industries.

A ratings system then enabled these to be ranked and the key risks to be identified. The list of non-financial risks was analyzed by external consultants on the basis of industry and international frameworks, in order to ensure its relevance and consistency.

Internal stakeholders from the Safety, Industrial Procurement, Internal Audit, Legal and HR teams were asked to identify the policies already in place at Cromology to anticipate and reduce the risks identified, together with the KPIs used to monitor the performance of these policies.

The CSR Steering Committee met four times to draw up and approve the list of 13 risks and the business model.

The 13 key risks identified, validated in January 2019 by the Group's Executive Management, are, by sector:

- Human resources:
 - risks related to absenteeism,
 - risks linked to service quality and commercial performance;
- Health and safety:
 - risks linked to personal safety,
 - risks related to industrial processes and the use of points of sale;
- Environment:
 - risks associated with water and soil contamination or with the contamination of water and soil with ecotoxins,
 - environmental and health and safety risks associated with the release into the air of toxic (VOC) or carcinogenic substances,
 - risks associated with the hazardous waste generated by the business;
- Supply chain:
 - suppliers' Environmental and Health and Safety risks,
 - risks associated with the transportation of hazardous products;
- Innovation:
 - regulatory risk associated with raw materials,
 - risks associated with products not being in line with market needs;
- Societal:
 - risks associated with the handling of personal data;
- Corruption:
 - risks associated with employee corruption (Sapin 2 law).

The prevention of food insecurity, respect for animal welfare, responsible, fair and sustainable food production and the prevention of food waste:

Given the nature of its business (industrial paints), Cromology considers that these points do not constitute a major CSR risk and that therefore no further details are required in this management report.

(1) The ISO 9001, 14001 and OHSAS 18001 standards provide models to be followed for the implementation and use of a management system and to thereby guarantee:

ISO 9001, that products and services are at all times in line with customer demand and with a view to uninterrupted quality;

ISO 14001, that all organizational processes and activities with an impact on the environment are controlled and;

OHSAS 18001, that health and safety in the workplace is guaranteed, in the context of continuous improvements.

3.2.3.3.2 Methodology used to obtain monitoring indicators

3.2.3.3.2.1 Scope and consolidation methods for key indicators

The key indicators in this report were selected from across all subsidiaries consolidated in Cromology's financial statements. Cromology's scope includes 10 industrial sites.

For each indicator, the detailed calculation methods are defined in the chapter "Reporting methodology" below. Where measured data is not available, each entity produces estimates. Data are collected using report files validated by Cromology.

3.2.3.3.2.2 Responsibilities and checks

The Group's Human Resources department collects and consolidates the HR data, ensures that it is consistent, and validates it. It is the responsibility of Cromology's human resources community to produce this data in each subsidiary.

Cromology's QSE Department consolidates safety and environmental data and performs consistency checks.

Safety indicators are produced by the safety manager of each subsidiary. Environmental experts at each Cromology subsidiary are responsible for producing the environmental data.

Monitoring indicators for products launched within the last three years and the percentage of net sales of new products with environmental certification of all products launched within the last three years are produced by the Marketing Departments of each subsidiary. This data is consolidated and checked for consistency by the Group Marketing department.

The monitoring indicator for the number of raw materials (including regulated raw materials) used in the formulations of the paints manufactured by Cromology is produced by the Group R & D department.

The indicator for the volume of use of formulas containing regulated raw materials such as SVHC, CMR (1 and 2) per metric ton is produced by the Group R & D department.

The indicator relating to the "% of recycled plastic in packaging used for products sold by Cromology" is monitored by the Group's Industrial Procurement department. This is produced by the supplier.

Each Cromology subsidiary is responsible for the indicators it collects and monitors.

Each site Director is responsible for producing the indicators and performing an initial verification of the result.

3.2.3.3.3 Reporting methodology

3.2.3.3.3.1 Methodological details and limitations

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.

3.2.3.3.3.2 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. 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 traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Lost-time accident severity rate

The lost-time accident 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 Group subsidiaries.

3.2.3.3.3.3 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.

Water consumption & usage

Water consumption includes the consumption of water for production activities, and does not include the water for distribution networks or offices if those items are not included in the overall consumption for a site. It is reported for all Cromology subsidiaries.

Waste levels

This involves assessing the quantity of waste generated as a % per kilo of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

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):

- 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);
- VOC (in metric tons) in finished products ("output 2 VOCs"): these VOCs are calculated from the average VOC content of a paint formulation. This average VOC content value is calculated on the basis of the VOC content of 10-15 formulations representing at least 50% of the total tonnage produced by the site under consideration. The calculation is weighted by the tonnage of each formulation produced, giving the average VOC content that is then applied to all tonnage produced;
- VOC in waste ("output 3 VOC"): these VOCs are calculated by applying either the average VOC content in the raw materials, or the average VOC content of the finished product to the solvent-laden waste (in metric tons), depending on the type of waste;
- "Diffuse VOC" is calculated as value of (1) - value of (2) - value of (3).

3.2.3.3.4 Employee-related 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 year. Trainees and PhD students are not counted. Workforce data is reported in number of people and not full-time equivalents.

Hires & departures

New hires on permanent contracts and fixed-term contracts made permanent and new hires via company takeovers are counted as new hires. Departures relate solely to permanent contracts for departures at the initiative of the employee or the employer or retirement, or for company disposals, or deaths. Internal transfers between Group companies are recognized at the group level.

Absenteeism 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 days in the year (365* for both fixed-term and permanent contracts). Absences include absences due to sickness, unauthorized unpaid leave, and lost time due to work-related accidents and commuting accidents. Other types of absences, in particular long-term leave of more than three years, are not included in calculating the absentee rate.

The absentee rate for employees on permanent and short-term fixed-term contracts is monitored by the HR department within each subsidiary. It is not consolidated at Group level. It is calculated by dividing the number of working days of absence of less than 6 days by the number of calendar days in the year (365* for both fixed-term and permanent contracts). The types of absences included/excluded are identical to the absenteeism 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.

3.2.3.3.5 Vacant business segment

This relates to a geographic area covered by a traveling sales position which is unfilled or about to become unfilled, for which candidates are being actively sought.

3.2.3.4 Human resources**3.2.3.4.1 Organization**

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, disseminates and checks 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 Cromology's commitment to safety and ensure that its organization functions in a way that reflects 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 human resources 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 suited 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 and enforcement of labor laws.

3.2.3.4.2 Risks related to employee absenteeism

The risk relates to unplanned employee absences (excluding paid vacations and family events).

The potential impact is an absenteeism rate for which any change would generate a loss of efficiency for a department, subsidiary or even the entire organization.

Cromology has introduced measures to obtain regular assessments of employee/employer relations within the workplace which provide a measurement of how its employees perceive quality of life in the workplace and, therefore, help reduce the risk of absenteeism. Since 2010, Cromology has been promoting the use every three years of the "Great Place to Work®" survey within its subsidiaries in order to measure the degree of job satisfaction and commitment shown by employees in relation to their quality of life in the workplace. The subsidiaries which use this survey (Tollens, Zolpan, CRI, Robbialac and Cromology Italia) then use the results to implement action plans on communication, leadership, collaborative management and training.

3.2.3.4.3 Risks linked to service quality and commercial performance

In France, this involves managing sales employees from the integrated networks (over 300 employees). Sales positions are extremely sought-after in the job market, particularly in the decorative paints industry where skills in both sales and technical matters are vital to manage and grow a portfolio of customers. The close personal relationship built up by the marketing teams with their BtoB customers forms part of Cromology's business strategy.

In this context, any increase in the number of departures from our marketing teams is a commercial challenge.

The potential impact would be a fall in net sales and profitability.

The Group HR department oversees the following employee monitoring process:

- a monthly reporting chart, detailing the number of departures by type (resignations, contractually-agreed terminations, dismissals) and the number of new hires with the balance of marketing positions at month end versus the number of marketing positions featured in the budget and that of the previous fiscal year;
- hiring speed is monitored to limit the length of time positions remain vacant and attenuate the negative impact on the business. For example, if this period extends from one month to the next, Cromology may decide to implement additional resources (such as the using an external firm specialized in the recruitment of sales personnel).

Moreover, the compensation structure used for sales personnel is critical in managing sales team stability. and is closely watched by Executive Management which recently revised the compensation structures to take lessons learned in the previous year into account.

Compensation consists of a fixed and a variable component, set for the year. Cromology ensures that this compensation supports its commercial strategy and is clear, incentivizing and realistic for its sales personnel.

3.2.3.4.4 Key performance indicators

The rate of absenteeism rose from 3.3% to 3.9%. In addition, each subsidiary also monitors its short-term rate of absenteeism monthly, which is analyzed by its HR department. In 2018, certain key Group entities recorded cases of long-term sick leave which explain the 18% increase observed.

Regarding the commercial performance, the monitoring indicator is the monthly difference between the number of positions defined in the budget and the number of positions actually filled. It is expressed as the average number of sales positions (ATC) not filled in comparison with the budget.

Summary of human resources indicators

Risk	Indicators	2018 Data	2017 Data	2016 Data
Risks linked to service quality and commercial performance	Annual average number of sales positions not filled in comparison with the budget	5.9%		
Risks related to employee absenteeism	Absenteeism	3.9	3.3	3

3.2.3.4.5 Other employee-related information (voluntary measure):

3.2.3.4.5.1 Diversity

Cromology fights all forms of discrimination, and carried out various solidarity initiatives in this area:

- in France, the Zolpan subsidiary signed up to the Diversity charter, and belongs to the "1,000 jobs/1,000 companies" association that provides assistance to people experiencing difficulties (contact and assistance, meetings);
- concerning disability, Cromology informs those structures specialized in the employment of people with disabilities about any positions which the Group wishes to fill. CRI, a French subsidiary that groups together Cromology's Supply Chain activities in France, is a partner of the association "Made in TH" with the aim of informing its employees about disability, via face-to-face and telephone support services;
- for three years now, CRI has also been a partner of the "Second Chance School" located in Clichy (Hauts de Seine). Initiatives include résumé coaching, practice interviews and internships for young people without a degree or qualification to encourage them to resume their studies.

3.2.3.4.5.2 Employee engagement

Since 2014, quality of life in the workplace has been at the heart of CRI's human resources policy.

Productivity has increased by nearly 9% among production team employees and by nearly 17% for the logistics teams since 2014 (on a like-for-like basis). This change comes further to the implementation of a range of actions, in particular, those specific to safety and conditions in the workplace such as the provision of a toll-free number for a mental health and social support hotline, the creation of initiative sheets which encourage employees to be active in safety and record any high-risk situations and best practice to be shared, stretching and exercises for employees before starting work, and the involvement of employee and employer representatives in measures to improve the working environment and workstations.

3.2.3.4.5.3 Freedom of association

In accordance with local regulations, Cromology allows employees unrestricted access to their representative, consultative and labor-management bodies in all of the Group's subsidiaries.

3.2.3.4.5.4 Demographics

In 2018, the number of Cromology employees fell by 3%, mainly due to:

- the sale in Italy of CTB's remaining eight points of sale;
- the launch of a restructuring plan in Italy;
- strict control over hires in France given the difficulties encountered by the company in 2018.

At the same time, and in contrast with previous years, Cromology has not opened any new points of sale or made any new acquisitions.

3.2.3.4.5.5 Hiring, training and professional development

In 2018, Cromology hired 434 new employees on permanent contracts. And 76 employees saw their fixed-term contracts converted into permanent contracts in response to departures and growing turnover within the distribution networks.

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. In 2018, 73% of the Group's employees took part in at least one training session. The average number of training hours per employee was 15.5 hours, corresponding to just over two days' training. External training costs were down, at €574 per person trained. These falls in the number of individuals trained and in training costs reflect the decision made by the company on the need to make savings, in particular across the networks in France. The decision was made to reduce training for sales personnel in order for them to be spending more time with customers and to develop mentoring-type training and e-learning so as to reduce accommodation and travel costs.

3.2.3.4.5.6 Remuneration

In 2018, personnel costs remained stable in comparison with 2017 due to the fall in employee numbers. However, personnel costs represented 27.7% of Cromology's net sales. This growth of more than 2.2 points compared with 2017 is due to the fall in net sales.

Summary of human resources indicators (voluntary)

Indicators	2018 data	2017 data	2016 data
Demographics			
Group workforce	3,647	3,758	3,947
<i>of which permanent contracts</i>	3,504	3,576	3,809
<i>of which permanent contracts (as a %)</i>	96.1%	95.2%	96.5%
<i>of which fixed-term contracts</i>	143	182	138
<i>of which permanent contracts (as a %)</i>	3.9%	4.2%	3.5%
<i>of whom women</i>	1,085	1,106	1,103
<i>of whom women (as a %)</i>	29.8%	29.4%	28%
<i>of whom men</i>	2,562	2,652	2,844
<i>of whom men (as a %)</i>	70.2%	70.6%	72%
New hires in the Group*	542	469	519
<i>of whom women</i>	184	160	141
<i>of whom women (as a %)</i>	33.9%	31.9%	27.2%
Departures from the Group**	614	497	466
<i>of whom women</i>	174	160	133
<i>of whom women (as a %)</i>	28.3%	28.5%	28.5%
Breakdown of staff by geographic region			
France (including Belgium and Luxembourg)	68.7%	67.3%	63.7%
Southern Europe (Spain, Italy, Portugal)	22.5%	24.2%	23.3%
Other countries (Morocco, Switzerland)	8.9%	8.5%	13%
Personnel expense as a % of sales	27.7%	25.5%	25.5%

* Permanent contract + fixed-term contracts converted into permanent contracts + internal transfers + acquisitions.

** Permanent contracts only.

Summary of human resources indicators (voluntary) (continued)

Indicators	2018 data	2017 data	2016 data
Training			
Number of employees having completed at least one training program	2,661	3,046	3,084
% of employees having completed at least one training program	73%	81%	78.1%
Average number of training hours per employee	15.5	21	17.6
External training costs as a % of payroll	0.83%	0.9%	1%

3.2.3.5 Health and safety

3.2.3.5.1 Organization

On a Group level, Health and Safety policy is managed by the QHSE department to ensure standardization of procedures, the sharing of best practices, and the monitoring of changes in regulations in different countries. It has been designed in the context of the continuous improvements process linked to the OHSAS 18001 standard under which all industrial sites are certified. The policy has been implemented in all entities, led by the QSE coordinator of each country, or by each QSE site manager in France.

3.2.3.5.2 Risks linked to personal safety

These are risks occurring on Cromology sites:

- in relation to the health of employees or of sub-contractors' employees, connected to accidents in the context of their work (manual handling, driving, vans, etc.) on a Group site (factory, point of sale, office);
- in relation to the health of employees connected to the handling of or exposure to hazardous chemicals, including all regulated Raw Materials (CMR, SVHC, Harmful, Toxic, etc.); and
- in relation connected to contact with the public at points of sale.

The potential impact of these risks is two-fold:

- financial, via the direct and indirect commercial cost generated by a workplace accident;
- reputational, via the negative publicity that would be circulated to stakeholders by the poor management of Employee Health and Safety.

For its employees, Cromology's core value is "Safety first". It has a prevention policy in place which includes:

- a QSE policy;
- certain Safety "Golden Rules" which employees must take on Board from the initial interview with his or her manager during the on-boarding process. The Golden Rules have been established in response to feedback. They cover those situations which are the most common and aim to provide better control over the risks of its business activities as producer and distributor. They are shared across all of the Group's activities;
- training in safety and posture and movements which is provided to each employee as part of the on-boarding process;
- regular awareness-raising activities provided daily (for example, warm-up exercises on production and logistics sites), weekly (safety news, safety update), monthly (audits in the context of the ISO 9001, ISO 14001 and OHSAS 18001 certifications held by the vast majority of Group entities), annual (World Day for Safety and Health at Work);

- a system for the escalation of dangerous situations so that safety and the working environment can be managed on a day-to-day basis;
- access to Workplace Health and Safety training programs;
- the introduction of collective and individual protection for employees.

Cromology has points of sale and show-rooms; and It takes great care to comply with the standards applicable in the countries in which it operates relating to premises open to the public. For example, in France, Cromology is fully compliant with the safety and accessibility regulations defined by France's Construction and Housing Code (CCH) and applies the fundamental safety principles applicable to facilities open to the public (ERP).

3.2.3.5.3 Risks related to the safety of industrial processes and the operation of points of sale

This type of risk refers to any accident that may occur on a production or logistics site or at a point of sale, such as a fire or an explosion.

The potential impact of the event can be broken down into three areas:

- health and safety: impact on personnel and/or those living nearby;
- environmental: repercussions relating to health (pollution) and/or impact on ecosystems (flora and fauna);
- economic: shutdown of activity on the site in question.

There is no such thing as zero risk. Cromology has implemented measures to anticipate and reduce risk as well as a crisis unit to plan for help in the event of an incident.

With regard to prevention, Cromology provides:

- its employees with information on health and safety issues. Each year, "fire prevention"-type training sessions are provided in all entities;
- static safety systems (sprinklers⁽¹⁾, FHCs⁽²⁾);
- a system for the monitoring of its industrial and commercial facilities by an authorized external service provider which enables Cromology to keep its equipment compliant with all regulations and in working order (just one minor fire in a store in 2018, caused by an electrical fault);
- the implementation in France, on all production and logistic sites and in all head offices, of an organization to ensure that employees are evacuated in the event of a fire, by training employees are "fire marshalls" and "fire assistants";
- an updated Internal Operations Plan (IOP) for most of the Group's industrial sites, even if Cromology does not have any "SEVESO" listed facilities. In France, this IOP is drawn up in cooperation with the regional fire department and local emergency services ("SDIS").

(1) Automatic sprinkler system.

(2) Fine horse cabinet.

3.2.3.5.4 Key performance indicators

The monitoring indicators are:

- LT1, LT2, severity rate, number of accidents with or without lost work time;
- Number of safety inspections, number of notes for the escalation of dangerous situations, issued and filed;
- OHSAS 18001 site certification.

3.2.3.5.4.1 Monitoring results

The number of accidents in the workplace leading to lost time in 2018 was up sharply on 2017 and also leads to an increase in the frequency rate from 4.24 to 5.9 in 2018. The accidents recorded are mainly connected to manual handling within the distribution networks and on the industrial and logistics site. The higher

employee turnover recorded within the distribution networks has also contributed to this increase.

Similarly, the degree of seriousness of the accidents reported increased from 0.16 in 2017 to 0.28 in 2018. This change is directly related to the change in the number of accidents leading to lost time recorded over the year but is also due to the reduction in the workforce in 2018 compared to 2017 and therefore to the reduction in the number of hours worked (-2.3% between 2017 and 2018).

In 2018, Chromology obtained triple ISO 9001, ISO 14001 and OHSAS 18001 certification for all of its industrial and logistics sites in France in order to improve its performance in terms of health and safety and the environment.

Summary of Personal Safety Indicators

Risk	Indicators	2018 data	2017 data	2016 data
Risks linked to Personal Safety	Number of work injuries with at least one day of lost time	41	30	29
	Number of work injuries without lost time	11	10	9
	Rate of injuries with lost work time (LT1)	5.9	4.24	5.7
	Rate of injuries with or without lost work time (LT2)	7.5	5.7	7
Risks linked to security of industrial process and marketing at points of sale	Severity Rate	0.28	0.16	0.17
	% of industrial sites with OHSAS 18001 certification	100%	100%	100%

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.

Severity rate: (number of days of working time lost x 1,000)/number of hours worked among employees on permanent or fixed-term contracts, temporary staff and subcontractors.

3.2.3.6 Environment

3.2.3.6.1 Environmental initiatives

The industrial activities of Cromology consist mainly in the formulation and manufacture of paint, which have a moderate direct impact on the environment.

Nevertheless, respect for the environment forms a key part of Cromology's culture.

The Group has introduced an environmental strategy, led by the QHSE Department and promoted by each local QSE manager and/or by country QSE coordinators, based on three key areas:

- strengthening the environmental management system;

- optimizing the use of resources;

- reducing the environmental impact.

Cromology spends more than 10% of its investments on this each year.

Within the scope of its industrial activities (production sites and logistics sites) in Italy, Spain, Portugal and France, Cromology has been awarded ISO 14001 certification which enables improved control of VOC emission risks via regulatory monitoring, the implementation of an environmental management plan and the validation of the processes to be applied in the event of an incident. This represented over 92% of its net sales and 70% of its industrial and logistics sites in 2018 (50% in 2017).

3.2.3.6.2 Risks associated with water and soil pollution or with the contamination of water and soil with ecotoxins

This relates to the risk linked to the volume of effluent released into water or soil pollution, a risk linked to an accidental spill or a risk of non-compliance with local regulations in force.

Cromology's manufacturing activity involves producing paints, 90% of which are water-based. On average, water makes up between 45 and 60% of the components of a paint. The aim is to recycle as much as possible of the water used in the cleaning process, taking as an example the Wormhout plant, which re-uses 100% of all water in production..

The potential impact is:

- environmental: damaging impact on the environment over the mid- or long-term;
- economic: leads to the interruption of operations on the site responsible or to an increase in operating costs;
- financial: penalties from the administrative and regulatory authorities via the payment of fines for failure to comply with the regulations in force and the cost of bringing facilities into line with regulations and of environmental decontamination;
- reputational: negative publicity to stakeholders.

At the industrial sites, regular checks on waste products are carried out in order to ensure compliance with the legislation in force. Any sites which record levels of waste products in excess of regulatory thresholds are then subject to regular and more stringent checks (checks on pollutant concentration levels or monitoring of waste water volumes, etc.) and an action plan is then defined in agreement with the competent authorities.

3.2.3.6.3 Environmental and health and safety risks associated with the release into the air of toxic (VOCs⁽¹⁾) or carcinogenic substances

This risk relates to emissions of certain substances liable to harm human health (via inhalation) or fauna and biodiversity.

This could result in air pollution in employees' working environment on site and, more widely, in the environment surrounding the site. This type of risk may also generate an increase in operating costs via the implementation of technical solutions in order to reduce these emissions.

As Cromology mainly manufactures water-based products and uses industrial processes which do not involve solvents, the risk of any VOC emissions is restricted to only those sites which are producing solvent-based paints (i.e. 6 out of the 10 sites). The main VOC emissions risk arises during handling of solvent-based paints in stores and on the site of the production of these same products.

Strict compliance with the obligation to wear personal protective equipment is a Golden Rule in terms of health and safety. In addition, collective protective equipment such as extractors has been installed to limit employees' exposure and to avoid any accidental release into the air.

VOC emissions are also monitored across all of the sites and, more specifically, those that emit VOC emitters, in order to verify compliance with all limits imposed by regulation.

3.2.3.6.4 Risks associated with the hazardous waste generated by operations

This risk concerns the management of the hazardous waste (solvents, paint residue, packaging used for chemical raw materials, etc.) produced by the production sites (90% of the scope) and by the distribution networks. Hazardous waste is considered to contain variable quantities of substances that are harmful or dangerous to human health and to the environment. Cromology refers to the European Framework Directive on Waste (2008/98/EC), as amended by regulation 1357/2014/EU and by decision 2014/955/EU which defines the dangers, both for its sites in Europe and for those in Morocco.

For Cromology, this is a question of ensuring compliance with the waste management regulations applicable in the countries in which it operates. The potential impact is reputational and financial.

The management of hazardous and non-hazardous industrial waste is included within the ISO 14001 certification which covers 75% of Cromology's production sites. This standard guarantees the traceability and correct handling of chemical waste in the context of the procedures that it lays down.

Concerning distribution networks in France, a system for the collection of hazardous waste has been set up with a specialist external service provider.

Concerning hazardous waste, this also concerns the management by integrated distribution networks of the recovery and processing of any waste generated by professional and individual customers.

In France (66% of the scope), Cromology complies with regulations on the management of site waste and is also compliant with the principle of Extended Producer Responsibility, as part of a channel organized since 2013, so as to put into practice its commitment to recovering used products marketed to individuals. Cromology is one of the founder members of Eco-DDS, a not-for-profit organization whose mission is to encourage the sorting, collection, and processing of certain waste chemicals from individuals. Each year, Cromology contributes to the joint efforts being made by Eco-DDS member companies by paying a green levy to cover the cost of the collection and processing of specific waste streams (SWS) generated by households.

(1) Volatile organic compounds

3.2.3.6.5 Key performance indicators

3.2.3.6.5.1 Monitoring results

In 2018, Cromology continued its certification efforts by obtaining triple ISO 9001, ISO 14001, and OHSAS 18001 certification for all of the Cromology Research and Industry sites in France, demonstrating its volition to improve the control of its risks in terms of the health and safety and the environment. The scope of the % of sites certified has therefore been modified in order to take into account all of the group's logistics centers.

In 2018, Cromology saw production fall by 2.3% with a total of 213 t in 2018 compared to 218 t in 2017.

The taking into consideration of the purification coefficient for the local treatment stations (in accordance with the reporting protocol) to which Cromology sends its waste water provides a new reading of chemical oxygen demand (COD) and the solid particles rate. On a like-for-like basis, a marked increase can be seen in COD levels in waste water leaving the plant. The increase was the result of several parameters:

- a reduction in the volume of waste water produced thanks to purification plant optimization but which leads to a greater concentration of pollutants in the water;
- the introduction of extra cleaning cycles for production tools in Italy and Morocco;
- an increase in the volume of production of certain hard-to-clean products.

Similarly, Cromology is monitoring and assessing the waste produced by its production activities and by its production networks. While the total volume of non-hazardous waste fell by 1.5% in 2018 compared with 2017, the ratio in relation to production volume increased. This is mainly due to a cleaning operation postponed in 2017 until 2018 and to work on the Vemars center, and to an operation involving the replacement of pallets in Morocco.

The slight increase in hazardous waste recorded is mainly due to an operation involving the recovery and destruction of products containing solvents.

In 2017, energy consumption monitoring (gas, electricity, and fuel oil) by the networks was somewhat unreliable for networks representing around one half of the Group's total consumption (49%) (many figures missing for network points of sale were replaced by estimates based on the previous three years). In 2018, focusing supplies on a limited number of suppliers meant that it was possible to obtain a more accurate assessment. It is therefore difficult to compare the figures for 2017 and 2018. The increase remains however limited for Cromology as a whole with an increase of just 2.3%.

For the same reasons, the increase in CO₂ (+12%) and NO_x (+11%) in 2018 being directly linked to the increase in network gas consumption (fuel oil remaining stable) and the reliability of the data, no exhaustive comparisons can be made.

Summary of environmental indicators

Risk	Indicators	2018 data	2017 data	2016 data
Risks associated with water and soil pollution or with the contamination of water and soil with ecotoxins	% of ISO 14001-certified industrial and logistics sites	70%	50%	47%
	Chemical Oxygen Demand (COD) (metric tons)*	11.2	11.07	
Risks associated with the hazardous waste generated by the activity	Suspended solids (metric tons)*	5.5	4.2	
	Waste produced (% of production volumes)	5.4%	4.4%	5.8%
Environmental and health and safety risks associated with the release into the air of toxic (VOCs) or carcinogenic substances	Hazardous waste produced (% of production volumes)	0.9%	0.8%	
	CO ₂ emissions (metric tons)**	4,150	3,694	4,156
	NO _x emissions (metric tons)**	4.51	4.05	4.59
	SO _x emissions (metric tons)**	0.35	0.4	0.87
	Volatile Organic Compound (VOC) emissions (metric tons)	128	138	190.8
	Volume of VOCs released per kiloton produced	0.6	0.63	

* 2017 data amended following the retroactive correction of the purification coefficient for external treatment stations.

** 2017 data amended following the retroactive correction of the CRI Ouest data.

3.2.3.6.6 Other environmental items (voluntary measure)

In 2018, water consumption rose by 5% in comparison with 2017. This increase was due to several factors:

- the reduction in solvent-based products in favor of water-based products;
- the increase in cleaning frequency of production tools and tanks at certain entities;
- the presence of leaks which were only noticed at a late stage.

3.2.3.6.6.1 Adaptation to the consequences of climate change

The business is not directly impacted by the consequences of climate change and, therefore, Cromology has considered that this did not constitute a key CSR risk and did not need to be discussed in detail within this management report.

3.2.3.6.6.2 Estimate of significant sources of Greenhouse Gas Emissions

In accordance with Decree 2016-1138 of August 19, 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 generated:

- 80% from purchases of raw materials, packaging, and services;
- 12% from downstream transport, from logistics centers to points of sale or directly to clients;
- 3% from upstream transport, from production plants to logistics centers.

"Purchases" includes all greenhouse gas emissions from extraction to distribution of raw materials to the product manufacturing facilities.

Summary of other environmental indicators (voluntary)

Indicators	2018 data	2017 data	2016 data
Water consumption (m ³)*	155,358	147,702	155,753
Energy consumption (TJ)**	197.9	193.3	197.9

* 2017 Data (water and energy) amended following the retroactive correction of the CRI Ouest data.

3.2.3.7 Supply chain

3.2.3.7.1 Suppliers' environmental and health and safety risks

This relates to supplier risk concerning CSR in the areas of the environment, health and safety.

The potential impact for Cromology concerns experiencing interruptions to supplies if any supplier production site is impacted and, therefore, an impact on its own production capacity.

- Via a centralized purchasing organization, the company places an emphasis on working with suppliers of raw materials and packaging which have manufacturing sites in Europe and which are compliant with ISO standards in terms of quality, the environment, and safety. Therefore, around 80% of total purchases (by value) of raw materials and packaging is purchased mainly from suppliers

manufacturing in Europe and meeting European requirements in terms of health and safety and the environment.

- Cromology's purchasing policy includes an action plan stating that, by 2020; all of its suppliers must have been questioned, assessed, and approved using a questionnaire compiled by the Procurement Department. By the end of 2018, all main suppliers had replied and met expectations in terms of governance and ethics.

In addition, for all of its suppliers, Cromology is carrying out system and process audits in order to ensure that manufacturing conditions meet best manufacturing practice standards in terms of hygiene and health and safety and are compliant with all environmental standards in force and with the quality standards required.

The monitoring indicators are:

- number of suppliers to which the questionnaire has been issued and % of the associated purchasing volume.

In 2017 and 2018, we conducted a survey on 23 raw materials suppliers and 13 packaging suppliers who answered a questionnaire.

The related purchase volume is as follows:

Purchase volume (%)	2018	2017
Packaging	74	63
Raw materials	66	67

3.2.3.7.2 Risks associated with the transportation of hazardous products

Management of this risk involves compliance with the international regulation known as the "Agreement concerning the Carriage of Dangerous Goods by Road" ('ADR') (excluding Morocco where this regulation does not apply).

There would also be a legal risk if, with regard to Cromology's logistics, any non-compliance concerning the packaging of dangerous products or any failure to check the credentials of drivers were to be established.

There is also an environmental risk in the event of any spillage on the road of a product whose packaging or transportation information is not compliant with the regulation.

The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on our transport sub-contractors.

In accordance with the ADR regulation, Cromology, as sender, identifies, classifies the goods, draws up the documentation (packaging labels, safety data sheets, technical data sheets for the products manufactured) and guarantees that the products are properly packaged.

As the loading company (from its logistics centers), Cromology checks the driver loading the goods, the equipment, the documents, and the training undertaking by all those involved.

- heightened protection measures being taken in relation to the handling of this substance or formula.

The potential impact is economic:

- by stopping the marketing of the paints which could contain the substance in question;
- via the operational application of the implementation of the regulations to adapt the production tool;
- and via an increase in operating costs.

To mitigate this risk and plan for changes to regulations, Cromology has introduced a system based on the monitoring of the regulatory watch conducted by the R & D department and by Group Regulatory Affairs (except in Morocco where, in the absence of any specific regulations, Cromology has started to list all dangerous raw materials using the same European criteria):

- of legislation of each country in which it operates as well as on a European level;
- of any actions to replace the dangerous substances found in its formulas.

The regulatory monitoring carried out by the Group means that information is escalated to the prospects team, attached to the R & D and Regulatory Affairs department. The latter's role is to identify innovative technologies or products (potentially originating from other industries) and to assess their technical and economic potential, in conjunction with all of Cromology's strategic marketing and R & D teams.

In this context, the Prospects Team allows Cromology to plan ahead for scenarios involving the adaptation and new orientation of its commercial offer which could respond to changes in compliance that may be required by any potential future regulations.

The following indicators are in place:

- number of regulated raw materials (SVHCs and agents which are carcinogens, mutagens, or toxic for reproduction and harmful to the environment (CMRs) in the formulas used for the paints manufactured by Cromology;
- production volume of those formulas containing SVHC or CMR (1 and 2) type raw materials by tonnage.

3.2.3.8 Innovation

3.2.3.8.1 Risks related to regulatory changes in relation to raw materials

This is a risk linked to changes in environmental or health and safety regulations, either national or supranational, concerning a chemical substance used in the composition of one of the raw materials used in one of our formulas or of a raw material itself.

For paints marketed by Cromology, this change would lead:

- to a ban or restrictions on its use either by Cromology employees or by users of the paint containing the substance, or for anyone exposed to the paint once applied;

Out of the 2,132 raw materials used by Cromology in its formulas, 9% represent a potential or known danger according to the current classification of substances and represent around 1% of the total volume of raw materials used in the production process in 2018 while complying with current legislation on products put on the market. Constant study and daily efforts to replace these substances or limit their use are yielding solutions and continuing to offer new products in line with applicable regulations or, better yet, with existing or new additional certifications.

3.2.3.8.2 Risks associated with products not being in line with market needs

Among those long-term trends noted by Cromology, consumer demand for products which are ever more environmentally-friendly has been identified for several years now.

In this context, constant innovation is necessary to ensure the launch on the market of a range of paints with ever-improving environmental impact profiles.

The potential impact of failing to achieve this is a loss of competitive edge and an economic impact.

To guarantee continuous innovation, Cromology operates Research and Development laboratories in all countries in which it has a presence, and close to its customers specific needs.

In 2018, 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 labeling changes:

- regulatory monitoring and innovation: please see the "Associated Opportunities" section of Regulatory Risk associated with Raw Materials;
- eco-certified products: within the new product development process, the possibility of an eco-friendly design is systematically examined. For example, integrating this characteristic into the design brief has become systematic for the French brands. The design brief is approved jointly by the R & D and Marketing teams;
- Cromology has entered into a partnership with a packaging manufacturer in France to make regular increases to the percentage of recycled plastics used in its plastic packaging, thereby contributing to its environmentally-friendly efforts;
- eco-labeling is a voluntary measure for which there is no regulatory framework. In the paint industry, eco-labels are under-developed in Morocco and in Europe outside of France⁽¹⁾. In its product innovation plan, Cromology systematically examines the relevance of creating new paints meeting the needs of customers in one country and of obtaining eco-certification for these. For example, Cromology has launched a pollution-removing interior paint, an innovation which generated its own demand in countries such as Portugal, Spain, and Italy;

- if the legislation of the countries in which Cromology operates changes and reinforces the ecological regulatory constraints imposed on industrial entities, Cromology will benefit from its position in the vanguard and will not incur any expenses from having to adapt its portfolio under an agenda imposed by the new legislation. Its innovation policy in terms of eco-certified products has for several years now demonstrated its wish to go well beyond local regulatory obligations for any new product designed.

The indicators monitored:

- the percentage of net sales generated by products launched within the last three years: 25% (vs 23% in 2017);
- net sales generated by new products (launched within the last three years) having an environmentally-friendly label as a percentage of sales of all products launched within the last three years: 64% (vs 66% in 2017);
- % of recycled plastic in the plastic packaging used for products sold by Cromology in France: 62% (vs 58% in 2017).

3.2.3.9 Personal data management

These are risks connected with the GDPR which came into force in May 2018, and to changes thereto (excluding Morocco).

The potential impact would take the form of sanctions in the event of non-compliance and a negative impact on Cromology's reputation.

- The personal data of Cromology's employees, customers and suppliers, gathered and stored in files, has been classified in accordance with GDPR standards. A register of all processing of this data has been created and is updated as changes occur. This guarantees that all data managed in Cromology's systems is used appropriately.
- In terms of securing this data, the following measures have been taken:
 - each employee must sign an IT charter when he or she joins Cromology and its subsidiaries. This charter sets out his or her personal responsibilities in relation to the use of any personal data to which he or she has access,
 - a "personal data" page has been added to all Cromology websites featuring a request for data either from customers or from applicants responding to published job offers,
 - concerning suppliers which are relevant from the point of view of the GDPR, all main contracts signed prior to the introduction of the Regulation will be reviewed in 2019 and a GDPR amendment added. All contracts signed with new suppliers include a GDPR clause.

(1) Issued by independent bodies on the basis of specific criteria, the most stringent eco-labels in Europe are : Ecolabel Europeen, NF Environnement, France's A+ and Germany's TÜV.

A dedicated GDPR Committee was set up in 2018. This guarantees that all measures involving the collection and use of customer data are compliant with the GDPR standard. The Committee includes representatives from the IT Systems Department, the Human Resources Department and the Legal Department and the Customer Data Base Manager for the Tollens and Zolpan networks.

3.2.3.10 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 drawn up and presented to the Executive Committee. Each Cromology Executive Committee member, including all the CEOs of the operational companies, signed a business conduct charter that incorporates the anti-corruption charter.

In 2015 and early 2016, all Executive Committee members of the Cromology Group's operational companies made a written commitment regarding its implementation.

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 Anti-Corruption Charter.

3.2.3.11 Society (voluntary measure)

3.2.3.11.1 Local economy (voluntary measure)

Most of the group's products are manufactured locally. In 2018, the share of Cromology revenues generated by products sold in the regions where they were produced was more than 95%.

Concerning its policy for purchasing raw materials and packaging in Europe, Cromology gives preference to European suppliers and manufacturers in an effort to reduce its transport costs and obtain better manufacturer accessibility and availability. Preference is given to the transportation of significant raw materials by sea or river rather than by road wherever possible. For example, in 2018, Cromology had the principal emulsion used in its production process transported by ship, thereby saving 211 metric tons of CO₂ and 222 metric tons of greenhouse gases. One half of the total volume of this emulsion was transported by sea in 2018 as opposed to 8% in 2017.

3.2.3.11.2 Partnerships and sponsorship initiatives (voluntary measure)

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 employees are volunteers.

In Morocco, the Arcol subsidiary has run a program to renovate rural schools through skills volunteering and paint donations since 2015. Some twenty schools and over 5,000 students have benefited from this initiative and from the distribution of school supplies.

In France, Tollens is a partner of the Imagine Institute, Europe's largest research center specializing in childhood illnesses, and donated one half of the 13,000 liters of paint required to decorate the Institute's building inaugurated in 2013.

Since 2009, Zolpan has awarded 50 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.

3.2.3.11.3 Cromology Vigilance Plan

Cromology's Vigilance Plan was established in response to the requirements imposed by Law 2017-399 of March 27, 2017 in relation to the duty of care.

In this context, Cromology set up a steering group, including representatives from the Supply Chain and R & D Division, the Purchasing Division, the Human Resources Division, the Quality, Safety and Environment Division and the Public Relations Division. This steering group has taken steps to create a duty of care plan in order to comply with the requirements of the Law on the Duty of Care and to identify and assess any possible risks involving the violation of the principles set out therein. The results of this assessment are described in this duty of care plan.

The Duty of Care Plan forms one part of Cromology's sustainable development policy. Actions which go beyond the context of risk management and regulatory compliance are implemented across a range of sectors such as: environmental, quality and safety certification for production and logistics sites, reduction in energy consumption, recycling of waste, the "quality of life in the workplace" measures adopted by certain Group companies, etc.

3.2.3.11.3.1 Risk mapping

Risk mapping aims to rank the main risks to which Cromology may consider itself to be exposed.

This year, the company's approach to steering risk assessment has been concentrated on identifying risks relating to proprietary activities, products, and within the Cromology supply chain, i.e. risks linked to its direct production purchasing and to its indirect purchasing.

The mapping has been carried out at an entity level, and a compilation of data has enabled the identification of gross major risk within the scope of the group based on the number of sites in question, industrial or distribution network sites, and/or the number of employees concerned.

3.2.3.11.3.2 Risk assessment

The risk assessment process presented will be updated on the basis of the monitoring work carried out in the context of the annual publication of this Duty of Care Plan, i) in the context of the compliance audits carried out for the renewal of certification under the ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (safety) standards, ii) in the context of the audit carried out by Cromology customers, or iii) further to audits carried out concerning its suppliers.

The key risks identified are:

A Concerning proprietary activities

Cromology mainly has exposure to:

- **Risks linked to human rights and fundamental freedoms:**

- risks associated with human and employment rights such as respect for freedom of association and collective bargaining, rights of migrant workers, employees' working hours and rest periods, situations involving harassment, abuse, or discrimination,
- risk associated with the management of customer personal data and guaranteeing the confidentiality of private data;

- **Risks to the health and safety of individuals:**

- risks connected to the handling and use of toxic chemical substances which are potentially dangerous to health, such as substances subject to authorization (SVHC) or carcinogens, mutagens, and toxins for reproduction (CMR), by all employees and end users,
- health risks associated with the release into the air of all substances handled (toxic substances such as Volatile Organic Compounds and dust),
- risk of accidents in the workplace linked to the professional activities of employees in relation to industrial, logistics, or commercial activities;

- **Risks relating to the environment:**

- risks associated with water and soil pollution or with the contamination of water and soil with ecotoxins,
- risks linked to soil pollution during industrial activity or during the transportation of hazardous materials,
- environmental risks associated with the release into the air of toxic substances (VOCs), carcinogens or dust,
- risks linked to the management of hazardous waste generated by operations.

B Within the supply chain

Cromology is mainly exposed to risks at its suppliers of raw materials, due to the chemical nature of such materials:

- environmental risks,
- risks to the health and safety of suppliers' workers,
- risks linked to human rights and fundamental freedoms.

3.2.3.11.3.3 Action taken to mitigate risks or prevent serious harm

Risk mitigation measures are based on the various measures tailored to each area of responsibility of the Group.

Vigilance concerning human rights and fundamental freedoms**Code of Conduct**

From 2014 onward, Cromology established a policy which constitutes the Code of Conduct setting out the principles and rules, in particular with regard to safety, which the company wishes to impose on all employees, under all circumstances, and in all countries.

Personal data management

This concerns compliance with the GDPR, which came into force in May 2018:

- the personal data of Cromology's employees, customers and suppliers, gathered and stored in files, has been classified in accordance with GDPR standards. A register of all processing of this data has been created and is updated as changes occur. This guarantees that all data managed in Cromology's systems is used appropriately;
- in terms of securing this data, the following measures have been taken:
 - each employee must sign an IT charter when he or she joins Cromology and its subsidiaries. This charter sets out his or her personal responsibilities in relation to the use of any personal data to which he or she has access,
 - a "Personal Data" page has been added to all Cromology websites featuring a request for data either from customers or from applicants responding to published job offers,

- concerning suppliers which are relevant from the point of view of the GDPR, all main contracts signed prior to the introduction of the Regulation will be reviewed in 2019 and a GDPR amendment added. All contracts signed with new suppliers include a GDPR clause.

A dedicated GDPR committee was set up in 2018. This guarantees that all measures involving the collection and use of customer data are compliant with the GDPR standard. The Committee includes representatives from the IT Systems Department, the Human Resources Department and the Legal Department and the Customer Data Base Manager for the Tollens and Zolpan networks.

Vigilance with regard to personal health and safety

■ For employees

Cromology's core value is "safety first", and it has put a prevention policy in place which includes:

- a Group QSE policy signed by the CEO;
- safety "Golden Rules" which employees must take on Board from the initial interview with his or her manager during the on-boarding process;
- training in safety and posture and movements, which is provided to each employee as part of the on-boarding process;
- regular awareness-raising activities provided daily (for example, warm-up exercises on production sites), weekly (safety news, safety update), monthly (audits in the context of the ISO 9001, ISO 14001 and OHSAS 18001 certifications held by the Group), annual (World Day for Safety and Health at Work);
- an efficient system for the escalation of dangerous situations so that safety and the working environment can be managed on a day-to-day basis;
- access to workplace health and safety training programs;
- the introduction of collective and individual protection for employees;
- a root-cause analysis is drawn up and used to create an action plan in response to any accident occurring on a site within the Group (production site, logistics centers, points of sale) or on the road involving traveling employees.

The monitoring indicators are:

- LT1, LT2, severity rate, number of accidents with or without lost work time;
- number of safety inspections, number of notes for the escalation of dangerous situations, issued and filed;
- safety training monitoring;
- site ISO 9001, 14001, OSHAS 18001 certification.

■ For users

Cromology has put in place surveillance based on regulatory monitoring carried out by the R&D department and by Group Regulatory Affairs concerning:

- the legislation in each country in which it operates as well as on a European level;
- its actions to replace dangerous substances in its formulas.

Cromology also adheres to a voluntary comprehensive research and development approach focused especially on respect for the environment:

- Cromology 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 2018, new products meeting the most demanding VOC content labels (Ecolabel, TÜV) or VOC emission level (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 a recognized German 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, since 2014, Cromology has been selling an anti-formaldehyde paint which enables the level of interior air pollution to be reduced by capturing major pollutants in the paint. When used on the four walls and ceiling of a room, the amount of pollutants in the indoor space can be reduced by 80%.

The indicators put in place:

- number of regulated raw materials (SVHCs and CMRs) in the formulas used for the paints manufactured by Cromology;
- volume of use of formulas containing SVHC or CMR (1 and 2) type raw materials by tonnage;
- percentage of net sales generated by environmentally-friendly products launched within the last three years compared with total revenue generated by products launched within the last three years.

Care in relation to the environment

- Cromology has no "SEVESO" listed facilities, but has created an Internal Operations Plan (IOP) for most of the group's industrial sites, in cooperation in France with the regional fire departments and emergency services ("SDIS");
- all production sites are equipped with static safety systems (sprinklers, FHCs);

- a system for the monitoring of industrial and commercial facilities by an authorized external service provider enables Cromology to keep equipment compliant with all regulations and in working order;
- "firefighting" and "workplace first aider" training is offered to employees each year;
- an equipment audit is carried out by an insurer at least once every three years;
- a ISO 9001, ISO 14001 and OSHAS 18001 certification audit is carried out each year.

The monitoring indicators are:

- regulatory monitoring of equipment (France);
- number of sites with OHSAS 18001 and ISO 9001 and 14001 certification;
- statutory training scheme (Workplace First Aid, Firefighting).

80% of production and logistics sites are also ISO 14001 certified. On these sites, QSE services (internal and external) carry out periodical checks on waste products. A limited number of production sites for which a risk exists relating to leaks or soil protection are the subject of a monitoring plan and an action plan.

The monitoring indicators are:

- waste water monitoring;
- % of sites with ISO 14001 certification;
- waste produced (% of production volume);
- CO2 emissions (metric tons);
- NOx emissions (metric tons);
- SOx emissions (metric tons);
- Volatile Organic Compound (VOC) emissions;
- Chemical Oxygen Demand (COD) (metric tons).

Duty of care with regard to suppliers of raw materials and packaging

The volume of raw materials and packaging purchases is the largest and most strategic purchase made by Cromology.

Via centralized purchasing, the company places emphasis on working with suppliers of raw materials and packaging which have manufacturing sites in Europe and which are compliant with ISO standards in terms of quality, the environment, and safety. Therefore, around 80% of the total purchasing volume (in value) for raw materials and packaging is purchased mainly from suppliers manufacturing in Europe and meeting European requirements in terms of health and safety and the environment.

In addition, Cromology launched an action plan stating that, by 2020, all of its suppliers must have been questioned, assessed, and validated. At the end of 2018, all main suppliers had replied and are meeting expectations in terms of governance and ethics.

In addition, for all of its suppliers, Cromology carries out system and process audits in order to ensure that manufacturing conditions meet best manufacturing practice standards in terms of hygiene and health and safety and are compliant with all environmental standards in force and with the quality standards required.

In 2019, Cromology will audit at least two raw material manufacturing sites.

The monitoring indicators are:

- change in the number of suppliers to which the questionnaire has been issued and % of the associated purchasing volume;
- number of site audits carried out and associated action plans.

Duty of care with regard to suppliers of trade products in France

A new model form contract will be signed from 2019 onward by all suppliers of trade products. This includes articles relating to ILO standards, personal safety, protection of the environment, and also to the prevention of corruption.

3.2.3.11.3.4 Whistle-blowing procedure

In 2017, Cromology put in place an internal whistle-blowing system which means that any inappropriate conduct as per Law 2016-1691 of December 9, 2016 on transparency, combating corruption, and modernizing the economy ("Sapin 2") can be flagged.

In 2019, Cromology will extend the scope of this whistle-blowing mechanism to include all potential environmental damage and infringement of human rights.

3.2.3.11.3.5 Range of monitoring measures implemented

As a medium-sized business, Cromology will carry out ad hoc operational monitoring of the measures implemented by the "Duty of Care" steering group.

Indicators are monitored with a frequency that varies depending on the monitoring measures in which they are included. These measures provide a guarantee regarding the proper enforcement of duty of care procedures. For example, this concerns health and safety indicators and the annual corporate and environmental audits carried out by an external auditor in the context of the drafting of the Non-Financial Statement.

3.2.4 Stahl

Stahl is the world leader in high-performance coatings and leather chemicals. Its registered office is in the Netherlands. A customer-focused company, Stahl specializes in providing products and services to manufacturers of leather, synthetics, textiles and other materials used in the automotive, garment, footwear and home furnishing consumer segments. Stahl uses two primary brands (Stahl and PielColor) to promote its products and services, and there are many product trademarks used within the portfolio (eg: PolyMatte®, Stahl EasyWhite Tan™, Catalix®, DryFast, STAHL EVO, Stahl Neo, PielColor Magic Line).

Stahl operates 13 manufacturing sites and 38 application laboratories around the world, employing 2,000 people, and 30% of whom are engaged in technical activities. The operations are located in 24 countries. The most important countries (ie: where we do most business), in alphabetical order, are Argentina, Bangladesh, Brazil, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Mexico, Netherlands, Pakistan, Singapore, Spain, Turkey and the USA.

As a manufacturer of chemical products, Stahl considers the health and safety of its employees to be its primary responsibility. Stahl is

a model for workplace safety, with a low accident frequency rate. Through its continuous improvement culture, Stahl also ensures that the impact of its activities on the surrounding ecosystems is limited. Stahl's strategy is to promote greater transparency throughout the whole supply chain, leading to a more sustainable industry and a progressively lower environmental footprint. Sustainability also represents a significant opportunity for Stahl, to gain competitive advantage in the marketplace and drive operational excellence throughout the Company.

Stahl is committed to the guiding principles of UN Global Compact, the world's largest corporate sustainability initiative, and reports on these principles annually. With this commitment, Stahl has confirmed the alignment of its strategy and operations to the universal principles of human rights, labor, environment and anti-corruption. Stahl's activities are also being aligned with the 17 Sustainable Development Goals (SDG's) announced at the UN General Assembly in 2015. This activity is updated and reported annually in the Stahl Sustainability Report.



1,997
EMPLOYEES

76% Men 24% Women

61 nationalities in

100
PEOPLE

working on innovations every day

1,160
EMPLOYEES

who completed e-learning courses on responsible practices

24
COUNTRIES

49% EMEA

20% Asia-Pacific

16% India Pakistan

15% Americas

780
TRAINEES

who completed Stahl Campus modules

600
TECHNICAL EXPERTS

2018 SALES REVENUE

€ 867m

MISSION

"If it can be imagined, it can be created."



VALUES

Transparency as the promoter of Sustainability and Social Responsibility.

PRODUCTS

- Leather Chemicals
- Performance Coatings & Polymers

DISTRIBUTION

35 sales offices

MARKETS

Main sectors

- Automotive
- Footwear, Apparel & Accessories

Others

- Architectural & Interior Design,
- Home furnishing,
- Industrial Applications
- Leisure & Lifestyle.

R & D

11 centers
100 research Chemists

Focus is on technology and processes that reduce environmental footprint

Global Suppliers from 42 COUNTRIES

INDUSTRY INITIATIVES FOR A SUSTAINABLE SECTOR

Zero Discharge of Hazardous Chemicals Foundation (ZDHC)
Global Automotive Declarable Substances List (GADSL)
bluesign®, ChemIQ, Oekotex
Leather Working Group

PEOPLE & SOCIETY

RAW MATERIALS

INNOVATIVE SOLUTIONS

The Stahl Sustainability Standard

RESPONSIBLE OPERATIONS

NGOS, ACADEMIC COOPERATION

- UN Global Compact
- UNIDO, Solidaridad
- Global Universities



TRUSTED PARTNERSHIPS

OUTSOURCED PRODUCTION

50% of leather chemicals sales

PRODUCTION

13 manufacturing sites
38 Application Labs
9 Centres of Excellence



ENVIRONMENTAL CAPITAL



0
COAL

used in Stahl manufacturing sites in 2018



100%
green energy at all European factories



CO2 EMISSIONS GOAL:
-10%
by 2020

Status 2018 : ON TARGET



+85%
of our coating solutions are water based



~90%
of global production volume comes from ISO14001/9001 certified sites.

Stahl governance

The Stahl Board, its highest governance body, consists of members from its shareholders Wendel, Clariant, BASF and Stahl. The Stahl Management team consists of the CEO, CFO, and director of Procurement, director of Innovation, director of Marketing, Communications & Sustainability and two Business Unit directors. This team meets monthly and determines the implementation of company strategy. A wider executive team, our Executive Control Group, which includes regional general managers, communications, sustainability, IT, safety & health functions, meets on a quarterly basis. This team reviews performance and decides on tactics for the coming cycles.

Manufacturing, suppliers, customers

Stahl produces its portfolio of products at its 13 manufacturing sites around the world or at outsourced locations via service agreements.

Stahl's suppliers are mostly large multinational chemical companies.

Stahl's customers are leather manufacturers (known as tanneries) and manufacturers of textiles and synthetic materials (known as converters or mills). These companies can range from large corporations to medium and small sized operations. Smaller customers are typically handled by Stahl's significant network of distributors around the world.

Risk from external trends

Lifestyle choices

Stahl respects consumer lifestyle choices with respect to veganism, leather, plastics and other materials used in the various market segments and it does not take a position on one or the other. While it actively supports and is part of industry initiatives to improve the environmental footprint of leather, synthetics and textile manufacturing, Stahl is also involved in the development of alternative materials, like those made from pineapple leaves, fruit waste, mushrooms and laboratory-grown leather for example. Stahl respects the choices of brands, such as Tesla, in the automotive industry or Stella McCartney, in the luxury ready-to-wear sector about not using leather, and has adopted a perfectly transparent attitude on the alternatives to leather and their benefits and drawbacks. Stahl's Instagram account is a forum for discussion with consumers and designers that ensures respect of opinion and sharing of knowledge rather than taking a position. Indeed, the movement towards alternative materials is seen as an opportunity by Stahl, who believes it is better positioned than its competitors to adapt to such macro lifestyle trends. At the same time Stahl also is convinced that leather will continue to be a material of choice for consumers in the future, given its long term sustainable features.

Environmental impact

Most of Stahl's research and applications development is designed to reduce the environmental impact of its products, or those of its customers. This is in-line with Stahl's corporate goal of reducing the

environmental footprint of the whole supply chain. For example, 25% of Stahl's basic research projects are linked to the elimination of restricted substances (i.e: as per ZDHC, Bluesign®, ChemIQ, Reach, etc., guidelines) and new raw materials to replace them. With regard to natural products, there are currently 20+ projects in R & D specifically focused on finding natural resource alternatives to petroleum based polymers for polyurethanes, a core technology for Stahl. In other chemistries Stahl is constantly looking for alternatives that are based on renewable resources. With regard to water, a majority of its research time is spent on developing water based products (already a large portion of its portfolio) or on products which reduce water pollution originating from the factories of Stahl's customers. For the Performance Coatings business, the recent market switch from solvent to water is a key driver in product development.

Stahl has also invested in Life Cycle Assessment (LCA) methodology to quantitatively measure the impact of its products on the environment, and to express it in language that the stakeholders can recognize (e.g., the impact of ozone depletion, toxicity, climate change and land use).

Sustainability & Corporate Responsibility

Goals and Strategy

Stahl's goal is to achieve a transparent supply chain that continuously reduces its environmental footprint. The Company's strategy to achieve this goal is to organize initiatives that promote transparency and to provide environmental solutions for the supply chain, involving continuous collaboration with its partners. Stahl's influential position as a provider of products and services to manufacturers of materials used in the automotive, apparel, home furnishing, footwear, garment and other related industries, is a determining factor in the implementation of this strategy. Stahl also recognizes that sustainability represents a significant opportunity, to gain competitive advantage and to drive operational excellence that creates sustainable value.

Governance Sustainability and CSR

At the corporate level, Sustainability and Corporate Social Responsibility (CSR) is part of Stahl's executive management team, which meets quarterly and sets the Company strategy. 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 (key performance indicators) 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.

Risk Mapping

In 2018 Stahl carried out a detailed review of its risk assessment and control policies, in accordance with the new requirements of the Non-Financial Statement (NFS), with regards to environmental, social, human rights and corruption risks resulting from its activities. This review covered the risks linked to its employees, suppliers, and to the external supply chain that it serves. Stahl has adopted due diligence policies covering health, safety, environment and human rights that mitigate the risks identified in this review. The results displayed in Stahl's risk analysis were cross-checked with two types of organizations, used as reference sources:

- independent standards: MSCI (Morgan Stanley Capital International) and SASB (Sustainability Accounting Standards Board);
- companies comparable to Stahl in terms of sector of activity, operating in several countries, and disclosing on their CSR risks and materiality method.

The risks identified with the highest gross risk level⁽¹⁾, as agreed in preliminary work and audited at site and corporate level, are:

- occupational health and safety of employees;
- hazardous waste management;
- impact on water resources;
- GHG emissions contributing to climate change;
- attractiveness and talent retention;
- increase in demand and regulation for sustainable chemical products;
- corruption.

(1) Gross risks are the risk for similar companies and activities (that impact both the company and the external stakeholders) in the same geographic area, without taking into account the effects of mitigation processes. Stahl explains for each chapter how it manages and mitigates these risks. Note: Because of the nature its activities (leather chemicals, coatings and polymers), Stahl believes that some identified risks do not represent critical non-financial risk ; responsible, equitable and sustainable food for Stahl and do not need to be developed further in this report. These less critical risks are: fight against food insecurity; respect of animal welfare, responsible, fair and sustainable food production.

Materiality matrix

Stahl reports on Sustainability and CSR topics in order to promote transparency and display the progress made. To make sure that it reports on the topics that matter, the Company uses a materiality matrix. This tool gives insight into the challenges faced by the Company and its stakeholders. In 2018, Stahl updated its materiality matrix (as per the guidelines of GRI, the Global Reporting Initiative) by reviewing the information provided in the materiality matrix of its important stakeholders. Internally, it reviewed the input for Stahl, with a team of experts (communication and sustainability), by checking the matrix we made in 2015. The outcome of the matrix is in line with what we had already reported.

Additionally the outcome is in line with the risk assessment that was performed in 2018 under the NFS.

How to read the matrix

CSR and sustainability cover different themes. To keep a very wide view, Stahl has plotted the 33 economic, environmental or social aspects that are defined by GRI. Those that matter the most (highest impact), to both Stahl and our stakeholders, are communicated in the right top corner of the matrix. In the middle section we show the aspects that score medium. 'Other topics' are the ones that scored the lowest.



HR - Committed to maximizing the employee experience

Employment

The total number of employees (headcount) at 2018 year-end was 1,997, which is a decrease of 76 employees compared to the end of 2017. The reduction is mainly connected to the complexity

reduction and Value Improvement project implemented in the Leather organization with the aim to reduce the business complexity grown significantly with major acquisitions completed in the last years.

The breakdown of FTE's (full-time equivalent) as of December 31, 2018 and the change compared to the prior year-end per region is as follows:

Region	31-Dec-18	31-Dec-17	Change
EMEA	962.5	974.9	(12.4)
Asia-Pacific	387.0	406.0	(19.0)
India and Pakistan	317.0	349.0	(32.0)
North and South America	305.6	318.6	(13.0)
	1,972.1	2,048.5	(76.4)

86% of Stahl's employees are on permanent contracts. Its workforce is 76% male and 24% female.

Total Full Time Employees (FTE) leaving (dismissals, resignations and other) during 2018 were 272 and 195 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 2018 was 10.58% compared to 14.2% in 2017.

The turnover rate (only resignations) in 2018 was 5.05% compared to 4.25% in 2017.

Working Organization

Stahl operates through a complex international organization for historical reasons and also to effectively serve the customer base. Stahl has 13 manufacturing sites, 11 R&D centers, 38 application labs, 35 sales offices and 9 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 mornings. Working hours and incidents are recorded, depending on the site, by either electronic or manual systems.

All Stahl units report absenteeism (which includes absences for sickness and work accident) as required by local legislation but also in a way that can be reported at the corporate level.

The global absenteeism rate in 2018 was 1.70%, compared to 1.57% in 2017.

Labor 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 2018 was €115 million, approximately 6.83% above 2017.

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.

Individual training programs

Stahl has certain provisions regarding individual training programs. All employees that have worked for the Company more than four months are eligible to participate in external training programs individually or in teams. All trainings should consider what employees need and how they can learn best. This is why, Stahl encourages employees and managers to consider multiple training methods like workshops, e-learning, lectures and more.

Corporate training programs

Stahl also defined a corporate training catalogue to train its employees.

Examples of this kind of training and development are:

- compliance, anti-bribery and anti-corruption and modern slavery;
- workplace diversity and inclusion;
- security Awareness and GDPR training;
- leadership (Management Training and Masterclasses);
- induction program for new employees;
- training teams in company-related issues (e.g. new systems or policy changes);
- training employees to prepare them for promotions, transfers or new responsibilities.

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 in 2018 was 22.3 hours per full-time equivalent (FTE) compared to 13.13 hours per FTE in 2017. The increase of hours per FTE is mainly caused by the launch of the e-learning programs: Anti-bribery and anti-corruption, Modern slavery, Workplace Diversity and Inclusion, GDPR training and Security awareness training. Safety awareness campaigns are excluded.

Equality

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 12 persons in this category, compared to 16 persons in 2017.

Diversity

In 2018, Stahl published its Diversity and Inclusion Policy on its website 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 this will produce a more innovative and responsive organization. It also believes that there is much more to diversity than age, gender, race and cultural background. A diverse workplace includes people who can offer a range of different viewpoints and ideas.

Consistent with its strategy of growing its leadership talent, diversity and inclusion principles are also embedded within its core leadership development programs to encourage managers to demonstrate them as part of their leadership behavior. Stahl will also build cultural intelligence and equality into its performance review, hiring and talent identification processes.

In the third *quarter* Stahl launched an e-learning training focused on Workplace Diversity and Inclusion.

Human rights, modern slavery, anticorruption

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

Late 2017, Stahl launched e-learning training programs focused on anti-bribery and anti-corruption and in 2018 on 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 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) received this training in 2018.

Human Resources in Stahl

Stahl is an organization centralized around customers and that holds customers at the core of its commercial and entrepreneurial culture. New ideas and creativity are expected, learning is promoted, product, process, and administrative innovations are championed, and continuous change is viewed as a conveyor of opportunities. While having a global reach, Stahl acts on the premise: think global, act local. Partnerships are vital to us, as Stahl believes that working side-by-side offers the best chances to produce success stories.

The Stahl HR Team applies the concept that a new job is like a new journey for an employee and considering the world around us is changing at fast pace, increasingly unpredictable, impossible to analyze systematically and beyond accurate interpretation, the main purpose in the coming years will be to offer to the employee a great experience in Stahl.

HR is responsible for ensuring that the Company has the "right person" in the "right place" at the "right time" for today and tomorrow and support Stahl in creating responsible partnerships and to be the leader in its market.

The HR strategy adopted in 2018 is based on the following points:

- further develop and establish Stahl's culture and Stahl DNA;
- transfer knowledge and information within the Company;
- hire and develop people in line with current and future business goals;
- create an open, transparent and fair management style;
- focus on engagement, diversity management and equal opportunity;
- be a truly international team.

Considering the HR strategy defined, the project's focus in 2018 has been towards:

- 1 Transfer knowledge and information within the Company;
- 2 Hire and develop people in line with current and future business goals. In addition an analysis ("Attractive and talent retention") has been run to mitigate the risk ".

1 Transfer knowledge and information within the Company

■ **HR dashboard:** As part of continuous improvement, a new HR dashboard has been defined and implemented. "Management by figures" providing transparency on data is the basis for, allowing the Management Team to take proper and fast decisions;

■ **Employee handbook:** The release of an employee handbook further supports the smooth transition into the new job as part of Stahl's HR strategy. Creating a harmonious, fair, employee and employer supportive workplace allows improvement of the level of engagement. The handbook introduces employees to our culture, mission and values. This helps to foster a sense of pride and belonging and ensures that key company policies are clearly and consistently communicated, demonstrating that the company strives to be compliant with these regulations every day.

2 Hire and develop people in line with current and future business goals

■ **Digital recruiting:** The way Stahl recruits its people has changed. Compared to just a few years ago, candidates now have far more power during the job search. Consequently, finding and hiring ideal job candidates, especially those with in-demand skills, has become extremely hard, expensive and time-consuming. The change of paradigm and technology brings new recruiting trends. Stahl has set an inbound recruiting strategy where Stahl proactively and continually attracts candidates with the goal to make them choose Stahl as their next employer, starting in this way to build a high quality candidate database for current and future needs. This new way of recruiting and selecting employees will be further supported by the implementation of a digital recruiting tool, connected with our Company website and Human Resources Management system. The objective is to streamline, simplify and automate the hiring process, making it faster and more efficient and compliant with the new General Data Protection Regulation (GDPR).

■ **Performance development system:** Stahl asks employees to focus on performance development (long-term approach) rather than appraisal, teaches "People Leaders" to "inspire and empower" their teams and help employees set real-time priorities based on customer input, and, ultimately, increases speed and collaboration. In order to achieve these targets a new performance development

system has been defined based on the Company leadership model. This model identifies key behaviors for the success of Stahl's business and the professional maturity of people and its organization and it is strictly related to the corporate values. It supports the communication of expected results and increases the awareness of what is necessary in different phases of professional growth;

■ **Learning management system:** The implementation of a learning management system has started with the objective to let employees choose and manage online courses and training programs and to assign courses directly to employees whenever needed. In particular, the aims are to:

- track learning progress and measure performance,
- speed up the onboarding process,
- integrate social learning experiences,
- organize department specific compliance regulations,
- reduce learning and development cost and time,
- show statistics of trained people for external auditing.

■ **Global mobility:** Global talent deployment is about having the right people, in the right places and roles, at the right cost and for right length of time and results. At Stahl, the demand for global mobility is increasing rapidly, either as part of a personal development plans or for knowledge sharing & training of others. To create added value to the company's business, HR has created a long-term assignment policy. With this policy, HR aims to deliver consistent results for comparable assignment solutions.

Safety, Health and Environment (SHE)

Risk assessment

Stahl carried out a detailed review of its risk assessment and control policies in 2018, as part of the requirement of the new French law, the Non-Financial Statement (NFS), with regards to environmental, social, human rights and corruption risks resulting from its activities.

As a player of the chemical industry, Stahl has identified the risk linked to the health and safety of employees & contractors, including accidents, injuries, illness, exposure to chemicals. All its activities, policies, monitoring and reporting and trainings are aimed at creating a true safety culture (which is in fact an attitude) that results in zero injuries and accidents. Risks related to occupational health and safety, including:

- chemical contact or exposure to hazardous substances for health including volatile organic compounds (VOCs);
- risk of chronic (serious) illness linked to chemical exposure including volatile organic compounds (VOCs);
- slip, trip and fall;
- fatal and serious incidents.

By implementing the principles described below, and by using the latest state-of-the-art technology and processes, the gross risks of Stahl's operations are being mitigated and the risk for its employees, the community and the environment is minimized. This chapter reports on Stahl's health and safety performance.

Safety, health and environment (SHE) policy

Stahl believes that the protection of health and safety of people and the preservation of the environment will be always considered its highest priority. This mindset (and policy) is rooted in the employee culture.

Health and safety

The key principles of the Safety and Health policy are:

- a strong safety culture involving the whole organization;
- safety, health and environment as the top priority;
- safety is more important than a short term result;
- implementing best industrial practices in addition to compliance to all legal requirements;
- knowledge as the basis of all decisions. Stahl will require that employees are trained in the skills necessary to carry out their duties and make decisions ensuring safety.

Stahl's safety policy is linked to its business activities and operations by a management system establishing the need to:

- implement safety principles through process conception, facility design, operation specification and behavior of people;
- identify and assess all hazards;
- define safety measures to prevent incidents and accidents;
- define safety measures to limit the potential consequences of incidents and accidents;
- report and investigate all incidents, take the necessary actions & share and learn from them;

- monitor safety performance with metrics and indicators;
- audit and review hazards periodically;
- be open to improvements made available in the industry;
- ensure good practices in emergency response and crisis management preparedness;
- success in safety performance shall be celebrated and rewarded;
- consider safety responsibility as a mandatory individual responsibility to be spread throughout the entire organisation;
- people must contribute to continuous improvements in safety by making suggestions that, assuming they are aligned with the SHE policy, could be implemented.

Stahl's SHE organization

All Local Managers and General Managers are responsible for implementing the safety 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.

Since 2017 Stahl has a Global SHE and Process Safety manager in charge of implementing the SHE policy and R20 (Road-to-Zero) program. This position implements the fulfilment of Stahl's SHE policy, including the changes of behavior and training required to support the highest possible standards of SHE. An enhanced reporting tool will be implemented in 2019. In this sense, in 2018 a Behavioral Safety Program was defined by Stahl and applied as pilot in Parets, one of the company's production facilities in Spain. The name of the program is R20 (Road-To-Zero) and the pillars are:

- a true safety culture defines an attitude in life, inside and outside the place where you work;
- a good safety record has been never achieved by a big effort of a small group of people, but by all the small efforts of a big group of people;
- potential consequences of injuries at work are mostly affecting people and their social network outside work;
- Stahl has defined a zero tolerance policy for unsafe behavior to ensure that people do not get injured at work.

Each site has a dedicated SHE Manager who is responsible to identify and assess the needs in the field of SHE and manage the necessary actions to ensure that the organization is pursuing the best practices in this field. Being a SHE Central figure does not mean in any way being the central responsible for SHE, as said, the responsibility in this field is distributed throughout the entire organization and there is no single job position without a certain degree of responsibility the area of SHE. The SHE Manager reports to the Local Manager and has the direct support from the Global SHE&PS Manager.

Safety KPI's

The table below shows a stable rate in lost time injuries (LTI) in and the severity rate (SR).

Work injuries

	2018	2017	2016	2015	2014	2013
LTI/Frequency rate of accidents with lost work time*	1.22	2.01	0.80	1.60	1.50	0.80
Severity rate of accidents**	0.0317	0.1025	0.0045	0.0380	0.0555	0.0097

* LTI/Frequency rate calculation: (number of reported accidents that resulted in lost days > 1 day x 1,000,000***)/(number of theoretical worked hours). Also known as Lost Day Rate (LDR). In 2017, Stahl changed the factor to calculate LTI 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.

** Severity rate calculation: (number of lost days x 1,000***)/(number of theoretical worked hours). The factor of 1,000 of the historical data has been restated (1,000 instead of 1,000,000 which was used in the 2017 registration document).

Environmental footprint

As part of the NFS risk assessment, environmental risks were also identified:

- hazardous waste management;
- impact on water resources;
- greenhouse gas (GHG) emissions contributing to climate change;
- increasing demand and regulation for sustainable chemical products.

Stahl is focused on contributing to a lower environmental impact at our operations and for our customers and supply chain partners. As a result, the company has implemented policies, KPIs and targeted actions to mitigate the above mentioned risks.

With regards to environmental footprint of its products, Stahl is proactively engaged (in addition to legislative requirements) in initiatives focused on the elimination of certain chemical substances from the supply chain, e.g.: Zero Discharge of Hazardous Chemicals (ZDHC) and bluesign®.

With regards to the environmental footprint of its own operations, the company is committed to global initiatives and frameworks, like The Paris Agreement (on reducing CO₂), the UN Global compact, the UN Sustainable Development Goals and the Organisation for Economic Co-operation and Development (OECD). For reporting, Stahl implements the Global Reporting Initiative (GRI) guidelines.

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. Since 2015, it has placed a strong focus on the following environmental topics:

- CO₂ and energy;
- water;
- waste.

The CO₂ and energy highlight of 2018 was the installation of solar panels at the Stahl manufacturing site in Portao, Brasil with a capacity of 840 kW. The significant investment in this solar energy will result in an important drop in CO₂ emissions for the site in 2019, and it will supply approximately 50% of the electricity consumed at that facility. During 2019 the company will monitor the success of this project and make plans to introduce solar energy at its other manufacturing sites.

(1) For safety indicators all Stahl employees are considered.

Carbon Dioxide (CO₂) emissions

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 set an internal target to reduce CO₂ emissions by 10% by 2020 (using 2015 as a baseline). The company is considering new goals for 2030. Stahl's improvements in CO₂ emissions are driven by sourcing green energy at its European sites and by technology investments that lead to long term efficiencies at its manufacturing sites. In the longer term the company is investigating the generation of

renewable energy at its manufacturing sites, building on the success of the solar panels already installed at Stahl Brazil.

Stahl estimates and reports also on the scope 2 and 3 indirect emissions since 2017. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Below tables shows the different sources of CO₂ emissions calculated by Stahl, as per the Green House Gas (GHG) protocol.

Carbon Dioxide (CO₂) emissions

Scope 1	Scope 2	Scope 3
Fuel combustion		Purchased goods and services
Company vehicles		Business travel
Fugitive emissions		Employee commutingWaste disposalUse of sold products
		Transportation and distribution (up- and downstream)
		Investments
	Purchased electricity, heat and steam	Leased assets and franchises

In absolute terms Stahl has achieved a CO₂ reduction (in scope 2) because of its investment in renewable energy sources that have a lower carbon footprint.

	2018	2017	2016	2015
Scope 1: direct GHG emission (metric tons CO ₂ -EQ.)*	17.114	16.915	16.924	15.569
Scope 2: electricity indirect emission sources (metric tons CO ₂ -EQ.)**	7.119	8.984	18.595	17.759
Scope 3: estimation of the other indirect emission sources (CO ₂ -EQ. X 1 million)***	560-590	560-590	500-530	No comparable data

* 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. In 2018 new energy sources were included in the reporting (High Speed Diesel & Agri briquettes), that were also retrospectively added for 2015, 2016 and 2017.

** 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. In 2018 renewable energy both purchased and self-generated, were added to the reporting tool, which explains the big drop in CO₂ in scope 2 in 2017 and 2018.

*** 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).

The below table shows the improvement of Stahl's CO₂ intensity over the last two years. CO₂ intensity means CO₂ emissions measured per production volume.

CO₂ intensity

	2018	2017	2016	2015
CO ₂ emission scope 1+2 (in tons)	24.232	25.898	35.519	33.328
Total production volume (in tons)	228.440	238.590	207.923	195.646
CO ₂ intensity ⁽¹⁾	0,106	0,109	0,171	0,170

(1) CO₂ intensity: CO₂ emissions per production volume = CO₂ per tons produced = CO₂ scope 1 + scope 2/production volume.

Corporate Value Chain (Scope 3) Accounting and Reporting Standard

In 2017 Stahl made its first assessment of scope 3 emissions as per the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. This exercise is designed to understand the

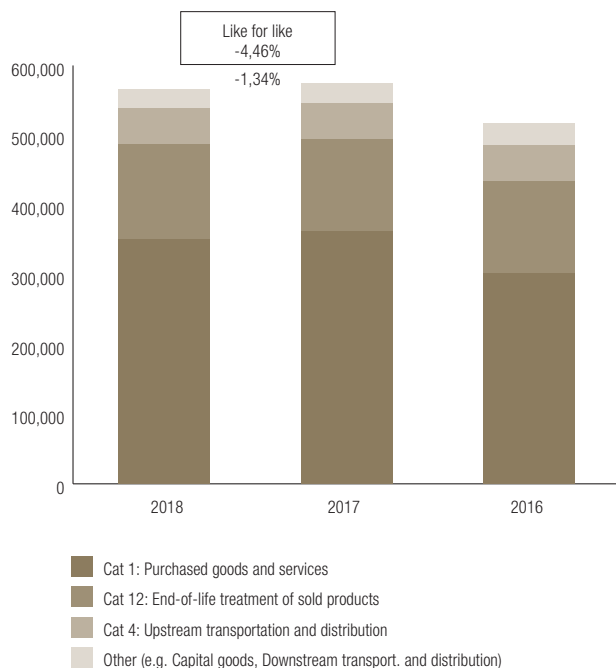
full value chain impact of its activities and will help to focus efforts on significant sources of GHG emissions. In 2018, it updated the material categories and the estimated CO₂ emissions.

Scope 3 emissions per category

	2018	2017	2016
Cat 1: Purchased goods and services	62%	63%	59%
Cat 12: End-of-life treatment of sold products	24%	23%	26%
Cat 4: Upstream transportation and distribution	9%	9%	10%
Other (e.g. Capital goods, Downstream transport. and distribution)	5%	5%	6%
Total as reported in CO ₂ -eq (x 1 million)	560-590	560-590*	500-530
CO ₂ emission trend as reported	-1,34%	9,74%	
CO ₂ emission like for like (excluding the impact of acquisition)	-4,46%	8,66%	

* 2017 data restated, which has an impact of +50k CO₂-eq in 2017, as a result of a onetime calculation error.

Scope 3 emissions per category



Results and mitigation

Purchased goods and services' (62% in 2018) and 'end-of-life treatment of sold products' (24% in 2018) remain the largest sources of indirect (scope 3) CO₂ emission. Both categories are related to the input and output of materials in the production process. Opportunities to reduce these emissions are:

- selecting (base) chemicals with a lower CO₂-footprint;

- increasing biogenic content of the materials that are being used⁽¹⁾

- increasing longevity of end products that could reduce lifecycle CO₂-emissions of end products.

Transportation of purchased goods is the 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 is air and road transport. Reducing these emissions could be achieved by:

- choosing a different mode of transportation. Road transport emits 10 times more CO₂-emission per tkm than marine transport. Air freight emits 100 times the emissions associated with marine transport. In particular, Stahl is actively looking for ways to minimize air freight shipments in favor of marine transport;
- 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. During 2018 Stahl has consolidated its distributor network around the world, which means larger shipments to a smaller number of distributors.

Energy

Stahl's energy consumption is the sum of electricity, gas, oil, steam, renewable briquettes and high speed diesel, consumed at their manufacturing sites (see below pie chart). Energy is reported as the total energy consumed in TJ and per production volume: the energy intensity. There are many energy efficiency projects underway. In 2018, Stahl included more energy sources (briquettes, high speed diesel and the split in renewable and traditional/grey electricity). As production volume decreased slightly in 2018 (ie: like for like), the energy per tons produced was flat in 2018 vs 2017.

Energy consumption

	2018	2017	2016	2015
Energy (TJ)	380	390 ¹	319	305
Share of renewable energy*	34%	34%	-	-
Total production volume	228,440	238,590	207,923	195,646
Energy intensity (TJ)**	0.00166	0.00163	0.00153	0.00156

* European sites and Portao have renewable electricity. In Portao we have invested in solar panels. In Kanchipuram, India the major part of the energy consumption is agri briquettes (mix of peanut shells and saw dust)

** Energy intensity is (energy consumption (TJ) per tons produced) = energy (TJ)/total production volume.

Energy consumption is based on lower heat value (LHV).

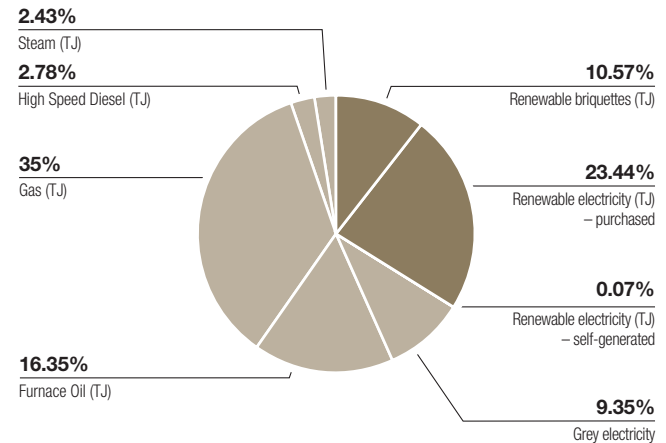
2017 energy in tj now also includes briquettes consumption by kanchipuram. This category was added in 2018. To show the trend in 2018 compared to 2017, we added this. Stahl included it to compare the 2018 and 2017 trends.

(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 sources

The below pie chart shows the energy consumption, split between the different energy sources used in 2018 on manufacturing sites (Stahl added renewable energy, agri briquettes and high speed diesel were added). Stahl did not use coal. The main source is gas (34,66%) and electricity (33,03%), which partly consists of green electricity (34%). Renewable (agri) briquettes are made from renewable waste materials (peanut shells and saw dust).

Breakdown of energy consumption by source



Renewable briquettes (TJ)	10,57 %	40,14
Renewable electricity (TJ) - purchased	23,44 %	88,98
Renewable electricity (TJ) - self-generated	0,07 %	0,25
Grey electricity	9,35 %	35,49
Furnace Oil (TJ)	16,35 %	62,09
Gas (TJ)	35,00 %	132,90
High Speed Diesel (TJ)	2,78 %	10,57
Steam (TJ)	2,43 %	9,24
	100 %	379,66

Water

Stahl consumed less water in 2018 because production volumes were slightly lower but also because of efficiencies at the sites. Water consumed per tons produced decreased, so water efficiency improved.

Water consumption

	2018	2017	2016	2015
Water consumption (m³)	344,922	370,855	355,041	325,864
Other water use (m³)*	456,820	561,788	506,056	491,021
Total water used (m³)	801,742	932,643	861,097	811,093
Total production volume	228,440	238,590	207,923	195,646
Water intensity**	1,510	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 intensity is the amount of water used per tons produced = water consumption (m³)/total production volume (excluding Other water use).

Waste

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 installing water treatment facilities at

manufacturing sites which do not have such facilities. This will effectively reduce the amount of wastewater (classified as hazardous waste) sent to third parties for treatment.

	2018	2017	2016	2015
Hazardous waste (tonnes)	10,962	10,538	9,48	6,570
Non-hazardous waste (tonnes)	1,807	1,584	1,476	1,276
TOTAL WASTE (TONNES)	12,769	12,122	11,224	7,846

	2018	2017	2016	2015
Waste water send to external treatment (tonnes)*	15,620	18,124	15,038	15,815

* This indicator only represents the Stahl sites in Waalwijk and Toluca. Waalwijk= cleaning water of tanks. Toluca=waste water that is collected from the production plant (cleaning of tanks, reactors and equipment in general) and also services (bathrooms and showers). The other 9 sites have an on-site waste water treatment installation.

Environmental provisions

As of the end of 2018, Stahl's environmental provision for land pollution are of €0.6 million.

Low-impact innovative solutions

As communicated earlier in the report, Stahl carried out a detailed review of its risk assessment and control policies in 2018, in accordance with the requirements of the Non-Financial Statement (the NFS), with regards to environmental, social, human rights and corruption risks resulting from its activities.

Stahl identified a risk linked to innovation and the ESG performance of its products: the increasing demand and regulation for sustainable chemical products. With 11 R&D centers around the world, employing over 100 technical staff, Stahl's product research is aimed at providing high performance solutions that reduce environmental impact. This can be either by using renewable/bio-based raw materials in its own products or by designing products which will reduce the CO₂, energy, water or toxicological footprint of our customers' products. It is a requirement that all new products developed by Stahl's research team must have a clear environmental benefit. The full integration, in 2018, of the BASF leather chemicals business product range has complemented this innovation drive.

- strong sales of the STAHL EVO products for coated materials and the Stahl NEO leather chemicals portfolio were important

commercial highlights in 2018. This growth is linked to the fact that these products are compliant with the Manufactured Restricted Substance List (MRSL) launched by the ZDHC Foundation (Zero-Discharge-of-Hazardous-Chemicals) in 2015, whose goal is to eliminate hazardous substances from the garment and footwear supply chains, by 2020;

- another example of significant sales growth in 2018 was in the Proviera® - Probiotics for Leather™ product portfolio. These products contribute to the reduction in the environmental footprint of the leather process, notably with regard to water pollution, by substituting synthetically produced surfactants by natural products made from a fermentation process;
- over 85% of Stahl's finishing and coatings-related products are currently water based. The policy of promoting natural and renewable resources as raw materials, has driven water based polyurethane research activities significantly in 2018. As a result, new bio-based polyurethane materials are being prepared for commercial launch in 2019, for promotion in the Performance Coatings, Leather Chemicals and Polymers businesses. 25% of Stahl's basic research is focused on projects specifically aimed at eliminating restricted substances from the supply chain;
- life Cycle Analysis (LCA) emerged in 2018 as a new element of innovation for Stahl, and the company has identified products and processes where the impact on the environment can be calculated, and reported, using established methodology. Stahl believes that LCA will be an important value-added service for its customers in the supply chain in the future.

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 we confirm the alignment of our strategy and operations with the universal principles of human rights, labor, environment and anti-corruption.

This also means that Stahl's activities are being aligned with the 17 Sustainable Development Goals (SDG's) announced at the UN General Assembly in 2015. Stahl's activities linked to the SDG's are listed below.

- poverty: In addition to local community philanthropy, Stahl is involved in wider industrial development in emerging regions with NGOs and governments. As an example, a Public Private Partnership between Stahl, Solidaridad and PUM that was launched in 2017, in Kanpur, India, is progressing well. Although the five-year project is focused on reducing water pollution, and its success will also have an impact on securing the estimated 400.000 jobs linked to the local leather industry in Kanpur, which is threatened by forced closures due to environmental pollution;
- 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;
- education: Stahl Campus® was established to promote good practices throughout the supply chain (see the section Education & Training). Stahl also actively promotes the safe handling of chemicals and conducts seminars on this topic in emerging regions. For example, in Q4 2018 the company held Sustainability Seminars on these topics at the 4 main leather manufacturing clusters in India. In 2018 Stahl Campus® was 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 2018;
- 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 focused on specific water pollution projects. The company has 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 Public Private Partnerships launched in Kanpur, India and Ethiopia are also driven by a strong desire to reduce water pollution in the markets that the company serves;
- 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. 2018 emissions improved vs 2017 and the company fully expects the 2020 goal to be met. Beyond this, Stahl has begun to use solar panels at its site in Brazil as part of a longer term goal of sourcing from on-site renewable energy for its manufacturing sites;
- jobs, economic growth: The Public Private Partnership in Kanpur, India, is one example of its commitment to sustainable economic growth. The EU funded project aimed at promoting efficient technologies for the Ethiopian leather industry is another. Both projects are focused on reducing pollution which has a direct connection with securing sustainable economic development and therefore jobs for the local industries. Without such pollution control initiatives, companies in these sectors would fail and eventually be forced to close;
- reduced Inequalities: Stahl's Code of Conduct was implemented in 2015 and the Stahl Diversity and Inclusion policy was implemented 2018. E-training courses were conducted and completed by 1,200 employees during 2018 on data protection, bribery, corruption & modern slavery.

Trusted Partnerships

The company is proactively involved in many sustainability related initiatives, like the Leather Working Group (LWG), the largest voluntary group in the leather industry. 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 is an active member of the Executive Committee of the Leather Working Group. The Executive Committee consists of four clothing/footwear brands (currently Wolverine, Timberland, Louis Vuitton and Clarks), four leather manufacturers and one chemical company (Stahl).

Stahl is an active member of the Zero Discharge of Hazardous Chemicals (ZDHC) foundation, and became a bluesign® system partner in 2017.

Non-profit activities in emerging countries

- in 2018 Stahl launched a joint project in Ethiopia with several partners and NGOs, including Solidaridad and MVO NL, focused on pollution reduction in the tanning sector. Stahl's contribution to this project is training in cleaner technologies, via Stahl Campus® modules;

- Stahl's sustainability roadshows continued in 2018 and were held in 4 different cities in India. The seminars focused on housekeeping, chemicals management and clean technology for reducing water pollution in leather clusters. This years' attendance was high, with an average of 350 people for each seminar;
- a Public Private Partnership (PPP) between Stahl, Solidaridad, and PUM was launched in 2017, in Kanpur, India (see section Sustainable Development);
- 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 and we promote 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 Campus®)

Stahl is committed to filling the talent gap observed in some of the markets that we serve by actively seeking ways to educate and train university students, NGOs, brands, suppliers, distributors, customers and other stakeholders in the supply chain. Stahl Campus® is the global knowledge center established by Stahl to achieve this. Started in 2014 in Waalwijk (Netherlands) & established in León (Mexico) in 2015 and Guangzhou (China) in 2016, Stahl Campus® was extended in 2018 to Kanpur, India. The goal is to promote good practices and transparency throughout the supply chain by hosting trainees in Stahl's state-of-the-art laboratories to strengthen their knowledge via theoretical and practical training modules. Stahl Campus® is a key element of the company's strategy of promoting transparency throughout the supply chain.

In 2018, 780 people attended Stahl Campus® training courses around the world. Notably in 2018, a Post Graduate Certificate course was organized in Stahl Campus® Mexico - a six-week course developed in collaboration with the University of Northampton (UK), in which students receive an official PG Certificate in automotive leather finishing upon completion. We will launch the same course for a new set of students in 2019.

Vigilance plan

Stahl's vigilance plan corresponds to the French law 2017-399 (March 2017) on Duty of Care. The vigilance plan identifies and

aims to prevent the risk of serious violations of human rights and fundamental freedoms as well as harm to human health, safety and the environment.

Stahl's approach to Duty of Care

Stahl carried out a review of its risk assessment and control policies within the scope of the aforementioned French laws on Duty of Care. This review covered the risks linked to our employees, suppliers and customers/external markets. Stahl has adopted governance policies covering health and safety, environment, human rights in order to mitigate such risks. These policies are included in the risk mapping section below.

Stahl plans to set up a Vigilance team that includes HR, Legal & Compliance, Purchasing, SHE, Sustainability and Business directors, who meet twice a year to monitor the effectiveness of the Vigilance plan.

1 Risks linked to human rights and the societal impact of Stahl's activities, e.g. forced labor, freedom of association, modern slavery, discrimination, diversity and inclusion.

Stahl recognizes that modern slavery, corruption, diversity and discrimination need to be eliminated from its industry at all levels.

Mitigating the risk:

- Stahl's Code of conduct for employees (introduced in April 2013) describes its commitment to a working environment where equal opportunity and respect are prioritized. The Stahl Employee Code of Conduct has chapters on modern slavery, conflicts of interest, business practices, data and IP protection, financial reporting and also outlines the whistleblower rules,
- the Stahl whistleblower policy allows employees to report suspicious behavior, by e-mail or phone, that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistleblower in question,
- Stahl introduced a Code of conduct policy in 2015 for its business partners. Since 2018, it has been using a due diligence questionnaire to retrieve in-depth background information about the business partner upfront (including relations with government officials, lobbying, the role of the business partner). Additionally, it initiated the first supplier audits in 2018 as a means to mitigate the risks of non-compliance with the Code of conduct. The Code of conduct is also a standard part of all commercial agreements and contracts with third parties who do business with Stahl,

- both Codes of Conduct are discussed during the monthly Management Team and quarterly meetings with the Quarterly Executive Control Group,
- the company has implemented a separate policy on diversity and inclusion in the workplace (Stahl Group Diversity and Inclusion Policy). The policy commits 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. The company also believes that there is much more to diversity than age, gender, race and cultural background. A diverse workplace includes people who can offer a range of different viewpoints and ideas,
- consistent with its strategy of growing its leadership talent, Diversity and Inclusion principles have also been embedded within its core leadership development programs to encourage managers to demonstrate them as part of their leadership behavior. Stahl has also committed to build cultural intelligence and equality into its performance review, hiring and talent identification processes,
- in 2018 the company ran a series of online training courses, hosted by Thomson Reuters, to ensure that employees understand the issues of modern slavery, diversity, discrimination, equal treatment, sexual harassment etc., with regard to their own behavior and that of the company's business partners. 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) received this training in 2018.

2 Risks linked to the health and safety of employees & contractors, including accidents, injuries, illness, exposure to chemicals.

The risks in this category range from injuries to employees from slips or falls, to more significant accidents involving chemical spills, machinery operations or exposure to dangerous substances. These are well known in the (heavily regulated) chemical industry and Stahl holds itself to the highest health and safety standards in this respect.

Mitigating the Risk:

- Stahl is confident that the residual risk specific to its own activities related to safety and health is low, given the highly regulated nature of the chemical business and additional actions taken by Stahl to mitigate these risks,

- the chemical industry is governed by strict legislation, permits and licenses. External organizations, including governmental bodies, ISO and many industry initiatives, visit and audit Stahl on a regular basis,
- Stahl has a strict SHE (Safety, Health and Environment) policy that sets clear rules, guidelines and KPIs for all its manufacturing sites and work places. With regards to safety Stahl has drawn up a zero tolerance policy towards unsafe acts,
- the Stahl Code of Conduct for business partners includes a health and safety section,
- auditing of Stahl sites is continuous and reporting on safety and health, including accidents and incidents, is done monthly and annually,
- training courses are held continuously throughout the company on chemicals management and handling of flammable materials,
- the use of CE certified equipment is mandated as well as associated training,
- Stahl has identified safety and health risks at customers who use its chemicals, and this also requires action for mitigation, given the potential harm caused by our products to people working at those organizations. Indeed many of its customers work in environments which are not as highly regulated as the chemical industry. Stahl has taken action, either alone or in conjunction with other peer companies and NGOs, to train users in these cases on (1) the safe use of chemicals, (2) the correct use of personal protective equipment, and (3) communicating clear rules on exposure prevention for potentially harmful chemicals. In addition to this, Stahl itself regularly hosts seminars around the world, for example in India, Pakistan and Bangladesh, which are attended by large groups of customers, which are focused on safety, health, environmental stewardship and sustainability in general.

3 Risks linked to protection of the environment, e.g. air & water pollution, water consumption, waste management, restricted chemical substances, climate change, biodiversity, local community impact.

These risks are linked to unplanned releases to the environment of hazardous materials from Stahl sites, as well as the risks linked to the environmental stewardship practices of its partners in the supply chain, especially those who use its products in their manufacturing operations.

Mitigating the risk:

- Stahl recognizes the challenges for the planet and has aligned its policies to the 17 Sustainable Development Goals agreed by the United Nations in 2015,
- climate change: in 2015, Stahl established a 5 year target for CO₂ emissions reduction (less than 10%). The company is likely to achieve that target in 2019. CO₂ emissions are reported each month, and in the annual Stahl Sustainability Report,
- Stahl's strict SHE policy covers the risks linked to spills or releases into the environment, including a dedicated spill team who are trained regularly,
- spills, releases, incidents and environmental KPIs (CO₂, energy, water, waste) are reported and analyzed monthly,
- environmental stewardship in the supply chain: Stahl's corporate strategy is to initiate projects that promote transparency throughout the supply chain. This includes the promotion of responsible environmental practices in the industries that the company serves. As an example, Stahl is a

Board member of the Leather Working Group, the largest leather industry association. The Leather Working Group has developed an audit protocol for leather tanneries around the world in order to level the playing field and create a recognized standard for environmental stewardship. Stahl also hosts annual seminars in India, Pakistan and Bangladesh, attended by large groups of customers, NGOs and industry associations, during which safety, health, housekeeping and environmental stewardship issues are presented and discussed in detail.

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;
- the environmental performance indicators relate to Stahl's 13 manufacturing sites.

Reporting scope – history for environmental data

Site	2018	2017	2016	2015
Calhoun	Y	Y	-	-
Graulhet	Y	Y	-	-
Hospitalet	Y	From October	-	-
Kanchipuram	Y	Y	Y	Y
Leinfelden	Y	Y	Y	Y
Palazzolo	Y	Y	Y	Y
Parets	Y	Y	Y	Y
Peabody	-	Before October	Y	Y
Portao	Y	Y	Y	Y
Ranipet	Y	Y	Y	Y
Singapore	Y	Y	Y	Y
Suzhou	Y	Y	Y	Y
Toluca	Y	Y	Y	Y
Waalwijk	Y	Y	Y	Y

Y=Yes, full year and - = not reported.

Methodological limitations and uncertainties

The reporting methods for certain CO₂ 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 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);
- indirect emission sources related to energy (in the form of electricity, steam, heat and cooling) are purchased from the grid or district (Scope 2). The source of its emission factors are:

- oil: 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 CO₂ scope 3

Stahl reports its scope 1 and 2 emissions each year. Indirect scope 3 emissions have been quantified in 2017. 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, that was used for the estimation of the emission in 2018. 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.
Cat 4: Upstream transportation and distribution	Available transport data for Waalwijk, including information about weight, destination, type of transport (internal/external, paid for by Stahl or not) and mode of transport, has been extended to include estimations for 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.

For CO₂ eq emissions from scope 1, 2 and 3, there are uncertainties due to the intrinsic uncertainties from emission factors.

Stahl reports Scope 3 emission in a range of 30 million CO₂ eq, since indirect emissions are an estimated calculation as per the GHG gas protocol.

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 resented 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.

3.2.5 Tsebo

Introduction**Tsebo overview and business model**

Founded in 1971 in South Africa as a food services company, the Tsebo group is now the leading workplace management solutions provider in Africa and the Middle East. Tsebo employs almost 40,000 people and operates on over 7,500 customer sites in 27 countries.

Tsebo's values are at the heart of its culture, and reflect the company's priorities;

- integrity: embrace highly ethical, moral and respectful behaviour, without exception;
- enterprising: seek opportunity, be responsive, strive for continuous improvement and nurture an entrepreneurial mindset;
- caring: caring for people, communities and the environment;
- diligent: be rigorous, efficient and dependable.

Tsebo offers to its clients (companies and organizations) a wide range of integrated including maintenance, facilities management, catering, cleaning and hygiene, energy management and security. Tsebo also specializes in remote camp services.

It operates in both the public and private sectors across numerous market segments such as financial services, resources, manufacturing, healthcare and service companies.

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 in all tranquility, 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 small to medium enterprises 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;

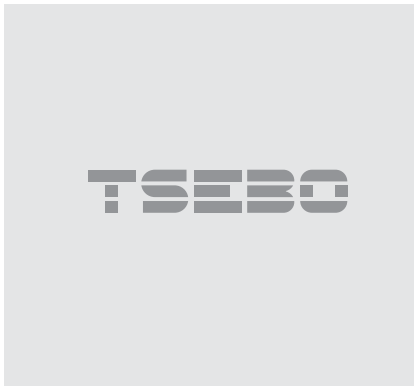
- governance and ethics: Tsebo embraces highly ethical, moral and respectful behaviour, without exception. Tsebo adheres to all applicable in-country legislation where Tsebo has operations. Tsebo has a commitment to time-honoured value of doing the right thing consistently regardless of the circumstance.

With their numerous service offerings, Tsebo is required to comply with an array of industry legislation and regulations, namely; the Occupational, Health and Safety Act, National Environmental Management Act, the Employment Equity Act and the Prevention

and Combatting of Corrupt Activities Act. The nature of the acts requires Tsebo to identify risk factors, assess them and implement the appropriate mitigation policies. The legal, compliance and risk divisions at Tsebo ensures the application and implementation of these processes.

In 2018, Tsebo, as a company with the Wendel group, put in place the provisions from the law on the Duty of Care.

The business model below describes the main activities of Tsebo.



\$618_m

"Provide our customers with integrated business services solutions that help them succeed, while creating development opportunities for our people and our communities."



Diligent
Enterprising
Integrity
Caring



To be the Africa Middle
East Leader in integrated
Workplace Management
Solutions

RESOURCES

INNOVATION-

Waterless cleaning, improved environmental packaging, energy-saving across divisions to minimize electricity usage and GHG emissions and digitization of applicable functions

**GLOBAL
STANDARDS**
Quality
Management,
Ethics, Health
& Safety,
Environment
**ISO 9001,
ISO 14001,
ISO 22000,
OHSAS 18001
HACCP**


SALES

49
OFFICES

7,500
CLIENTS
SITES

 **79%**
SOUTH
AFRICA

 **21%**
REST
OF AF



12%
CLEANING

26%
FACILITIES
MANAGEMENT

31% CATERING

3% OTHER

SECTORS
SERVED



90 million
MEALS SERVED
PER YEAR

DIVISIONS
AND BRANDS

CATERING	CLEANING AND HYGIENE	FACILITIES	PURCHASES, ENERGY, LEASING	REMOTE CAMPS	PROTECTION	OTHER
TSEBO FEDICS TSAFRIKA	TSEBO	TSEBO TSEBO RAPID	TSEBO	ATS TSEBO SERVCO TSEBO SERVCO	THORNBURN	TSEBO FOUNDATION

PURCHASES

1. Food and beverage	55%
2. Hard & soft services	30%
3. Light & heavy equipment	10%
4. Cleaning and hygiene	4%
5. Automotive	1%

Percentage of expenditure allocated to local procurement:

- **99%** in South Africa
- **97%** in the rest of Africa

COMMUNITIES

Tsebo supports people or groups identified as Previously Disadvantaged. These include women, youth and people with disabilities.

FLAGSHIP PROJECTS

TIRHANI
FOUNDATIONSIYAKHULA
INITIATIVE

PHAKISO ENTERPRISE &
DEVELOPMENT PROGRAMME

Non-financial statement: methodology

The non-financial statement (NFS) requires the performance of a risk assessment. Tsebo considered which risks were inherent to their environment both from an operational, financial and compliance perspective. They assessed these risks by evaluating the financial and non-financial impact and the likelihood of occurrence. Tsebo considered previous incidents and associated risks that were faced in the business over the last few years in the determination of the relevance of selection.

In this exercise, internal consultations with the human resources, compliance, legal, health and safety at work, and purchasing departments were conducted. These assessments were done at a Group level for South Africa.

Tsebo was subject to the various South African and regulations before the French non-financial performance disclosure was implemented and had already rolled out policies and procedures in place to mitigate its risks.

The top nine risks were identified as follows:

Risk	non-financial issues
■ Labour claims following unfair labor practices;	■ Labor relations
■ Not adhering to the employment equity requirements and the developmental requirements from the Employment Equity Act;	■ Diversity and Discrimination
■ Lack of adequate training on the correct topics for employees;	■ Training
■ Lack of safe work practices resulting in employees occupational injury and death;	■ Occupational health and safety
■ Injuries and diseases of customers due to food borne diseases, caused by unsafe practices;	■ Health and safety of consumers
■ Nutritional options in healthy food not being addressed;	■ Nutrition
■ Doing business with a supplier that does not adhere to Tsebo's values in terms of health, safety, the environment, anti-corruption and anti-bribery (ABAC) and human rights;	■ Responsible procurement
■ Failure to prevent corruption or bribery;	■ Anti-bribery and Anti-corruption
■ Inadequate food management processes and practices resulting in high levels of food wastage;	■ Food wastage

Due to the nature of its activities (catering, cleaning, facilities and security services), Tsebo considered that the topic "Consequences of the company's activities and the use of products and services produced on climate change" does not represent a material non financial risk and does not need to be developed in this document.

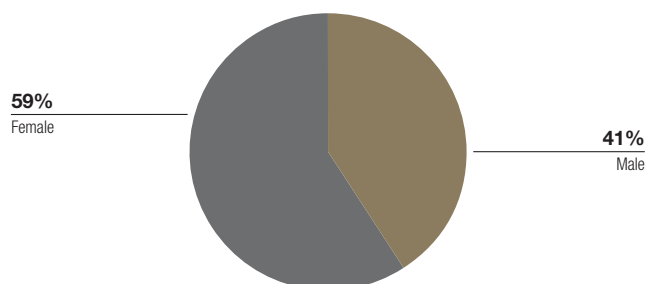
During 2018, Tsebo employed almost 40,000 people across the continent of which 83% were based in South Africa. The workforce has a high percentage of female employees at almost 59%. During 2018, Tsebo employed 14,565 new employees. Tsebo's hiring rate for 2018 was 38%.

Social

Tsebo recognizes that the sustainable growth of the business depends on the quality of its corporate governance, the professional development and engagement of its employees, proactive management of risks and sound partnerships that are built with customers and local communities.

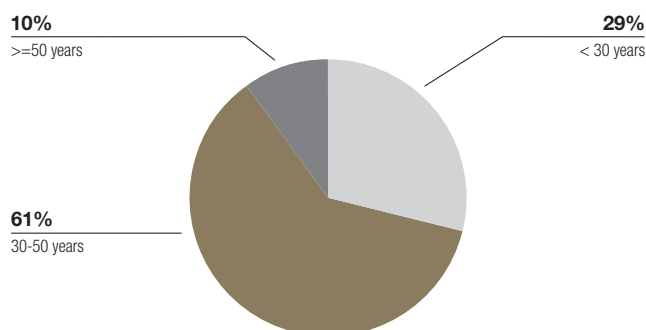
	2018	2017
Total headcount	38,674	32,355
South-Africa	32,827	32,355
Other countries	5,847	Data not consolidated for 2017
% female	59%	61%
Hires	14,565	Data not consolidated for 2017

Headcount by gender



Tsebo actively supports the employment of youth. 29% of the workforce is younger than 30 years of age. Most of Tsebo's workforce, 60%, is between the ages of 30 and 50 years.

Breakdown of personnel by age bracket



Tsebo is subject to local labour legislation and complies with all legislative and regulatory requirements. To this end Tsebo has developed and rolled out mandatory proprietary standards on the management of employees. These in-house standards concern in line with the expected skills, diversity and inclusion, employee performance and reward, training and the optimization of organizational design and workforce.

Labor relations

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. It is the result of many years of efforts, forecasts and planning. Since then, Tsebo has obtained this maximum rating every 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.

Tsebo strives to engage its employees by promoting open dialogue with employees and trade unions. There are several human resource policies such as disciplinary procedures, grievance procedures and guidelines governing contract transfers. Tsebo expects managers to comply with these policies and to ensure a monthly review of compliance.

Claims related to the Labour Relations Act are closely monitored. Tsebo requires its suppliers to follow the principles and procedures regarding labour relations. Supplier Agreement contains clauses that set this out.

Tsebo has a stringent Disciplinary Codes Handbook that governs labour relations within Tsebo. Tsebo applies the requirements of the Bargaining Council for the Contract Cleaning Services Industry.

Diversity and discrimination

Diversity is also essential to the success of Tsebo, which hopes to have a talent and skills pool that can permanently enrich its operating excellence for the benefit of its customers. The challenge consists in attracting and earning the loyalty of the best candidates, and in providing them an environment that allows them to realize their full potential.

Tsebo is aware of the importance of keeping its Level 1 status of Broad-Based Black Economic Empowerment (BBBEE), a South African affirmative action program. This rating contributes to its reputation as a company that respects South African regulations on diversity the same as strict compliance with the Employment Equity Act (EEA), in particular with respect to training. Offering employees a working environment that promotes integration of each person not only increases employees' commitment and productivity, but it also strongly contributes to the quality of the Tsebo employer brand. In South Africa, Tsebo again obtained a BBBEE Level 1 certification in 2018. Different departments are working in close collaboration, in order to ensure that Tsebo keeps the certification since it is a significant differentiation factor in South Africa.

Tsebo has a Group wide Employment Equity Policy and Procedure that is applicable in all geographical locations that Tsebo operates in. The Procurement department completes its Supplier

Agreements with a clause relating to Tsebo's requirement for suppliers to adhere to the EE Act.

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 programs 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.

In 2018, The Tsebo Skills Academy training team had 29 instructors, and provided more than 22,000 training sessions. It also supervises twelve-month learning modules for 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. This system also gives the right to financing of training costs, in the form of a grant awarded by the SETA. For this, Tsebo must provide the SETA with a report entitled "Workplace Skills Plan". Tsebo carried out 6 SETA audits during the year.

The training that was offered covers all aspects of the business spanning all divisional requirements. The vast majority of training was entry level skills *i.e.* cleaning, hygiene, health and safety and customer service. Tsebo also provided Management Development programs both internally and through Tsebo's 3 level Management Development Program, which was conducted externally through leadership programs at the Gordon Institute of Business Science (GIBS), in Johannesburg.

Online training modules are available since 2017. Tsebo now offers over 100 modules on entry level refresher programs. The number of employees utilizing OLT rose from 371 employees last year to roughly 8,000 in 2018 and Tsebo foresees this number growing substantially year on year.

Training expenditure spend during the last year rose from R73.6 million to R82 million and the BBBEE score on Skills Development increased from 15.23 to 16.69 out of 25. This score was calculated by looking at amounts devoted by Tsebo to training spent on black people against a target of 6% of payroll, further points were allocated to the spend on for training people with disabilities. The third indicator was the number of black Tsebo employees has on formal accredited courses for both Tsebo employed and unemployed people. The final indicator was for the number of people previously unemployed that were hired by Tsebo after having completed this formal training. The score increased from 2017 due to the increase in spend and number of people trained.

Health and Safety

Occupational health and safety

Tsebo has a Group Compliance Officer and various other compliance officers around the Group. Within this organization, Tsebo wanted to set up a centralized excellence center for compliance, health and safety covering the legislative issues that apply 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, behavior and procedures.

Tsebo strives to create and keep a safe and healthy work place with adapted training and by providing its employees with the equipment, tools and procedures necessary to carry out their duties.

To enforce Tsebo's strict health and safety standards Tsebo has a team of 47 Safety Health Environment and Quality Officers (SHEQ Officer), and a health and safety representative on each site for the Catering, Cleaning and Facilities Divisions. Tsebo has over 300 safe working procedures and good management practices which are supported by pre-use checklists and quality assurance documents that are required to be completed in order to adhere to the legislative and regulatory requirements in the Catering Division. Tsebo's Cleaning Division has Safe Operating Procedures to guide employees to comply with legislation and regulations. Tsebo has the following International Organization for Standardization (ISO) accreditations at some of the sites, ISO 9001 - Quality Management System; ISO 14001 - Environmental Management System; and OHSAS 18001 - Occupational Health and Safety Management System.

The aim for 2019 is for Tsebo to be certified for the new ISO 45001 Occupational Health and Safety Management System, which replaced OHSAS 18001.

Work-related accidents

Details	TFS		Catering		Cleaning		Security	
	2018	2017	2018	2017	2018	2017	2018	2017
Number of accidents with lost time	15	21	32	19	13	6	12	11
Number of days lost due to an accident	97	38	167	118	47	96	70	340
Lost Time Injury Frequency Rate (LTIFR)	5.184	7.647	1.758	0.911	0.420	0.274	0.801	0.900
Severity rate of accidents (LTISR)	6.467	1.810	5.219	6.211	3.615	16.000	5.833	30.909

In the Security Division, Tsebo has a National Responsible Person (NRP) as required by the South African Firearms Control Act. The National Responsible Person is mandated to manage the firearms of the business, and to ensure the correct firearm safety measures and controls, found in the Firearms Control Policy, are in place. A number of registers needs to be completed by all sites that have firearms, the NRP ensures on a regular basis that these registers are kept properly.

With the deployment of an intranet called TseboNet, the compliance division is now able to raise employee awareness about safety efficiently and comprehensively at a weekly rate. The "Toolbox Talks" weekly newsletter is an ongoing feature to promote health and safety good practices. To promote vehicle safety Tsebo has the vehicles safety cardinal rules and records the number of motor vehicle incidents each month in order to measure the effectiveness of its rules.

Health and safety of consumers

Tsebo subscribes to the principle that every staff member and patron has the right and obligation to challenge and report

behaviours and situations that could impact the health and safety of consumers.

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.

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.

In 2018, 667 Tsebo Catering sites were audited for food, health and safety. Annual Hazard analysis and critical control point (HACCP) checks at each catering site that is HACCP accredited. These are done to mitigate the risk of a consumer falling ill from the consumption of food prepared by Tsebo. The results of food audits are sent to the Group Dietician for evaluation, any concerns are raised immediately with the senior management of Tsebo and are addressed to avoid any potential harm to consumers.

Society

Nutrition

Tsebo is committed to providing food that is safe, wholesome, nutritious and of excellent quality that meets the expectations and nutritional requirements of clients and customers.

Tsebo's nutrition goals are premised on the UN's sustainable development goal 3 of "Good Health and Well-Being" which strives to promote wellbeing for all to ensure healthy lives.

With this in mind, Tsebo's PURE program offers modules created and approved by professional dietitians. Their objective is to inform consumers on the healthy eating concepts and to help them integrate these concepts into their eating habits. Tsebo's objective is to serve balanced meals with less fat, sodium, and nitrates with more fiber and micronutrients. To do this, Tsebo emphasizes the use of healthier ingredients and methods for preparing and cooking food that are based on nutrition.

These principles were also applied in hospitals where all of the menus are analyzed and approved by certified dietitians and featured the logo "Dietitian approved".

In schools, a unique food concept called SmartChoices has been put in place. SmartChoices is a nutritional and educational

program aiming to promote in schools healthier and more balanced meals adapted to the needs of growing children. By introducing the SmartChoices program, Tsebo imposes itself as a leader in this market segment.

Thanks to a very complete canteen nutritional offering, meeting the specific needs of all its different customers, Tsebo has developed a competitive advantage and reduces the risk of losing customers for not having met the growing demand for healthier food, especially in schools and hospitals.

A strong commitment to local communities

Tsebo is a responsible, ethical organization that cares about its stakeholders: staff, customers, clients, communities, shareholders and the environment. Tsebo realizes that investing in the people is one of the most important building blocks for sustainable development.

The below infographic showcases initiatives in favor of the group's communities, which have not only contributed to the company's ESD and SED BBBEE scorecard but have also improved the lives of the people in the areas in which Tsebo and its clients operate.

TSEBO

SKILLS
DEVELOPMENT

YOUTH
EMPLOYMENT

JOB
CREATION

SMME & RURAL ENTERPRISE
DEVELOPMENT

ENTREPRENEURSHIP
SUPPORT



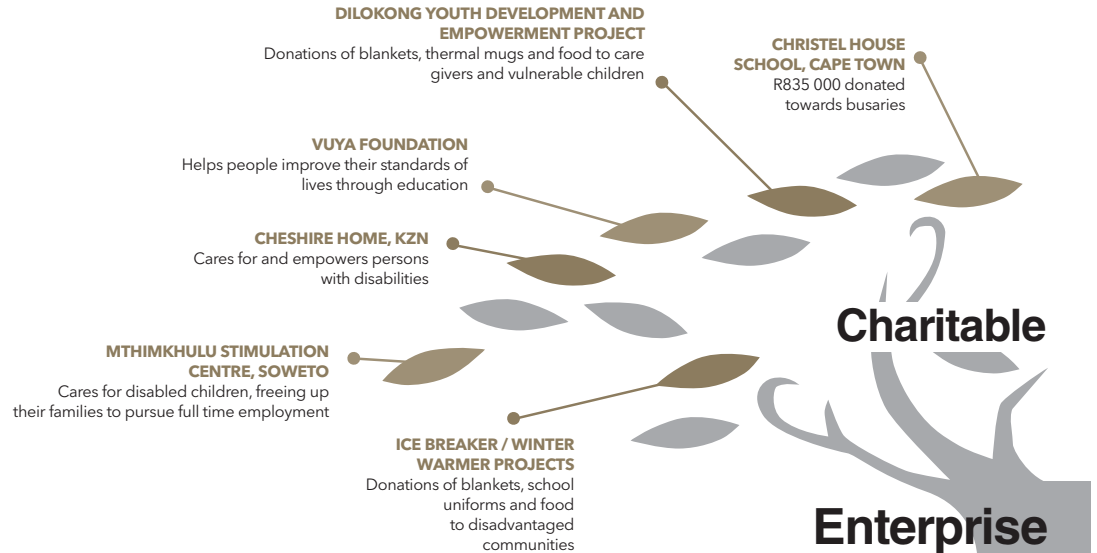
**CEA
Programme**

**Fasenda Mizimo
Farm Project,
Mozambique**



Uplifting and Supporting

While we support worthy causes that aid society's most vulnerable, our philosophy and the true strength of our social outreach programmes is in creating a meaningful difference through investing in people and developing sustainable local skills.



- Provides support for agro-business activities
- Technical and professional development training programmes
- Workshops for local community suppliers linked to our supply chain
- Assists catering and hospitality students through internship programmes

KIBALI, DRC

We used to import over 97% of our inputs. There were only 2 certified suppliers from local communities

2018

Impacted Community & Local Supply = USD 38,288,864
Representing 92% of total procurement for the period

380 certified impacted community suppliers

3,992 people trained

3,481 employees from local communities
75% of project work force

USD 60,000 INVESTED FOR INITIAL SETUP

For **EVERY HECTARE** under irrigation, we create **TWO PERMANENT JOBS**

Training farmers and small growers in simple, effective and proven farming methods.

CB Farm Fresh, who buys the produce, feeds between 10,000 and 15,000 people per day. Whereas before, they were importing 90% of their produce, now the ratio is reversed.

Komesho Culinary Academy,
Namibia

Equips youths with experience and skills in catering and hospitality

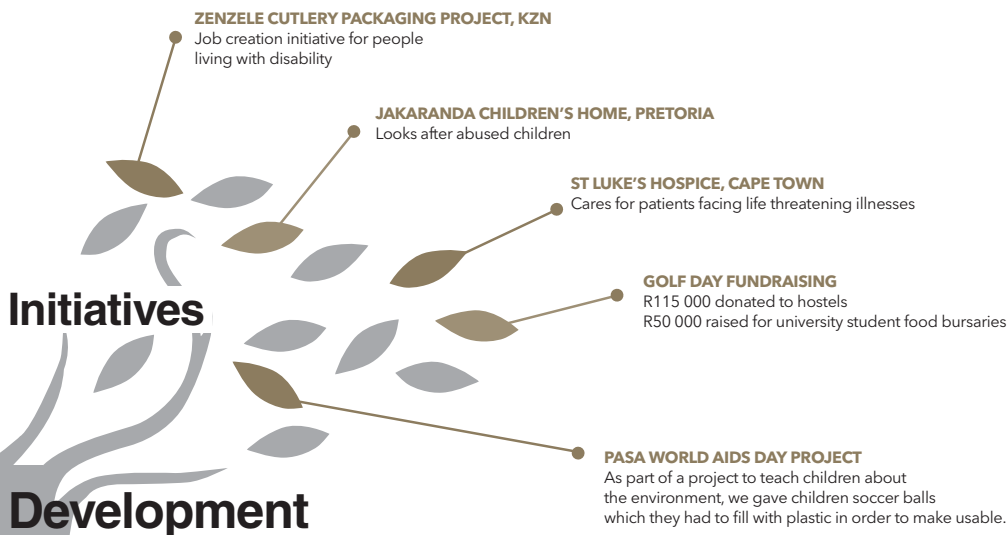
111
previously disadvantaged youths trained

N\$ 3.3 MILLION INVESTED

TRANSFORMING

Local Communities

In every country of operation, we strive to enhance community potential by partnering with local communities through a participative approach that integrates them into our value chain and creates strong, quality local suppliers.



BY 2016

45 certified suppliers

82% of supply procured from local communities = USD 2,838,472

98% of workforce from local communities

200 jobs created

DIALLO AND BUTCHERY, BURKINA FASO

- Operating conditions posed Health, Safety and Environmental (HSE) risks
- Internship programme for kitchen staff on basic food safety and hygiene
- Annual turnover was \$5,600 to \$100,000 in 3 years.
- We build a modern and well-equipped structure.
- Butchery now benefits from the PCSA government initiative

USD 11,330,790
this represents 35% of total procurement

AQUAFARMING

- Training in fish production
- Renovates and restocks ponds
- Ghana: a participant increased production from 40 kg to 150 kg per week (+73%)
- Zambia: we used to import USD 1 million in fish, now established fish farms are replacing imports

- 100 farmers trained
- 10 irrigation farmers who we buy from
- Indirectly supporting 600-800 small farmers.

In 2016

TRAIN 100 IRRIGATION FARMERS

Leather Works Project,
Namibia

Identified women from Tutungeni Township to receive extensive six-month training in leather works.
Now manufacture a wide range of leather goods, training more women and exhibiting at trade fairs countrywide.

N\$ 317,000 INVESTED

Section 21 Non-Profit Transparent Outlet For Co-ordinated Corporate Social Outreach

- Establishing SMME suppliers in rural areas
- Supporting nominated charities
- HIV and Wellness programme
- Partnering with clients in connected CSI programmes

2018 SPEND
=
R6.1 MILLION

SIYAKHULA INITIATIVE

Sustainable enterprise creation and community involvement

PHAKISO ENTERPRISE & DEVELOPMENT PROGRAMME

Provides SMMEs with the skills they need to grow

Advances The Development Of Black Women

Development and transformation by tapping the potential of women to remedy social-ills

Focused on Education, Health, Rural Development & Upliftment, and Entrepreneurship

LIVES AND COMMUNITIES

Procurement

Tsebo centralizes the procurement of all its divisions to manage supply chain continuity and supplier relationships. It uses a digital platform called MyMarket. In 2018, a total of R3.8 billion was spent across categories such as food and beverages, hard and soft services, vehicles and cleaning consumables and equipment.

All trade suppliers contracted by Procurement were furnished with Tsebo's ABAC; health and safety and code of business conduct and ethics policies to meet Tsebo's minimum quality standards required by Tsebo for goods and services supplied. Supplier agreements include termination clauses in the event of non-compliance with Tsebo's values in terms of anti-bribery and corruption; health and safety, the environment and human rights and modern slavery practices. 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.

The supplier monitoring program further requires suppliers to submit formal undertakings annually in the form of supplier compliance warranties (ABAC and HSE).

Third party audits may be commissioned in case of allegations of a breach in specifications. In 2018, through the enforcement of Tsebo's ABAC, HSE, Code of Business Conduct and Ethics and BEE policies, all of which are incorporated in the supplier agreements, the following results were recorded for external suppliers across all spend streams that submitted their formal undertakings:

	2018	2017
Number of principal suppliers	183	206
% of principal suppliers who signed ⁽¹⁾		
■ the anti-corruption undertaking	80 %	66 %
■ the SHE undertaking HSE	81 %	71 %

(1) The main suppliers are suppliers who, taken together, represent 80% of Tsebo's purchasing expense.

In South Africa, procurement is regulated in the Constitution. As such, the Preferential Procurement Policy Framework Act imposes regulations on government and businesses to correct the socio-economic imbalances of the past by awarding work to individuals and small enterprises disadvantaged by historical practices. The regulation stipulates that the procurement process must be equitable, transparent, fair, competitive and cost-effective for the firm. In 2018, a maximum progress score of 107% was achieved for preferential procurement due to the bonus points gained for procuring goods and services from designated suppliers.

For fiscal 2019 Tsebo will progressively build a supplier compliance audit program to verify compliance to ABAC, health, safety, environmental and human rights standards.

Anti-Bribery and Anti-Corruption

Tsebo has a zero-tolerance policy when it comes to fraud and corruption. Tsebo has implemented a Code of Business Ethics and an Anti-Bribery and Corruption (ABAC) policy modeled on the UK Anti-Bribery Act. In 2018, employees were asked to expand their knowledge of the rules of Tsebo's Anti-Bribery and Corruption policy.

To do this, Tsebo launched the first online ABAC training via Moodle, its digital platform. For the employees who do not have access to this due to the nature of their jobs, face-to-face courses

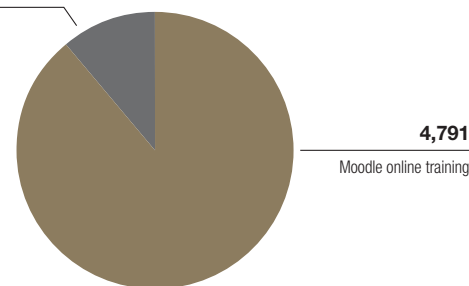
have been organized. The breakdown of training sessions is presented below:

ABAC Training

(in number of employees)

590

Face-to-Face



Tsebo was able to regularly refresh employees understanding of the Anti-Bribery and Anti-Corruption requirements through the training and various other platforms like the "From the Compliance Desk" mailer sent by Group Compliance. Further information was posted on the TseboNet compliance page to increase awareness and through compliance newsletters.

The tip-offs anonymous hotline continues to run efficiently with Tsebo extending the scope to include tip-offs relating to any human rights violations or environmental damage. The tip-offs were received by the risk, compliance and legal divisions to assess

the validity of the information provided and to send notification for a need to further investigate to the relevant division.

Employees who wish to report a breach can choose to either call, SMS or email their tip-off. Employees who do not necessarily wish to remain anonymous may also contact the compliance, audit and/or legal divisions.

Tsebo developed and published a comprehensive set of policies and procedures to ensure that employees remain vigilant and to avoid the risk of employees not being aware of the procedures in place to guide them in situations that lead to soliciting or receiving a bribe and/or engaging in a corrupt activity. These policies include Anti-Bribery and Anti-Corruption, Gifts and Tsebo's Code of Ethics and Good Business Practice, all policies were attested to by employees. To ensure that corrupt activities were reported, tip offs anonymous posters were displayed at all sites and head offices, these posters give employees and customers detailed information on how to report any irregularity. All the reported incidents were tracked by Deloitte, who produced monthly statistics reports.

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.

However, aware of the importance of this issue, Tsebo applies an environmental policy and a number of good practices concerning waste management, the use of chemical products, etc.

Tsebo most material environmental risk relates to organic waste.

Tsebo has recently changed waste removal service providers from Binclean to Don't Waste, in an effort to reduce the quantities of waste to landfill in this year from the current average of 80% to well under 40%.

Tsebo is in the process of moving away from the use of the compactor on sites and will introduce a sorting table and wheelie bins at sites. This will also provide a higher level of sorting on site and reduce the waste to landfill.

Currently efforts are in place to reduce wet waste sent to landfills. This will ensure that all wet waste produced by the canteen will be turned into compost. Tsebo aims to introduce sorting bins inside certain buildings at the lunch areas to promote sorting at the source and reduce contamination of recyclable waste, with the aim to introduce this practise at all canteens.

Food wastage

Tsebo recognises food wastage as a risk to the environment and in order to mitigate this, Tsebo has launched a pilot program. Tsebo has coupled with an NGO at one of the sites to test the feasibility of distributing excess food. The company has also developed a food wastage policy which sets out the procedure to be followed for food distribution at other sites.

In addition, 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.

Vigilance plan

Introduction

In accordance with Article L. 225-102-4 of the French Commercial Code, the vigilance plan aims to set out the reasonable measures of vigilance put in place within the Group in order to prevent violations of human rights and fundamental freedoms, health and safety and the environment. These provisions also apply, directly or indirectly, to the activities of subcontractors or suppliers with which Tsebo has an established commercial relationship based on its business.

Tsebo is constantly developing management practices to ensure that it can provide an exceptional customer experience with solid commercial outcomes in line with the principles covered by Duty of Care. With each new service line, region, client and operator, Tsebo endeavors to manage its risks as proactively as possible.

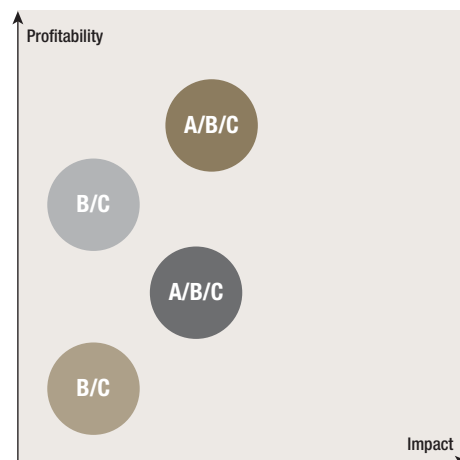
Summary

Tsebo's vigilance plan is based on the five main obligations set out in the law on Duty of Care. Each of the legal obligations is part of the plan below. The plan was developed in collaboration with all of the stockholders involved in the group's activities in order to conduct a relevant analysis of Tsebo's risks in the matter.

The human resources, compliance, legal, health and safety at work, and purchasing functions were involved in the development of the Tsebo plan.

The risks are described in a risk matrix according to the probability and the impact of a breach with respect to the relevant risks for Tsebo.

Risk matrix map



RISK CATEGORIES

- A – Strategic
- B – Operational
- C – Compliance
- D – Financial

THEME TOPICS

- Humans rights & fundamental Freedoms
- Health & Safety
- Environment
- Compliance with Duty of Care

Risk mapping linked to the Duty of Care aiming to identify, analyze, and rank the risks

Over the last 2 years, Tsebo has regularly conducted various risk assessments and awareness campaigns around the themes of Duty of Care.

As part of the work on the Duty of Care, preliminary analysis work was carried out to identify, on the one hand, the significant risks, the existing mitigation measures, the systems of control and training needs and, on the other hand, as needed, the necessity to supplement the existing systems. This work results in the distribution of specific questionnaires and a series of dedicated interviews with the persons responsible for the purchasing, human relations, health, safety and environment functions.

At the conclusion of these analyses, Tsebo deemed that it would be appropriate to put in place an action plan complementary in the case of risks related to data privacy and an action plan for the protection of personal information role out has been scheduled for the fourth quarter of 2018 and will take 18 months to implement group-wide.

The risk mapping was done at group level and the action plan for the risk identified is applied at group level with a universal approach to the application of the mitigating actions. Minor adjustments will be made per country as Tsebo aims to adhere to the most stringent requirements for each risk.

The risks were classed into themes and assessed in relation to the relevance to the stakeholders and the business.

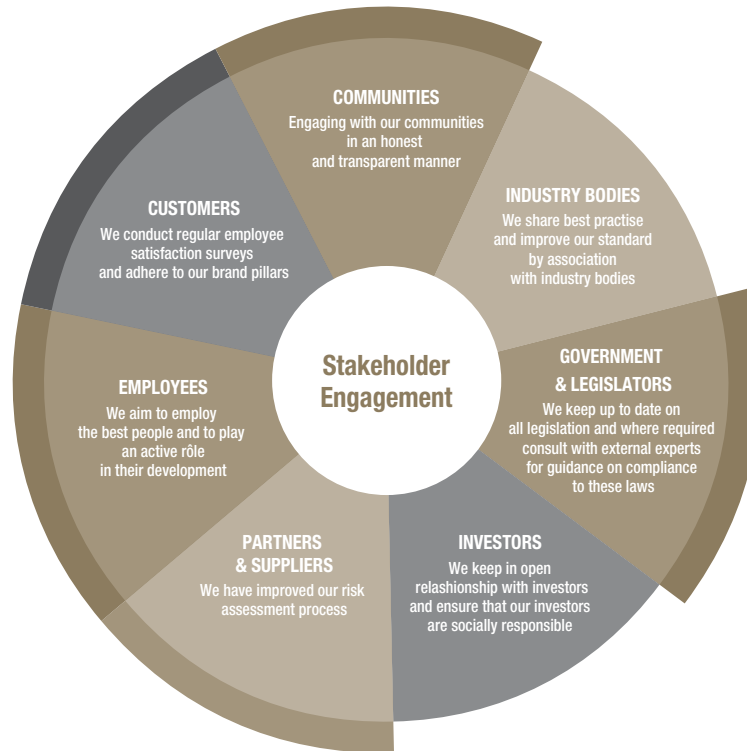
Duty of care : risk matrix



Subsidiaries, subcontractors, suppliers, procedures for assessing
Procedures for regularly assessing the situation of subsidiaries, subcontractors or suppliers based on the risk mapping results.

Tsebo regularly evaluates the persons and organizations with whom it maintains business relationships. These evaluations enable Tsebo to better understand the practices of its suppliers, subcontractors, and subsidiaries and to make sure that the practices of these third parties are compliant with the requirements of the Duty of Care.

Stakeholder engagement



A new supplier risk assessment has been implemented by the procurement division. Based on the assessment, a list of suppliers who meet the criteria will be chosen each year. Due diligence will be performed if a potential risk is identified. Yearly audits will be

conducted on existing suppliers to check that they have put the appropriate measures in place. The procurement division has put forward a plan to hire two resources in order to conduct supplier due diligence.

Subcontractor and Supplier Due Diligence



Appropriate actions to mitigate the risk to prevent serious harm

Mitigating actions included:

- code of conduct;

- dedicated operational procedures;

- dedicated training;

- KPIs.

Tsebo Group HR Standards Framework

Recruitment	<ul style="list-style-type: none"> ■ Fair and transparent recruitment processes compliant with regulations ■ Approval to recruit as per Group HR matrix ■ Recruitment agencies/brokers as per agreed policy and Group HR matrix ■ Competent recruiters per division ■ Psychometrics administered by qualified person ■ All vacancies published internally on the Tsebo career site ■ Senior management recruitment centralized ■ Compliance with screening and vetting matrix ■ Documented contract of employment ■ Compliance with Temporary Employment Policy ■ Adherence to the employer brand (EVP) principles ■ Local legislation compliance 	Diversity and inclusion	<ul style="list-style-type: none"> ■ Diversity and inclusion performance and duty of care risks monitored and plans in place ■ Proactive communication and consultation with employees ■ Trained managers and employees on diversity and inclusion ■ Appropriate investigation in case of harassment and discrimination cases as per procedure ■ Standards of behavior in line with Tsebo Values, Business Ethics Policies and ABAC Policy
Training and development	<ul style="list-style-type: none"> ■ Learning and development plans developed and implemented per division ■ Onboarding includes material and equipment, induction and job-related training ■ Employees are informed of their role, duties, objectives and required standard of performance ■ Employees have access to learning, coaching and feedback ■ The development plan is defined with employees ■ Divisional succession plans ■ Trained supervisors/operational managers on people, customer and unit management skill 	Employee performance and reward	<ul style="list-style-type: none"> ■ Tsebo grading system applied to all management positions (D band and above) ■ Governance of all contracts, terms and conditions as per Group HR Authority matrix and Group Policy ■ Financial and non-financial objectives agreed and issued as per Group Bonus Incentive Scheme ■ Group Bonus Incentive Scheme rules issued

Tsebo Group HR Standards Framework

Employee engagement	<ul style="list-style-type: none"> ■ Tsebo values, Ethic Policies and ABAC Policy communicated to all employees ■ Disciplinary, grievance and redundancy policies and procedures in place ■ Respect freedom of association and collective bargaining ■ Established reward and recognition policy ■ Trained manager on employee engagement and labour relations ■ Trained supervisory/operational managers on essential people skills ■ Biannual employee engagement survey ■ Exit interviews completed for all leavers and feedback analyzed ■ Employment contracts specify retirement age 	Organisational design and workforce optimisation	<ul style="list-style-type: none"> ■ Annual review of organizational design per division ■ Clearly defined time and attendance, scheduling and leave management policies and procedures ■ Time and attendance managed by approved biometric system ■ ESS access enables leave management, access to vacancies and learning ■ Proactive and effective leave management ■ Monthly review of workforce optimization analytics ■ Effective two-way communication with employees and groups ■ Position and employee data accuracy, consistency and privacy
	HR Department	HR measurement	HR Technology

Human rights and fundamental freedoms

The risks of potential impacts on human rights and fundamental freedoms have been identified and the Tsebo Group Human Resource Standards Framework has set out the minimum standards to be followed in order to respect the Group's values and prevent severe impacts on human rights and fundamental freedoms.

Safety, health and environment

Tsebo recognizes the potential risk of an impact on the health, safety and/or the environment of the Group's activities and thus having a direct and significant impact on the health or safety of our employees and customers. Tsebo has developed health, safety and environmental, safe operating procedures (SOP) to address the risks faced by the Group activities. These SOP's address the requirements of the Duty of Care risks. We organise regular training regarding health and safety risks and also have a weekly toolbox talk that sets out the actions to mitigate a highlighted risk. Each week there is a different health, safety and environmental risk that is addressed by the toolbox talks.

Alert procedures

Tsebo aims to extend its alert system to cases of possible breaches of human rights and fundamental freedom, health and safety of people and environmental protection.

Tsebo's alert procedure, called Tip-Offs Anonymous Hotline, has been used for many years now. It is operated by Deloitte to ensure anonymity of the callers, it has been used for several years. A

description of this system is made available to employees through the various channels like posters, newsletters and regular emails from the compliance desk.

The Tip-Offs Anonymous Hotline aims to encourage employees to report any concerns regarding unethical behaviour, with an aim to now also report any human rights violations, health and safety risks and/or environmental damage. The tip-offs are received by the risk, compliance and legal divisions to assess the validity of the information provided and to send notification for a need to further investigate to the relevant division.

Employees who wish to report a breach can choose to either call, sms or email their tip-off. Employees who do not wish to remain anonymous may also contact the Head of Compliance or the Group Risk and Internal Audit Executive.

Monthly reports are sent to the Head of Compliance and the Group Risk and Internal Audit Executive. They include statistics broken down into topics (human resource matters, governance matters, bribery and corruption matters, procurement matters and theft matters).

In accordance with the Sapin 2 law, Tsebo regularly reminds employees that they will not be subject to penalties or discriminatory measures for filing a report. Deloitte also ensures the confidentiality and anonymity of the person making the report. The hotline is open to all of Tsebo's internal and external stakeholders. Tsebo encourages its suppliers and customers to use it in order to report any breach they may be aware of.

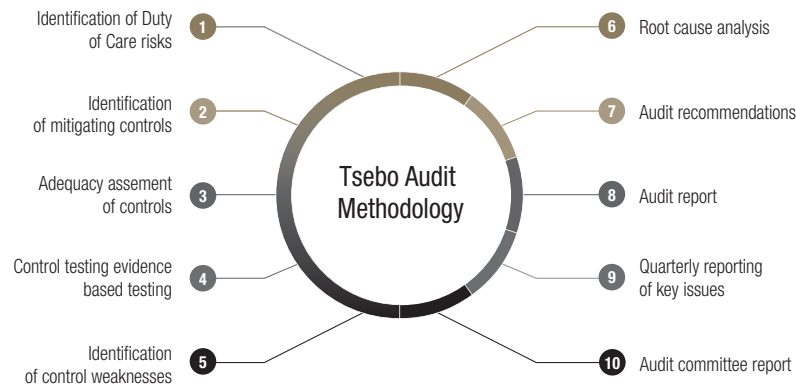
Monitoring the measures implemented evaluating their effectiveness

Tsebo has tasked the compliance monitoring team to conduct regular audits to assess the implementation and effectiveness of the mitigating actions implemented. The compliance monitoring team will independently and objectively provide information, analyses and reports to assist management to ensure that operations are managed ethically, effectively and efficiently in line with the requirements for Sapin II and the Duty of Care law.

Its role is to ensure, independently, that the processes of risk management, governance and internal control of Tsebo are working properly by formulating impartial and objective opinions. It reports to the Audit and Risk Committee, that is a subcommittee of the Board of Directors of the Tsebo group.

Through discussions with senior management the team will:

- identify the key risks;
- evaluate those risks by assigning a risk rating (High, Medium, Low);
- identify the current controls in place;
- evaluate the adequacy of the current controls in place;
- make recommendations to improve these controls, if necessary; and
- Identify the key controls - these are the controls which management expect to be in place to mitigate the high-risk areas of the business.



Reporting methodology

The contents of this report are restricted to the 2018 calendar year and for Tsebo's South African operations unless otherwise stated.

Unless otherwise indicated, HR data was reported for all Tsebo entities. The headcount disclosed in the report is based on the payroll data as at December 31, 2018 for the Tsebo Group.

The hiring rate was calculated by dividing the total hires by the total workforce as a percentage.

The KPIs' used to measure the labor relation risks were not published herein due to their confidential nature.

The training statistics were based on the number of training interventions conducted during the year. Where an employee attended multiple training courses, this was counted as multiple training interventions. Tsebo does not count the number of employees trained, as training interventions, instead of employees trained, are required to be counted for the SETA reporting purposes.

The statistics for all health and safety reporting includes all Tsebo employees in South Africa.

The number of accidents with lost time and the number of days lost due to an accident relates to only 2 divisions in Tsebo for 2017. The 2018 data reflects the figures for all South African Tsebo divisions.

The lost time injury frequency rate is calculated by taking the lost time injury multiplying it by the industry standard of 1,000,000 and dividing it by the number of hours worked. The number of hours worked is a theoretical calculation based on 8 hours per employee, 21,67 days per month, 12 months a year.

The lost time injury severity rate is calculated by taking the total number of lost days divided by the total number of recordable incidents.

The top 80% in the procurement statistics refer to the percentage by spend of the Group.

3.3 Independent third-party report on the statement of non-financial performance shown in the management report

To the shareholders' meeting

In our capacity as independent third-party accredited by the COFRAC under number 3-1050 (scope of accreditation available at www.cofrac.fr) and member of the network of one of the statutory auditors of Wendel (hereinafter "entity"), we hereby present our report on the statement of non-financial performance for the year ended December 31, 2018 (hereinafter the "Statement"), presented in the management report under the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code Commercial).

Responsibility of the entity

The executive board is responsible for preparing a Statement in compliance with applicable legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied concerning the risks as well as the results of these policies, including the key performance indicators. The Statement was prepared in accordance with the procedures of the entity and of the portfolio companies (hereinafter the "Framework") the significant elements of which are presented in the Statement and available on request at the head offices of the entity and of the portfolio companies.

Independence and quality control

Our independence is defined by the provisions in Article L. 822-11-3 of the French Commercial Code (Code de commerce) and our professional Code of Ethics. In addition, we have put in place 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 formulate a reasoned opinion with a moderate assurance conclusion on the following:

- the compliance of the Statement with respect to the provisions in Article R. 225-105 of the French Commercial Code (Code de commerce);
- the fairness of the information provided under point 3 of parts I and II of Article R. 225 105 of the French Commercial Code (Code de commerce), i.e. the results of the policies, including the key performance indicators, and the actions taken, with respect to the main risks, hereinafter the "Information".

It is not our role to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular concerning the vigilance plan and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulations.

Nature and scope of the work

We conducted our work described below in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code (Code de commerce) determining the conditions in which the independent third-party conducts its mission, and in accordance with the international standard ISAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our work allows us to assess the compliance of the Statement with applicable regulations and the fairness of the information:

- we verified that the Statement covers the consolidated scope, namely all the companies included in the consolidation scope in accordance with Article L. 233-16, hereafter "the portfolio companies", with the limitations specified in the methodological notes of the entity and the portfolio companies presented in chapter 3 of the management report.
- the portfolio companies that are subject to this report are Bureau Veritas, Constantia Flexibles, Cromology, Stahl, and Tsebo. As indicated in the paragraph "Statement of non-financial performance: methodological note", presented in paragraph 3.1.1 of the management report, the Statement is presented for each company whose majority stake is held by Wendel and is not consolidated as specified in Article L. 225-102-1 of the French Commercial Code (Code de commerce);
- for the Bureau Veritas group, we verified that the Information published in the Wendel management report corresponds to the information verified by the independent third party mandated by the executive management of Bureau Veritas and we have reviewed the conclusions formulated by this independent third party;
- we have reviewed the activity of all of the companies included in the scope of consolidation, the presentation of the main social and environmental risks linked to this activity, and its effects concerning respect for human rights and the fight against corruption and tax evasion, as well as the related policies and their results;

- we have assessed the appropriateness of the Framework concerning their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, as necessary, industry standards;
 - we have checked to make sure that the Statement covers each category of information specified in part III of Article L. 225-102-1 in social and environmental matters as well as concerning respect for human rights and the fight against corruption and tax evasion;
 - we have checked to make sure that the Statement includes an explanation of the reasons justifying the absence of the information required by the second subparagraph of part III of Article L. 225-102-1;
 - we checked to make sure that the Statement presents the business model and the main risks linked to the activities of all of the entities included in the scope of consolidation including, where relevant and proportionate, the risks created by its business relationships, its products or services as well as the policies, the actions, and the results, including the key performance indicators;
 - we have checked to make sure, when relevant with respect to the main risks or the policies presented, that the Statement presents the information specified in part II of Article R. 225-105;
 - we have assessed the process of selection and validation of the main risks;
 - we inquired on the existence of procedures of internal control and risk management put in place by the entity and the portfolio companies;
 - we assessed the consistency of the results and the key performance indicators used with respect to the main risks and policies presented;
 - we assessed the collection process put in place by the entity and the portfolio companies aiming for completeness and fairness of the information;
 - at the level of the entity and the portfolio companies, we have implemented, for the key performance indicators and the other quantitative results that we have considered the most important in Appendix 1:
 - analytical procedures consisting in checking the proper consolidation of data collected as well as the consistency of their changes,
 - detailed tests based on samples, consisting of checking the proper application of definitions of procedures and in comparing the data with the documentation. This work was carried out on a sample of entities selected on the basis of their activity, their contribution to the indicators of the entity and the portfolio companies, their location, and a risk analysis listed below:
 - for the group Constantia Flexibles: Constantia Fromm (Germany) and Aluprint (Mexico) that cover between 8% and 18% of the data selected for these tests (8% of the headcount, 8% of energy consumption, 18% of VOC emissions),
 - for the Cromology group: Cromology Italia (Italy), Arcol (Morocco) and the Tollens network (France) that cover between 22% and 57% of the data selected for these tests (39% of the headcount, 22% of the quantities of COD discharged in water, 57% of lost days due to occupational accidents),
 - for the Stahl group: Stahl Brasil (Brazil), Stahl Palazzolo (Italy) that cover between 15% and 19% of the data selected for these tests (15% of the workforce, 16% of hazardous waste, 19% of energy consumption),
 - for the Tsebo group, the entire workforce and the activities in South Africa (85% of workforce);
 - at the level of the entity and the portfolio companies, we have consulted the documentary sources and carried out interviews to corroborate the qualitative information (actions and results) that we considered as the most important presented in Appendix 1;
 - we assessed the consistency of the Statement as a whole with respect to our knowledge of all companies included in the scope of consolidation.
- We deem that the work that we carried out and the exercise of our professional judgment allow us to formulate a moderate assurance conclusion; a higher level of assurance would have required more extensive verification work.
- Means and resources**
- Our verification work relied on the skills of 11 people between September 2018 and March 2019 for an estimated duration of approximately 20 weeks.
- We conducted approximately 40 interviews with the people responsible for the preparation of the Statement representing executive management, administration and finance, risk management, compliance, human resources, health and safety, environment, and purchasing.
- Conclusion**
- Based on our work, we have not identified any significant misstatement that would cause us to question that the Statement of non-financial performance is compliant with the applicable regulations and that the Information, taken as a whole, has been fairly presented, in compliance with the Framework.
- Comments**
- Without calling into question the conclusion expressed above and in compliance with the provisions of Article A. 225-3 of the French Commercial Code (Code de commerce), we note the following:
- the six following risks, identified as main risks, are not covered by the policies formalized by the entity or the concerned portfolio companies: -for Wendel S.E.: the roles and responsibilities relating to the financial risks of the portfolio companies during acquisitions and support companies remains to be specified, -for the Cromology group: the human resources risks linked to "employee absenteeism" and "attraction and retention of sales representatives", -for the group Constantia Flexibles: the human

resources risks linked to "lack of qualified workers" and "lack of training and development actions", -for the Tsebo group: the risk linked to "food waste";

- for the Cromology group, concerning the risk linked to the classification of the hazard nature of the raw materials, the actions for substitution of the risky substances presented in the Statement do not present the same level of progress between the formulas developed in Europe and outside Europe;
- for the Tsebo group, concerning occupational health and safety risk, the reporting processes are not homogeneous among the four divisions;

- the statement published by Bureau Veritas received the following comments:

- taking into account the recent definition of new policies concerning Human Rights, the Code of Ethics of the Partners and the Environment, their deployment was not completely terminated on the date of the work,
- the published data relating to personnel movements are not expressed as key performance indicators at the level of the Group (overall or voluntary termination rate).

Paris-La Défense, the 20 March 2019

Independent Verifier
ERNST & YOUNG et Associés

Caroline Delerable
Partner, Sustainable Development

Gilles Cohen
Partner

Information considered as the most important

Quantitative social information (including the key performance indicators)	Involved companies
Registered headcount, or number of employees expressed in full time equivalent	Wendel and portfolio companies
Total number of hirings and/or terminations, or rate of hirings and/or terminations	Wendel and portfolio companies
Absenteeism rate	Wendel, Cromology, Stahl
Proportion of women in the workforce	Wendel and portfolio companies
Proportion of women in the managerial workforce, in the investment teams and on the Supervisory Board	Wendel
Lost Time Injury Frequency Rate, or number of lost time injuries	Wendel, Cromology, Constantia Flexibles, Stahl
Number of accidents involving lost time injuries in the Catering and Cleaning divisions	Tsebo
Severity Rate, or number of lost time days due to lost time injuries	Wendel, Cromology, Stahl
Percentage of industrial sites certified OHSAS 18001	Cromology
Total number of training hours or number of training hours per employee or number of employees trained at least one time or number of employees trained or number of training projects	Wendel and portfolio companies
Average rate of number of sales positions (ATC) not filled in comparison with the budget	Cromology

Qualitative social information (actions or results)	Involved companies
Organization of social dialogue	Portfolio companies
Health and safety at the work place	Portfolio companies
Measures for prevention of risks linked to the safety of industrial processes and the use of points of sale	Cromology
Training policies	Wendel and portfolio companies
Measures taken to ensure attractiveness and employee retention	Constantia Flexibles, Cromology, Stahl
Measures taken to fight against discrimination	Stahl, Tsebo

Quantitative environmental information (including key performance indicators)	Involved companies
Percentage of industrial sites certified ISO 14001	Cromology
Air emissions (VOC, SOx and NOx), or ratio of air emissions per product output (VOC)	Constantia Flexibles, Cromology
Emissions in water (Chemical Oxygen Demand, Solid Particles in Suspension)	Cromology
CO2 emissions, scopes 1 and 2	Constantia Flexibles, Cromology, Stahl
CO2 emissions, scope 3	Stahl
Quantity of hazardous and non-hazardous waste, or ratio of waste produced compared to production volume	Constantia Flexibles, Cromology, Stahl
Waste recovery rate	Constantia Flexibles
Total water consumption, or ratio of water consumption per production volume	Cromology, Stahl
Total energy consumption, or ratio of energy consumption per production volume	Constantia Flexibles, Cromology, Stahl

Qualitative environmental information (actions or results)**Aaa**

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

Measures taken for prevention of risks associated with the transportation of hazardous products

Cromology

Quantitative societal data (including key performance indicators)**Involved companies**

Percentage of main suppliers having signed the anti-corruption and EHS commitments

Tsebo

Number of suppliers to which the questionnaire has been issued and % of the associated purchasing volume

Cromology

Percentage of research and development projects linked to the elimination of substances subject to restrictions and to new raw materials to replace them

Stahl

Number of food safety audits performed by the Catering division

Tsebo

Portion of net sales made with new products (less than three years) with an environmental label Percentage of recycled plastic in the packaging plastic of products sold in France

Cromology

Percentage of regulated raw materials (SVHC or CMR 1 and 2) in the paint formulas

Cromology

Number of training hours, or number of employees trained, or number of training actions in the fight against corruption

Stahl, Tsebo

Quantitative societal data (actions or results)**Involved companies**

Support for portfolio companies in integrating the CSR challenges in their risk management

Wendel

ESG (Environment, Social and Governance) integration criteria in product and service design

Portfolio companies

Measures for prevention of environmental and social risks among suppliers

Cromology, Constantia Flexibles, Tsebo

Measures for prevention of environmental risks among customers

Stahl

Measures for prevention of risks associated with the handling of personal data

Cromology



COMMENTS ON FISCAL YEAR 2018

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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 Tsebo (business services in Africa) as well as those companies sold during the year up until the date of completion of the sale: CSP Technologies (August 28, 2018), Mecatherm (September 27, 2018) and Nippon Oil Pump (November 28, 2018);

- companies accounted for by the equity method (associates) and over which Wendel has significant influence or joint control, specifically: IHS (mobile telecom infrastructure in Africa), Allied Universal (security services), PlaYce (shopping center development in Africa), and Multi-Color (investment held by Constantia Flexibles). In accordance with IFRS, one part of the investment in Allied Universal and of the investment in PlaYce has been reclassified as "Assets and liabilities of operations held for sale" as at December 31, 2018.

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. This applies to CSP Technologies, Mecatherm, Nippon Oil Pump and the "labels" division of Constantia Flexibles sold in 2017.

in millions of euros	2018	2017	2016
Net sales	8,389.2	8,075.8	8,004.3
Business income	676.0	679.3	696.0
Net financial expense	-261.7	-348.5	-477.5
Income taxes	-173.9	-186.1	-203.1
Net income (loss) from equity-method investments	-131.5	41.2	-268.1
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE	108.8	186.0	-252.6
Net income from discontinued operations and operations held for sale	171.6	348.2	111.6
Net income	280.4	534.1	-141.1
Net income – non-controlling interests	235.1	334.1	225.7
Net income, Group share	45.3	200.0	-366.8

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	2018	2017	2016
Bureau Veritas	443.7	437.8	424.7
Stahl	110.3	84.0	95.3
Constantia Flexibles	83.2	82.9	67.1
Cromology	-5.2	7.5	17.5
AlliedBarton	-	-	29.8
Allied Universal (Equity method)	11.9	11.9	-
Saint-Gobain (Equity method)	-	40.7	106.6
Saint-Gobain Dividend	18.4	17.8	-
IHS (Equity method)	5.8	4.1	-44.5
■ Tsebo	7.4	2.2	-
■ Parours	-	-	4.1
■ Mecatherm	2.0	3.4	8.3
■ CSP Technologies	2.5	5.0	8.7
■ NOP	1.4	5.8	2.9
■ exceet (Equity method)	-	0.8	-0.5
■ SGI Africa (Equity method)	-0.9	-0.3	-
Total contribution from group companies	680.5	703.6	720.0
<i>of which Group share</i>	<i>321.1</i>	<i>367.7</i>	<i>402.7</i>
Operating expenses, management fees, and taxes	-68.2	-45.0	-51.7
Amortization, provisions, and stock-option expenses	10.2	-8.8	-8.8
Total operating expenses	-58.0	-53.9	-60.6
Total financial expense	-99.0	-144.8	-142.8
Net income from operations⁽¹⁾	512.1	505.0	516.9
<i>of which Group share⁽¹⁾</i>	<i>152.7</i>	<i>169.0</i>	<i>199.4</i>
Non-recurring income	-56.4	142.7	-537.9
Impact of goodwill allocation	-175.3	-113.6	-120.1
Total net income	280.4	534.1	-141.1
Net income - non-controlling interests	235.1	334.1	225.7
NET INCOME, GROUP SHARE	45.3	200.0	-366.8

(1) Net income before goodwill allocation entries and non-recurring items.

4.1.3 Fiscal 2018 business overview

Wendel Group's consolidated sales totaled €8,389.2 million, up 3.9% overall and up 3.0% organically.

The overall contribution of Group companies to net income from operations amounted to €680.5 million, down 3.3% from 2017. This slight decline largely resulted from deconsolidating Saint-Gobain following the June 2017 sale of shares, from the sale of Constantia Flexibles' Labels division, as well as from the sale of NOP, Mecatherm and CSP Technologies in 2018, results of which have not been fully offset by the improvement in earnings of the main Group companies.

Financial expenses, operating expenses and taxes totaled €157 million, down 20.9% from the €198.6 million reported in 2017. This decrease was concentrated in the financial expense line item, down 31.6% and resulted mostly from gross debt reduction. Between 2017 and 2018, borrowing costs declined by 32.9%, i.e. from €94.9 million to €63.6 million. U.S. dollar decline had a €44.5 million negative impact on the Group's cash and financial investments in 2017, versus a negative impact of €10 million in 2018. Total operating expenses increased by €15.6 million in 2018 mainly due to €12 million of dividend tax repayments in 2017.

Non-recurring net result was a loss of €56.4 million in 2018 vs. a gain of €142.7 million in 2017. In 2017, non-recurring items in Wendel's consolidated statements mainly derived from a €318.9 million gain on the sale of Constantia Flexibles' Labels division and from the €84.1 million accounting gain following the deconsolidation of Saint-Gobain, partly offset by a currency loss on IHS's financial debt (€-68.3 million) as well as asset impairments and other non-recurring items (€-192.0 million).

In comparison, the non-recurring loss recognized in 2018 resulted from the following items:

- a €207.8 million cumulated gain on disposals of CSP Technologies, Mecatherm and NOP and change in fair value of the call options on Saint-Gobain shares embedded in the exchangeable bond maturing in 2019;
- a €34.5 million negative FX impact on IHS and Stahl's financial debt;
- a cumulated asset impairment at portfolio companies' level of €-92.3 million;
- €-137.4 million other non-recurring items mainly at portfolio companies' level.

Wendel's net income, was thus €280.4 million in 2018, compared with €534.1 million in 2017. Net income, Group share was €45.3 million, vs. €200.0 million in 2017.

Group companies Results

Bureau Veritas

(full consolidation)

Bureau Veritas' revenue in 2018 amounted to €4,795.5 million, a 2.3% increase compared with 2017 and +7.0% at constant rate.

- Organic revenue growth amounted to 4.0% in 2018, accelerating in H2 with 4.4% in the last quarter. This is explained by:
 - Steady growth generated by the five Growth Initiatives (36% of Bureau Veritas revenue), up 6.3% organically. High single-digit growth was achieved in Opex services, Buildings & Infrastructure and SmartWorld and mid-single digit for Agri-Food and Automotive;
 - Improvement over the year in the Base Business (64% of Bureau Veritas revenue), up 2.9% organically with an organic growth of 4.1% in the last quarter. Marine & Offshore (7% of Bureau Veritas revenue) turned to positive organic growth in H2 2018 (up 4.0% versus a 5.4% decrease in H1), following eight negative quarters, a reflection of improving market conditions particularly in China. In addition, Oil & Gas Capex related activities (less than 4% of Bureau Veritas revenue) bottomed out (down 6.6% for FY with a 3.6% organic growth in H2 2018) benefiting from favorable comparables and the ramp-up of contracts in North America and Africa in particular. Bureau Veritas' other activities performed well, notably with Metals & Minerals reporting a full recovery and Certification benefiting from the exceptional workload generated by the revision of standards in 2017/2018.

M&A: six acquisitions in 2018, focused on the Group's Strategic Growth Initiatives

In 2018, Bureau Veritas completed six acquisitions in different countries to strengthen its footprint, representing around €85 million in annualized revenue (or 1.8% of 2018 Bureau Veritas revenue). These acquisitions supported three of the five Growth Initiatives.

The largest acquisition, EMG, a company specializing in technical assessment and project management assistance services, significantly strengthened Bureau Veritas's position in Buildings & Infrastructure in the USA. Since the beginning of 2019, Bureau Veritas has recorded two additional transactions furthering its Agri-Food and Buildings & Infrastructure Growth Initiatives.

Adjusted operating profit up 1.7% to €758 million (+8.4% at constant currency)

Bureau Veritas full year 2018 adjusted operating margin was up 20 basis points organically and at constant exchange rates, to 16.1%. On a reported basis, the adjusted operating margin declined by c. 10 basis points to 15.8% compared to 15.9% in 2017.

Adjusted EPS of €0.96, up 0.4% year-on-year (+15.3% at constant currency)

Net financial expense amounted to €93.2 million compared with €103.7 million in 2017, mostly reflecting reduced foreign exchange losses (€5.7 million vs. €12.1 million in 2017) due to the appreciation of the euro against the U.S. dollar and pegged currencies, but also against currencies of emerging countries.

Strong improvement in free cash flow

Free cash flow (available cash flow after tax, interest expenses and capex) amounted to €478.4 million compared to €349.6 million in 2017, up 36.8% year-on-year and up 45.8% on a constant currency basis. On an organic basis, free cash flow increased by 42.2% in 2018.

Dividend

Bureau Veritas is proposing a dividend of €0.56 per share for 2018, unchanged compared to 2017. Bureau Veritas will offer its shareholders the option to receive the dividend in cash or in shares. In the latter case, a 10% discount will be applied. The issue price of new shares will include the 10% discount on the average opening price of Bureau Veritas shares during the 20 trading days preceding the Combined Shareholders' Meeting. This is subject to the approval of the Combined Shareholders' Meeting to be held on May 14, 2019. In this context, Wendel has informed Bureau Veritas of its intention to opt for a payment of its dividend in shares.

2019 Outlook

For the full year 2019, Bureau Veritas expects:

- Solid organic revenue growth;
- Continued adjusted operating margin improvement at constant currency;
- Sustained strong cash flow generation.

For more information: <https://group.bureauveritas.com>.

Constantia Flexibles

(full consolidation - Following the sale of the Labels division and in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", 2017 results of this division are included in "Net income from discontinued operations and operations held for sale" in Constantia Flexibles's consolidated financial statements).

Constantia Flexibles' sales stood at €1.5 billion in 2018, up 3.4%⁽¹⁾. Organic growth was +1.7%. Fluctuations in exchange rates had a negative impact of 1.6%, mainly deriving from the weakening of the U.S. dollar, Russian ruble, Turkish lira, South African rand and Indian rupee. +4.4% resulted from changes in scope (mainly from the acquisition of Creative Polypack) and the application of IFRS 15 had a 1.1% negative impact.

Consumer division sales increased by 5.8% to €1.2 billion in 2018, mainly due to the consolidation of Creative Polypack. Pharma division sales rose by 1.5% to €351 million.

Both divisions had similar levels of organic growth (2.1% in the Pharma division and 2.0% in the Consumer division). The main driver of organic growth in the full year was a strong performance in Pharma markets, notably blister lidding, cold form and contact lenses offset by somewhat challenging market conditions in certain Consumer markets. Growth however was strong in the Consumer division in both emerging markets and the USA.

Constantia Flexibles' 2018 EBITDA was €186.5 million, representing a 60 bps year-on-year decrease in margin to 12.1%. Constantia Flexibles' profitability suffered mainly during H2 from a time lag to pass through rising prices of key raw materials to as well as temporarily challenging business environments in certain Consumer markets. Raw material prices were also volatile during the year and for example average Aluminum prices were 2% higher in 2018 than in 2017, average BOPP film prices were 7% higher and Ethyl Acetate, a solvent, was 18% higher on average. Lower headquarters costs in 2018 could not fully offset the above-mentioned challenges.

As of December 31, 2018, Constantia Flexibles' net debt (excluding capitalized transaction costs) was €452.7million, i.e., 2.4x EBITDA.

On February 25, 2019, Multi-Color Corporation (NASDAQ: LABL) announced that it has entered into a definitive merger agreement to be acquired by an affiliate of Platinum Equity LLC ("Platinum Equity"), a leading private equity firm. Under the terms of the agreement, which has been unanimously approved by Multi-Color Corporation's Board of Directors, Multi-Color Corporation shareholders will receive \$50 in cash for each share of common stock they own. Constantia Flexibles Holding GmbH which owns approximately 16.6% of Multi-Color Corporation's outstanding shares, will receive approximately USD 170 million for its shares, pending completion of the deal.

At completion, this transaction will give additional financial headroom to Constantia Flexibles and will further reduce its leverage to approximately 1.6x EBITDA.

(1) Restated for the impact of IFRS 15 "Revenue from Contracts with Customers", the sales variation is +4.6%.

Cromology

(full consolidation - in accordance with IFRS 5, the 2017 contribution from Colorín's activities is included in "Net income from discontinued operations and operations held for sale")

Over the year Cromology posted sales of €665.1 million, down 5.6⁽¹⁾% compared to 2017. Cromology's business was down 3.4% organically year-on-year, primarily the result of low performance in France (-3.9%) and Italy (-5.6%). The application of IFRS 15 had a negative 0.9% impact. Changes in scope (primarily explained by the disposal of integrated stores in Italy in 2018) had a negative impact of 1.1%, while changes in exchange rates had a negative 0.2% impact on sales.

Cromology's activities suffered from weak markets mainly in France and Italy, which represent 67% and 13% respectively of Cromology's sales.

Top line performance in France was affected in particular by volume decline following the implementation of a new pricing scheme. Titanium dioxide's price, the key component in the paint formula, has increased sharply since Q2 2016, and continued to increase until the end of H1 2018, thus penalizing significantly Cromology's gross margin. Prices started to decline over the summer. To compensate the rise in raw material prices, Cromology increased its paint products selling prices by 2.9% in 2018.

In this context of weak top line performance and high level of raw material prices, Cromology contained its SG&A costs. However, due to reduced leverage effect on its cost base, EBITDA fell by 40.8% to €29.0 million, or a margin of 4.4%. On February 6, 2018, Cromology finalized the sale of Colorín, its Argentinian subsidiary, which represented around 4% of sales and on March 29, 2018 the disposal of Colori di Tollens, Cromology's integrated stores in Italy, which represented around 2% of sales.

The company's net debt was €250.5 million as of December 31, 2018.

Since Wendel's €25 million cash injection on March 14, 2018, aimed at increasing Cromology's financial flexibility, the situation has deteriorated further. In this context, Cromology has initiated discussions in Q3 2018, with its pool of lenders in order to restructure its balance sheet and support the operational and financial turnaround of the company, under the new leadership of Pierre Pouletty, who took office on June 12, 2018, as Executive Chairman, and Loïc Derrien, who joined as CEO on August 27, 2018.

Stahl

(full consolidation)

Stahl's sales totaled €866.9 million in 2018, up 18.2% from 2017. This increase in sales resulted from a combination of organic growth (+2.4%) and a strong scope effect (+19.4%) deriving from the consolidation of BASF's Leather Chemicals business over the full year. Fluctuations in exchange rates had a 3.6% negative impact on sales.

Organic sales growth was mainly driven by ongoing double-digit growth within Performance Coatings, partially offset by somewhat weaker performance in Leather Chemicals. Although organic track record was solid over the first half, Stahl was confronted with more challenging market circumstances during the third and fourth quarters, particularly within the shoe segment in China and India. In addition, sales within the automotive segment are impacted by lower car sales in China and temporary production stops by some automotive OEMs in Europe in part due to insufficient capacity regarding new testing procedures ("WLTP").

Despite negative FX impact, rapidly increasing raw materials costs followed by sales prices increases, and more challenging market conditions in the second half, Stahl's EBITDA rose 14.9% in 2018 compared with 2017, to €196.8 million, representing a 22.7% margin. EBITDA growth was driven by further successful consolidation of the BASF's Leather Chemicals business, organic sales growth and solid cost control. Synergy roll out in relation to the BASF Leather Chemicals acquisition is well on track with estimated annual synergies and cost savings currently at a run-rate level of €25 million.

As of December 31, 2018, net debt was €415.7 million, down 23% year-on-year due to Stahl's strong cash generation profile. As a result, Stahl's leverage ratio strongly improved from 2.8x proforma EBITDA end of 2017 to 2.1x end of 2018.

(1) Restated of the impact of IFRS 15 "Revenue from Contracts with Customers", the sales variation is -4.7%.

IHS

(equity method)

IHS sales for 2018 totaled \$1,168 million, up 5.5% versus the prior year. Organic growth was +20%, driven by the increase of the total number of owned and managed with license to lease towers – which reached 23,863⁽¹⁾ as of December 31, 2018 (+4.4% vs 2017) – by new tenants, new lease amendments (“technology tenants”) and price escalation mechanisms. 2017 Nigerian revenue was translated at the CBN rate (305 NGN for 1 USD) whereas 2018 Nigerian revenue, which represents c.70% of total sales, is translated at the NAFEX rate (c. 363 NGN for 1 USD) thereby negatively impacting reported total USD revenue.

The Point-of-Presence lease-up rate increased to 1.52x while the technology tenancy ratio increased to 2.29x.

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 +4.1% to \$248.3 million (vs. \$238.6 million in 2017⁽²⁾), representing a margin of 21.3% in 2018.

In mid-November, the takeover of 9mobile, a customer of IHS in Nigeria, by Teleology has reportedly been approved by the NCC, with a new Board of Directors appointed.

With regards to external growth, the acquisition of c. 1,600 towers from Zain in Kuwait is still pending regulatory authorizations that should come in the coming months. In addition, IHS has entered into exclusive negotiations with Zain for the acquisition of an additional 8,100 towers in Saudi Arabia.

Since November 14, 2018, all IHS’ banks in Nigeria have released all previously restricted cash in connection with Post No Debit Orders received from the EFCC. As a reminder, to IHS’ knowledge, no formal allegation or investigation against IHS has been notified to them as part of the EFCC enquiries.

As of December 31, 2018, IHS’ net debt was \$1,264.3 million.

Allied Universal

(equity method)

In 2018, Allied Universal generated revenues of \$5.8 billion, representing a 9.9% increase over the prior year. This growth includes the benefit of completed acquisitions (U.S. Security Associates (“USSA”) is consolidated over two months) and 3.3% organic growth, driven by hourly bill rate increases, net addition of new customers, and growth with existing customers.

Since the beginning of the year, Allied Universal has continued to consolidate its industry, acquiring:

- Covenant Security, a Philadelphia-based security firm, on February 2, 2018. With 1,900 employees and a presence throughout the U.S., Covenant generated approximately \$80 million annual revenue;
- U.S. Security Associates on October 26, 2018, for approximately \$1.0 billion. Based in Roswell, Georgia, USSA is one of the leading providers of security and related services in the U.S., employing more than 50,000 security professionals serving several thousand clients across a wide range of industries. USSA generated pro forma revenues and adjusted EBITDA of c.\$1.5 billion and \$95 million, respectively. Allied Universal funded the transaction with a combination of additional indebtedness and \$200 million of equity from existing shareholders, including c.\$78 million from Wendel, increasing its total investment to c. \$378 million. Wendel and Warburg Pincus each maintain approximately one-third economic ownership. As part of the transaction, existing shareholders also committed an additional unfunded equity liquidity line. Wendel’s share of the commitment is up to \$40 million.

Pro forma for the acquisition, Allied Universal annual revenues amount to approximately \$7 billion and employs over 200,000 security professionals. With USSA, Allied Universal enters into the consulting and investigations business as well as event staffing, enhancing its unparalleled and comprehensive security offerings to its customer base throughout its service areas.

Adjusted EBITDA for 2018 increased by 11.8% year-over-year to \$422.7 million, or 7.3% of revenue. The improvement was driven by organic growth, acquisitions completed in 2017 and 2018, the realization of synergies from the merger and subsequent acquisitions, and the realization of productivity improvement initiatives, partially offset by the impact of labor costs in the historically tight U.S. employment environment.

As of December 31, 2018, Allied Universal’s net debt totaled \$3,932 million, or 6.2x EBITDA as defined in the company’s credit agreement.

(1) Tower count excluding managed services and WIP as of December 31, 2018.

(2) “As per Wendel’s definition, EBIT excluding non recurring items. Depreciation for the 2017 financial year has been restated to take effect of the late recording of assets in depreciable asset categories resulting in an increase in previously reported depreciation of \$25.7 million.

Tsebo

(full consolidation since February 1, 2017)

Tsebo's 2018 sales reached \$617.8 million, up 9.7% year-on-year. Tsebo benefitted from strong organic growth (+7.5%) driven by its Cleaning and Facilities Management businesses, and stable exchange rate fluctuations (+0.4%). Growth was also supported by a positive scope change (+1.8%) resulting from the acquisitions of Rapid FM in Nigeria and of Servcor in Zimbabwe. Tsebo's results were delivered in the context of challenging market conditions in South Africa, where real GDP growth slowed to 0.8% in 2018 and business sentiment remains subdued.

Tsebo's EBITDA was \$39.0 million in 2018, an increase of 5.4% compared to 2017. EBITDA margin decreased to 6.3% compared to 6.6% in the previous year as a result of substantial investments made to support the company's long-term strategic plan, as well as macroeconomic headwinds.

In October, Tsebo's level 1 BEE rating was confirmed and renewed for 1 year. It is the highest achievable rating on the South African DTI's generic BEE scorecard and offers Tsebo a distinct competitive advantage in the country.

As of December 31, 2018, Tsebo's net debt stood at \$118.6 million.

Highlights of 2018

Portfolio simplification

Disposal of CSP Technologies

On August 27, 2018, Wendel announced it completed the sale of CSP Technologies to AptarGroup, Inc. For Wendel, the transaction generated net proceeds of \$342 million or \$140 million above CSP's valuation in Wendel's net asset value as of May 2, 2018.

Sale of Wendel's stake in Saham group

Wendel announced on October 11, 2018, it completed the sale of its stake in Saham Group. For Wendel, the transaction generated net proceeds of \$155 million. Wendel also gets also 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.

Sale of Mecatherm

On July 31, 2018, Wendel announced that it has received a firm offer for 100% of Mecatherm's share capital for an enterprise value of €120 million, or about 10x expected EBITDA for year-end 2018.

The deal was completed on September 27, 2018, and Wendel received net proceeds of c.€85 million, or about €40 million above Mecatherm's valuation in Wendel's net asset value on May 2, 2018.

Sale of NOP

On November 28, 2018, the sale of NOP was completed. Wendel received net proceeds of approximately €85 million, or c. €13 million above NOP's valuation in Wendel's net asset value as of August 24, 2018, and c. 3.5 times the initial equity invested, representing an IRR of c.29% since Wendel's investment in December 2013.

Sale of a 4.73% stake in Bureau Veritas

Wendel completed the sale of 20,920,503 shares in Bureau Veritas, amounting to 4.73% of the share capital for total proceeds of around €400 million on October 30, 2018. The sale resulted in an important increase in Bureau Veritas' free float and improved the liquidity of its shares whilst allowing Wendel to remain Bureau Veritas' majority shareholder. The transaction resulted in a capital gain of approximately 300 million euros which had no impact on Wendel's income statement in accordance with accounting standards applied to majority investments. Wendel retains control of bureau Veritas, a core holding in its portfolio and will support the company's growth.

Portfolio support: €141 million additional investments in group Companies

Cromology

On March 14, 2018, Wendel supported Cromology through a €25 million cash injection, increasing Cromology's financial flexibility to pursue its plans for operational improvement.

Wendel supports Allied Universal's acquisition of USSA

Allied Universal announced on July 16, 2018 it has agreed to acquire U.S. Security Associates ("USSA") for approximately \$1.0 billion. Allied Universal funded the transaction with a combination of additional indebtedness and up to \$200 million of equity from existing shareholders, including approximately \$78 million from Wendel, increasing its total investment to \$378 million.

Strengthening of Wendel's position in Stahl

At the end of 2018, Wendel reached an agreement to acquire 4.8% of Stahl's capital from Clariant for a total cash amount of €50 million. Following this deal, Wendel increased its ownership in Stahl to c. 67%⁽¹⁾. Clariant now owns c. 14.5%⁽¹⁾ of the capital of Stahl and therefore drops out of its Board seat and its specific veto rights. The remainder of Stahl's capital remains held by BASF (c.16%), the company's management and other minority investors. This Wendel has been a long-term shareholder of Stahl since June 2006 and has had sole control of the company since 2009.

(1) % of economic ownership.

Improved debt profile

Moody's assigned Baa2 rating to Wendel with a stable outlook

On September 5, 2018, Moody's assigned Baa2 long term issuer rating to Wendel. As stated in Moody's credit opinion, this rating reflects the company's consistent and prudent investment strategy as well as its conservative financial policy as exemplified by a very low point-in-time market value leverage and a commitment to maintain a low market value leverage through market cycles.

S&P Global upgraded Wendel's credit rating to BBB / A-2; outlook stable

In its research update published on January 25, 2019, S&P Global upgraded Wendel's credit rating to BBB / A-2; stable outlook. S&P

Global stated "The upgrade reflects our view of Wendel's active portfolio management in the second half of 2018, resulting in successful maintenance of a loan-to-value ratio below 10% despite difficult market conditions".

Wendel now has two equivalent credit ratings with the two rating agencies.

Successful extension of credit lines

In mid-October 2018, Wendel successfully extended its €750 million undrawn credit facility. Its new maturity is now October 17, 2023.

4.1.4 Consolidated balance sheet

The following table shows the principal changes that took place in the consolidated balance sheet in 2018. 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)	12/31/2018	12/31/2017	12/31/2016
Goodwill, net	3,340	3,575	3,669
Intangible assets and property, plant & equipment	3,234	3,588	3,875
Equity-method investments	552	534	2,413
Net working capital requirements	719	764	823
Assets held for sale ⁽¹⁾	118	3	2
TOTAL	7,962	8,465	10,782

(1) In 2018, essentially the share of the Allied Universal group sold in 2019

Liabilities (in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Shareholders' equity - Group share	2,160	2,164	2,258
Non-controlling interests	1,146	1,093	1,039
Provisions	508	525	531
Net financial debt	3,917	4,841	6,035
Net financial assets and liabilities	-71	-558	442
Net deferred tax liabilities	302	400	477
TOTAL	7,962	8,465	10,782

4.1.5 Breakdown of principal variations in the consolidated balance sheet

Goodwill as at December 31, 2017	3,575
Sale of Mecatherm, CSP Technologies and NOP	-235
Currency fluctuations and other	-0
GOODWILL AS AT DECEMBER 31, 2018	3,340
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS AT DECEMBER 31, 2017	3,588
Investments	299
Divestments	-13
Sale of Mecatherm, CSP Technologies and NOP	-273
Depreciation and provisions recognized during the year	-436
Currency fluctuations and other	69
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS AT DECEMBER 31, 2018	3,234
EQUITY-METHOD INVESTMENTS AS AT DECEMBER 31, 2017	534
Investment in Allied Universal	63
Multi Color included in scope	142
Net income for the year	-91
Allied Universal Reclassification	-92
Other	-4
EQUITY-METHOD INVESTMENTS AS AT DECEMBER 31, 2018	552
CONSOLIDATED SHAREHOLDERS' EQUITY - GROUP SHARE- AS AT DECEMBER 31, 2017	2,164
Net income for the year	45
Items of comprehensive income	-289
Dividend paid by Wendel	-121
Net share buybacks	-61
Currency translation reserves	-17
Changes in scope	-3
Extinguishment of the minority put granted to Clariant	128
Sale of Bureau Veritas	302
Investment in Stahl	-45
Other	57
CONSOLIDATED SHAREHOLDERS' EQUITY - GROUP SHARE- AS AT DECEMBER 31, 2018	2,160

	Operating subsidiaries	Subsidiaries	Group Total
Net financial debt as at December 31, 2017	1,220	3,620	4,840
Main cash flows of Wendel and its holding companies:			
"Recurring" operating expenses, management fees, and tax ⁽¹⁾	68		
"Recurring" financing costs (excluding accounting effects) of Wendel and its holding companies ⁽¹⁾	94		
Dividends paid	121		
Dividends received ⁽²⁾	-99		
Disposal of CSP	-303		
Disposal of Bureau Veritas shares	-400		
Disposal of Globex Africa	-125		
Investment in Stahl	50		
Disposal of NOP	-89		
Disposal of Mecatherm	-86		
Main cash flows of subsidiaries			
Net cash flow from operating activities		-1,265	
Net finance costs		164	
Net cash flows related to taxes		235	
Acquisition of shares by Bureau Veritas		113	
Acquisition of shares by Constantia Flexibles		37	
Acquisition of property, plant & equipment and intangible assets		299	
Dividends paid ⁽²⁾		268	
Other cash flows			
Net purchases of treasury shares	61	37	
Impact of changes in the scope of consolidation		-9	
Other	22	-116	
NET FINANCIAL DEBT AS AT DECEMBER 31, 2018	534	3,383	3,917

(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) Of which Bureau Veritas € 99M

Net financial assets and liabilities as at December 31, 2017	558
Sale of Saham	-122
Initial consolidation of Multi Color by Constantia Flexibles	-211
Change in fair value of Saint-Gobain shares	-238
Minority puts and liabilities related to liquidity guarantees	176
Other	-92
NET FINANCIAL ASSETS AND LIABILITIES AS AT DECEMBER 31, 2018	71

4.2 Analysis of the parent-company financial statements

4.2.1 Income Statement

In millions of euros	2018	2017	2016
Income from investments in subsidiaries and associates	500	260	400
Other financial income and expense	-88	-134	-123
NET FINANCIAL INCOME (EXPENSE)	412	126	277
Operating income	-28	-35	-27
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX	384	92	249
Exceptional items	-47	13	-123
Income taxes	3	12	9
NET INCOME	340	117	136

Income before exceptional items and tax was €384 million in 2018 compared with €92 million in 2017. Its evolution mainly corresponds to the interim dividends received from subsidiaries, which increased compared to 2017 (from Trief Corporation⁽¹⁾ an amount of 400 million euros in 2018 and no dividend paid in 2017; from Oranje-Nassau Groep1 an amount of 100 million euros in 2018 compared to 260 million euros in 2017).

The decrease in 2018 financial expenses compared to 2017 is mainly due to the impact of the foreign exchange loss, an amount of €10 million in 2018 compared to €44.5 million in 2017.

Exceptional income in 2018 mainly includes changes in provisions. This mainly concerns an impairment on receivables granted to the subsidiary that holds the Group's stake in Saint-Gobain for €47.0 million.

Exceptional income primarily comprised the gain on divestment of Bureau Veritas shares, which amounted to €12.4 million.

The 2018 net income after tax corresponds mainly to the income from the tax consolidation of the Group's subsidiaries for €2.5 million. The 2017 net of tax income corresponds essentially to the income receivable on the refund of the 3% dividend tax from 2014 to 2017, for a total amount of €12.6 million.

(1) Wholly-owned subsidiaries.

4.2.2 Balance sheet

Financial debt presented net

Assets (in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Property, plant & equipment	2	2	2
Non-current financial assets	4,531	4,506	4,617
Net intra-Group receivables	1,520	2,314	3,012
Net WCR	-3	11	5
Cash and marketable securities	2,119	1,505	1,299
Treasury instruments	55	76	-
Redemption premium	3	4	7
TOTAL ASSETS	8,227	8,417	8,942

Liabilities and shareholders' equity (in millions of euros)	12/31/2018	12/31/2017	12/31/2016
Shareholders' equity	5,597	5,374	5,453
Provisions	24	42	44
Financial debt	2,551	2,918	3,432
Issue premiums on borrowings	4	8	13
Valuation differences on treasury	51	76	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,227	8,417	8,942

The €25 million change in non-current financial assets in 2018 derived principally from following factors:

- repurchase of Wendel shares during 2018 for an amount of 68.2 million;
- transfer of 254,630 Wendel shares to the marketable securities item for an amount of €34.7 million to cover stock option plans whose performance conditions have been met; and
- the impact of the depreciation on Wendel shares of €8.6 million.

The €793.5 million decrease in net receivables from subsidiaries in 2018 derived mainly from the following factors:

- An overall increase in amounts borrowed from subsidiaries of €1,350.4 million, related mainly to:
 - proceeds from the sale of Bureau Veritas shares (€400 million), Saham shares (€132.9 million), CSP Technologies shares (€298.7 million), Nippon Oil Pump shares (€88.5 million), and Mecatherm shares (87.7 million),

- dividends from Bureau Veritas and Saint-Gobain received by subsidiaries during the year (€117.6 million), and
- €225 million for short-term investments made by Group holding companies;
- An increase in loans to subsidiaries:
 - €67.5 million to finance the acquisition of U.S. Security Associates by Allied Universal in October 2018, and
 - €50 million to finance the acquisition of Stahl shares to Clariant in December 2018;
- Wendel received an interim dividend of €100 million from Oranje-Nassau Groep and an interim dividend of €400 million from Trief Corporation paid through the shareholder loan account;
- Impact of the depreciation of the current account of its subsidiary holding Saint-Gobain shares for €47.0 million.

The change in cash and cash equivalents over the 2018 to 2017 financial years of €614 million is mainly due to:

- cash flows from / disbursement by subsidiaries for a net amount of €1,247 million;
- the Wendel dividend paid in 2018 for an amount of 120.5 million euros;
- the repurchase of Wendel shares during the financial year for an amount of €68.2 million; and
- the repayment of the Wendel bond due April 2018 for an amount of €349.8 million.

Shareholders' equity totaled €5,597 million as of December 31, 2018 vs. €5,374 million as of December 31, 2017. The change during the year derived primarily from the following factors:

- net income for the period of €340 million; and
- a cash dividend paid on 2017 earnings of €120.5 million (€2.65 per share).

The main change in financial debt (excluding intragroup items) in 2018 was the €349.8 million repayment of bonds that matured in April 2018.

4.3 Net asset value (NAV)

4.3.1 NAV as at December 31, 2018

NAV as at December 31, 2018, December 31, 2017 and December 31, 2016 break down as follows:

In millions of euros			12/31/2018	12/31/2017 ⁽⁶⁾	12/31/2016
Listed equity investments	Number of shares	Share price ⁽¹⁾	3,268	4,691	4,803
■ Bureau Veritas	156.3/177.2/179.9 million	€18.2/€22.7/€18.1	2,846	4,024	3,263
■ Saint-Gobain	14.2/14.2/35.8 million	€29.8/€47.1/€43.0	422	667	1,540
Unlisted investments ⁽²⁾⁽³⁾			3,908	4,532	4,473
Other assets and liabilities of Wendel and holding companies ⁽⁴⁾			89	69	129
Cash and marketable securities ⁽⁵⁾			2,090	1,730	1,319
GROSS ASSET VALUE			9,355	11,021	10,725
Wendel bond debt			-2,532	-2,863	-3,477
NET ASSET VALUE			6,823	8,158	7,248
Of which net debt			-442	-1,133	-2,158
Number of shares			46,280,641	46,253,210	47,092,379
NET ASSET VALUE PER SHARE			€147.4	€176.4	€153.9
Average of 20 most recent Wendel share prices			€103.2	€142.8	€113.7
PREMIUM (DISCOUNT) ON NAV			-30.0%	-19.1%	-26.1%

(1) Average share price of the 20 trading days prior to December 31, 2018, 2017 and 2016.

(2) Agreements in view of the sale of PlaYce and the partial assignment of Allied Universal signed on February 13, 2019 and on February 20, 2019 respectively are taken into consideration in the calculation of NAV as at December 31, 2018. The Multi-Color shares held by Constantia Flexibles are valued at a public offering price of \$50 per share in the NAV as at December 31, 2018.

(3) IHS's valuation is calculated solely on the basis of EBITDA which is at this stage the most relevant sub-total.

(4) Includes 1,013,074 Wendel shares held in treasury as at December 31, 2018, 669,402 as at December 31, 2017 and 1,446,126 as at December 31, 2016.

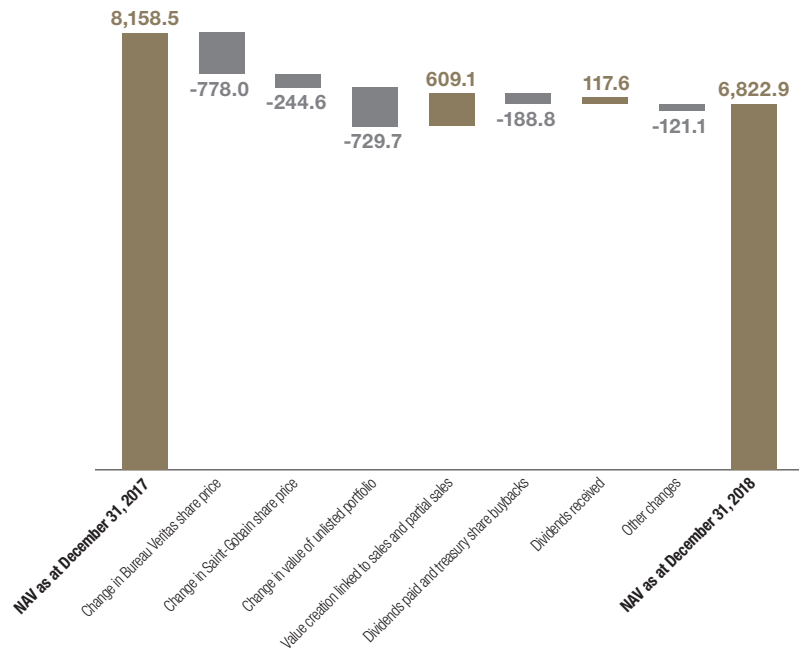
(5) Cash and marketable securities of Wendel and holding companies, which include €1.8bn in available cash and €0.3bn in liquid financial investments available as at December 31, 2018.

(6) Starting December 31, 2017, Wendel adapted the method of determining the net asset value to take into account relative size and financial performance of the portfolio companies. Prior to adapting the methodology, the NAV as of December 31, 2017 amounted to €181.3 per share, thus implying a methodological impact of -2.7%.

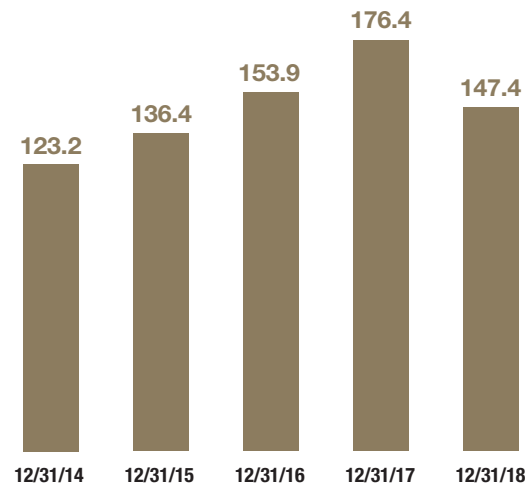
Assets and liabilities denominated in currencies other than the euro have been converted at exchange rates prevailing on the date of the NAV calculation.

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 303.

Change in NAV



NAV per share in euros



4.3.3.1 NAV publication dates and publication-related verification

The annual schedule of NAV publication dates is available in advance on Wendel's website at the following address: <http://www.wendelgroup.com>.

At each NAV publication date, the Statutory Auditors verify that the methodology used for calculating net asset value complies with the Group's methodology and confirm consistency with accounting data.

The Audit Committee reviews each published NAV and compares Wendel's valuation of unlisted investments with one performed by an independent expert.

4.3.3.2 Presentation of NAV

Presentation format (publication at the level of detail indicated)	Comments
Equity investments valuation date	
+ Listed investments, including:	
■ Bureau Veritas	Average closing price over 20 trading days
■ Saint-Gobain	Unlisted investments are valued using the method described below.
+ Unlisted investments and Oranje-Nassau Développement	
+ Other assets and liabilities of Wendel and holding companies	Includes Wendel shares held in treasury
Cash and marketable securities	Pledged & unpledged cash of Wendel and holding companies
Wendel's bond debt and syndicated credit line	Face value + accrued interest
Net Asset Value	
Number of Wendel shares	
NAV/share	
Average of 20 most recent Wendel share prices	
Premium (discount) on NAV	

NAV is a short-term valuation of the Group's assets. It does not take into account any control premiums 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 on 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 board that approves 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.

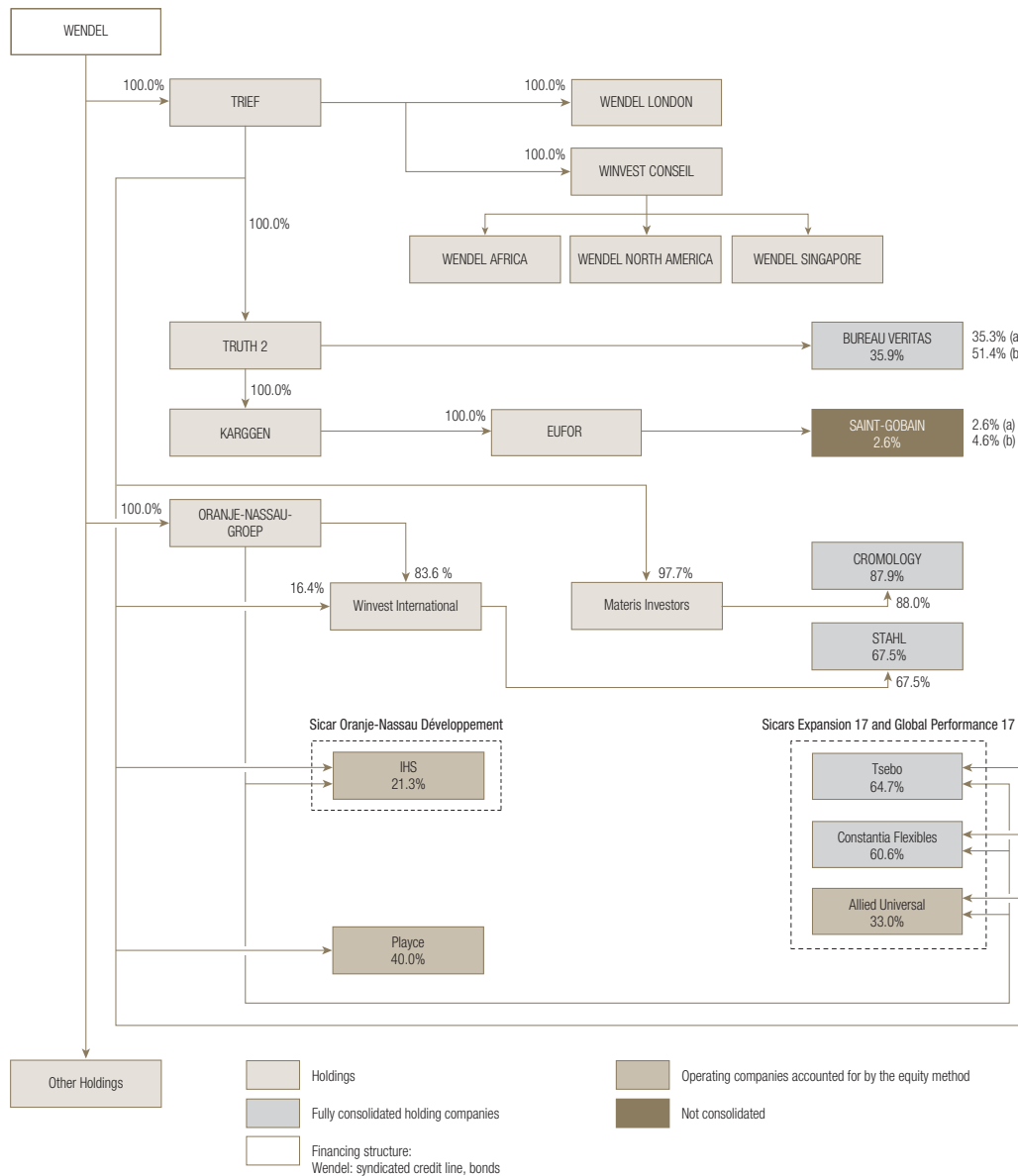
As NAV is a short-term valuation of the Group's assets, Wendel's future operating expenses do not enter into the calculation. Similarly, future tax effects are not included so long as the sale price of an investment and the form of the sale (in particular the tax consequences) are not both known and 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 other than euros 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 as of December 31, 2018



(a) Percentage interest after taking into account shares held in treasury.
(b) Percentage of exercisable voting rights.

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2018

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5.1 Balance sheet – Statement of consolidated financial position

Assets

In millions of euros	Note	12/31/2018	12/31/2017
Goodwill, net	6 and 7	3,339.8	3,575.0
Intangible assets, net	6 and 8	1,903.9	2,181.8
Property, plant & equipment, net	6 and 9	1,330.0	1,406.1
Non-current financial assets	6 and 13	717.0	1,383.3
Pledged cash and cash equivalents	6 and 12	0.5	0.7
Equity-method investments	6 and 10	551.7	534.3
Deferred tax assets	6	208.3	195.2
Total non-current assets		8,051.2	9,276.4
Assets of operations held for sale	23	118.0	20.5
Inventories	6	452.9	481.1
Trade receivables	6 and 11	1,889.0	1,897.5
Other current assets	6	326.2	347.7
Current income tax payable	6	74.9	85.0
Other current financial assets	6 and 13	306.5	422.5
Cash and cash equivalents	6 and 12	3,098.4	1,905.3
Total current assets		6,147.9	5,139.1
TOTAL ASSETS		14,317.1	14,435.9

In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”, a portion of the investment in Allied Universal and the investment in PlaYce have been reclassified as “Assets and liabilities of operations held for sale” as of December 31, 2018.

Equity and Liabilities

In millions of euros	Note	12/31/2018	12/31/2017
Share capital		185.1	185.0
Share premiums		50.9	48.7
Retained earnings& other reserves		1,879.0	1,730.5
Net income for the period - Group share		45.3	200.0
Non-controlling interests		1,146.1	1,092.5
TOTAL SHAREHOLDERS' EQUITY	14	3,306.4	3,256.7
Provisions	6 and 15	443.5	465.1
Financial debt	6 and 16	5,631.8	6,416.2
Other non-current financial liabilities	6 and 13	456.7	575.9
Deferred tax liabilities	6	510.2	595.6
TOTAL NON-CURRENT LIABILITIES		7,042.2	8,052.8
Liabilities of operations held for sale	23	0.0	17.1
Provisions	6 and 15	64.3	59.4
Financial debt	6 and 16	1,667.8	712.7
Other current financial liabilities	6 and 13	212.4	289.9
Trade payables	6	902.6	900.7
Other current liabilities	6	1,014.4	1,039.1
Current income tax payable	6	107.0	107.5
TOTAL CURRENT LIABILITIES		3,968.5	3,109.3
TOTAL EQUITY AND LIABILITIES		14,317.1	14,435.9

The notes to the financial statements are an integral part of the consolidated financial statements.

5.2 Consolidated income statement

In millions of euros	Note	2018	2017
Net sales	6 and 17	8 389,2	8 075,8
Other income from operations		16,2	15,3
Operating expenses		-7 638,1	-7 372,5
Gains/losses on divestments		-11,0	-3,6
Asset impairment		-59,1	-23,1
Other income and expense		-21,2	-12,6
BUSINESS INCOME	6 and 18	676,0	679,3
Income from cash and cash equivalents		-4,1	-35,2
Finance costs, gross		-269,1	-381,9
Finance costs, net	6 and 19	-273,2	-417,1
Other financial income and expense	6 and 20	11,5	68,6
Tax expense	6 and 21	-173,9	-186,1
Net income (loss) from equity-method investments	6 and 22	-131,5	41,2
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE		108,8	186,0
Net income from discontinued operations and operations held for sale	23	171,6	348,2
NET INCOME		280,4	534,1
Net income - non-controlling interests		235,1	334,1
NET INCOME, GROUP SHARE		45,3	200,0

In euros	Note	2018	2017
Basic earnings per share	24	1,00	4,41
Diluted earnings per share	24	0,98	4,24
Basic earnings per share from continuing operations	24	-2,76	-0,24
Diluted earnings per share from continuing operations	24	-2,75	-0,33
Basic earnings per share from discontinued operations	24	3,75	4,65
Diluted earnings per share from discontinued operations	24	3,73	4,58

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":

- Income from the sale of CSP Technologies and its contribution for 2018 and 2017 (see note 2 "Changes in scope of consolidation");
- Income from the sale of Mecatherm and its contribution for 2018 and 2017 (see note 2 "Changes in scope of consolidation");
- Income from the sale of Nippon Oil Pump and its contribution for 2018 and 2017 (see note 2 "Changes in scope of consolidation").

The notes to the financial statements are an integral part of the consolidated financial statements.

5.3 Statement of comprehensive income

	2018			2017		
	Gross amounts	Effect of taxes	Amounts Net amounts	Gross amounts	Effect of taxes	Amounts Net amounts
Items recyclable in net income						
Currency translation reserves ⁽¹⁾	-72.6	-	-72.6	-431.3	-	-431.3
Gains and losses on derivatives qualifying as hedges ⁽²⁾	-45.1	3.4	-41.6	106.3	0.5	106.8
Earnings previously recognized in shareholders' equity taken to the income statement	-	-	-	-	-	-
Items non-recyclable in net income						
Actuarial gains and losses	6.9	-1.3	5.7	-16.3	4.4	-12.0
Gains and losses on financial assets through other comprehensive income ⁽³⁾	-265.7	-	-265.7	-87.1	-	-87.1
Other	-	-	-	-	-	-
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	-376.4	2.2	-374.2	-428.4	4.8	-423.5
Net income for the period (B)			280.4			534.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A) + (B)			-93.7			110.6
Attributable to:						
■ shareholders of Wendel			-261.1			-66.5
■ non-controlling interests			167.4			177.0

(1) This item includes the contribution of Bureau Veritas in the negative amount of €62 million.

(2) Of which -€35.0 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 €237.9 million and the Multi-Color shares held by Constantia Flexibles in the negative amount of €29.8 million from January 1, 2018 to March 31, 2018, date from which they were accounted for by the equity method (see note 13-3 "Breakdown of financial assets and liabilities").

The notes to the financial statements are an integral part of the consolidated financial 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	Cumulative translation adjustments	Group share	Non- controlling interests	Total shareholders' equity
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 ⁽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
First-time application of IFRS 9					-6.2		-6.2	-12.0	-18.2
ADJUSTED SHAREHOLDERS' EQUITY AS OF JANUARY 1, 2018	45,583,808	185.0	48.7	-294.8	2,448.9	-229.8	2,157.9	1,080.5	3,238.5
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	-289.9	-16.6	-306.4	-67.7	-374.2
Net income for the period (B)	-	-	-	-	45.3	-	45.3	235.1	280.4
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A) + (B)⁽¹⁾		-	-	-	-244.5	-16.6	-261.1	167.4	-93.7
Dividends paid ⁽²⁾					-120.5		-120.5	-169.3	-289.8
Movements in treasury shares	-343,672	-		-61.0			-61.0		-61.0
Capital increase									
■ exercise of stock options	7,276	-	0.4				0.4		0.4
■ company savings plan	20,155	0.1	1.9				2.0		2.0
Share-based payments					18.8		18.8	15.0	33.8
Changes in scope ⁽³⁾					238.5	14.1	252.6	76.5	329.1
Other ⁽⁴⁾					171.2	-	171.2	-24.0	147.2
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2018	45,267,567	185.1	50.9	-355.8	2,512.3	-232.2	2,160.3	1,146.1	3,306.4

(1) See "Statement of comprehensive income".

(2) In 2018, Wendel paid a cash dividend of €2.65 per share, for a total of €120.5 million. In 2017, Wendel paid a dividend of €2.35 per share, for a total of €107.3 million.

(3) In 2018, changes in the scope of consolidation included €301.9 million in income in Group share from the sale of Bureau Veritas shares (€400 million at 100%), and the negative amount of €50 million related to Wendel's buyback of 4.8% of Stahl's share capital from its co-shareholder Clariant. In 2017, this item included the sale of Bureau Veritas shares for €52.2 million (Group share) and a change of €183 million related to the Stahl BASF transaction. The changes in scope of consolidation are broken down in note 2 "Changes in scope of consolidation".

(4) Other changes include the impact of minority puts, notably the extinguishment of the minority put granted to Clariant on Stahl of €137 million, recognition by Stahl of the minority put granted to BASF, and the Bureau Veritas minority puts (see note 34 "Off-balance-sheet commitments").

The notes to the financial statements are an integral part of the consolidated financial statements.

5.5 Consolidated cash flow statement

In millions of euros	Note	2018	2017
Cash flows from operating activities			
Net income		280.6	534.1
Share of net income/loss from equity-method investments		131.5	-41.0
Net income from discontinued operations and operations held for sale		-171.6	-347.2
Depreciation, amortization, provisions and other non-cash items		466.3	502.6
Expenses on investments and divestments		9.9	45.1
Cash flow from companies held for sale		21.7	-9.2
Gains/losses on divestments		10.1	2.8
Financial income and expense		261.7	359.7
Taxes (current & deferred)		173.9	178.3
Cash flow from consolidated companies before tax		1,184.1	1,225.2
Change in working capital requirement related to operating activities		27.3	-117.3
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	6	1,211.4	1,107.9
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	25	-299.6	-301.1
Disposal of property, plant & equipment and intangible assets	26	13.3	12.7
Acquisition of equity investments	27	-232.7	-515.1
Disposal of equity investments	28	614.8	1,927.1
Impact of changes in scope of consolidation and of operations held for sale	29	-8.7	27.6
Changes in other financial assets and liabilities	30	136.7	-195.0
Dividends received from equity-method investments and unconsolidated companies	31	20.4	20.5
Change in working capital requirements related to investment activities		-30.7	13.4
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	6	213.5	990.0
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		2.4	12.8
Contribution of non-controlling shareholders		19.9	-5.4
Share buybacks:			
■ Wendel		-61.0	-49.3
■ Subsidiaries		-37.4	-48.7
Transaction with non-controlling interests	32	350.0	98.9
Dividends paid by Wendel		-120.6	-107.3
Dividends paid to non-controlling shareholders of subsidiaries		-169.2	-163.3
New borrowings	33	971.2	729.3
Repayment of borrowings	33	-658.4	-2,465.1
Net finance costs		-258.4	-329.0
Other financial income/expense		-23.3	-100.0
Change in working capital requirements related to financing activities		-11.0	-47.2
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	6	4.2	-2,474.4
Cash flows related to taxes			
Current tax expense		-237.4	-239.1
Change in tax assets and liabilities (excl. deferred taxes)		13.6	-6.5
NET CASH FLOWS RELATED TO TAXES	6	-223.8	-245.6
Effect of currency fluctuations		-12.5	-34.0
Net change in cash and cash equivalents		1,192.8	-656.1
Cash and cash equivalents at beginning of period	6	1,906.0	2,562.0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6 and 12	3,098.9	1,905.9

The principal components of the consolidated cash flow statement are detailed 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 companies sold are kept in each of the cash flow categories until these companies are reclassified to "discontinued operations and operations held for sale". Cash as of the sale date was reclassified to "Impact of changes in scope of consolidation and of operations held for sale".

CSP Technologies' contribution to the main cash flow categories for 2018 is as follows:

In millions of euros	12/31/2018
Net cash flows from operating activities, excluding tax	13.5
Net cash flows from investing activities, excluding tax	-9.5
Net cash flows from financing activities, excluding tax	-7.6
Net cash flows related to taxes	-3.6

Mecatherm's contribution to the main cash flow categories for 2018 is as follows:

In millions of euros	12/31/2018
Net cash flows from operating activities, excluding tax	7.8
Net cash flows from investing activities, excluding tax	-3.6
Net cash flows from financing activities, excluding tax	-11.0
Net cash flows related to taxes	-0.4

Nippon Oil Pump's contribution to the main cash flow categories for 2018 is as follows:

In millions of euros	12/31/2018
Net cash flows from operating activities, excluding tax	4.7
Net cash flows from investing activities, excluding tax	-10.0
Net cash flows from financing activities, excluding tax	-1.8
Net cash flows related to taxes	-1.8

The notes to the financial statements are an integral part of the consolidated financial statements.

5.6 General principles

Wendel is a European company with an Executive Board and a Supervisory Board, governed by European and French laws and regulations that are, or will be, in force. The Company is registered in the Paris Trade and Company Register (*Registre du commerce et des sociétés*) under number 572 174 035. Its head office is located at 89 rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

As of December 31, 2018, the Wendel Group was primarily comprised of:

- fully consolidated operating companies: Bureau Veritas (35.8% net of treasury shares), Cromology (89.7%) which in turn is composed of the *holding companies* Materis and Cromology, Stahl (67.5%), Constantia Flexibles (60.6%) and Tsebo (64.7%) as well as Mecatherm (98.6%), CSP Technologies (98.3%) and Nippon Oil Pump (98.3%) until their sale date (see note 2 “Changes in scope of consolidation”);
- operating companies accounted for by the equity method: IHS (21.3%), Allied Universal (33.5%), PlaYce (40.0%) which is classified as “Assets and liabilities of operations held for sale” and Multi-Color (equity interest owned by Constantia Flexibles); 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, 2018 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 5-2 “Managing Liquidity Risk”.

These financial statements were finalized by Wendel’s Executive Board on March 13, 2019 and will be submitted for shareholders’ approval at the Shareholders’ Meeting.

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5.7 Notes

NOTE 1 Accounting principles

Wendel's consolidated financial statements for the fiscal year ended December 31, 2018 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods as adopted by the European Union on December 31, 2018, 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.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2018, the accounting principles used are the same as those used in preparing the annual consolidated financial statements for the year ended December 31, 2017, corresponding to the IFRS reference as adopted by the European Union, which is available on the EU Commission website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

With the exception of IFRS 9 and IFRS 15 described below, no new standards, interpretations or amendments with mandatory application for fiscal years beginning on or after January 1, 2018 have been adopted by the European Union as of June 30, 2018.31.

Note 1-1 Standards, interpretations and amendments to existing standards that were mandatory in 2018

The Group has adopted standards and texts applicable from the fiscal year beginning on January 1, 2018. These standards, interpretations and amendments are listed below:

The impacts as of January 1, 2018 are as follows:

In millions of euros	In accordance with IAS 39	In accordance with IFRS 9
Assets available for sale	1,023.2	
Financial assets at fair value through profit or loss		36.8
Financial assets at fair value through other comprehensive income		986.4

■ 1 IFRS 9 Financial instruments

IFRS 9 "Financial instruments" was adopted by the European Union on November 22, 2016, and replaces IAS 39. It has primarily the following three components:

- **Classification and measurement of financial assets and liabilities:** the standard requires financial assets to be classified in accordance with their nature, the characteristics of their contractual cash flows and the business model followed for their management;
- **Impairment:** IFRS 9 establishes the principles and methodology to be applied in measuring and recognizing expected credit losses on financial assets, loan commitments and financial guarantees;
- **Hedge accounting:** the new standard aims to achieve a better alignment between hedge accounting and risk management by ushering in a more risk-based approach.

The Group has retrospectively applied IFRS 9 as of January 1, 2018 without restating the comparative data for 2017.

The main effects on the consolidated financial statements are summarized as follows for each of the three components of the new standard:

■ Classification and measurement of financial assets and liabilities

As regards the classification and measurement of equity instruments not held for trading purposes, the Group has chosen to recognize them at fair value through profit or loss or other comprehensive income, reflecting their strategic and long-term nature.

Securities not meeting the definition of an equity instrument, such as units held in funds, have been reclassified as financial assets at fair value through profit or loss.

As of January 1, 2018, securities recognized at fair value through other comprehensive income were mainly Wendel's stake in Saint-Gobain (€650.8 million), Constantia Flexibles' stake in Multi-Color (€211.2 million) (consolidated using the equity method from April 1, 2018) and Saham (€121.6 million) (investment sold in March 2018).

Moreover, the IASB clarified the accounting treatment of changes in debts not resulting in derecognition in October 2017. The original effective interest rate (EIR) must now be maintained and the adjustment of the amortized cost of the debt is recognized through profit or loss. Analysis of all outstanding debts having undergone one or more immaterial changes in the past led the Group to record an impact of €2.6 million in opening shareholders' equity following the clarification from the IASB.

Impairment:

The impact of the change to the standard is an increase in impairment. This increase is attributable to the recognition of anticipated impairment losses for credit risk as of the initial recognition of the receivables, or from the effective date of loans or financial guarantees. The main items concerned are trade receivables, with an additional impairment loss of €27.6 million as of January 1, 2018 on a total gross amount of €1,990.7 million. The impact is recognized in opening shareholders' equity.

Hedge accounting:

The principles relating to hedge accounting have not been substantially modified by the new standard, and accordingly no impact has been recorded in this respect.

Summary of the main effects of IFRS 9 on the consolidated financial statements as of January 1, 2018

In millions of euros	12/31/2017	IFRS 9 impacts	01/01/2018
Non-current assets	9,276.4		9,276.4
Inventories	481.1		481.1
Trade receivables	1,897.5	-27.6	1,869.9
Other current assets	875.7	6.8	882.5
Cash and cash equivalents	1,905.3		1,905.3
TOTAL ASSETS	14,435.9	-20.8	14,415.1
Shareholders' equity - Group share	2,164.2	-6.2	2,157.9
Non-controlling interests	1,092.5	-12.0	1,080.5
TOTAL SHAREHOLDERS' EQUITY	3,256.7	-18.2	3,238.5
Provisions	524.6		524.6
Financial debt	7,128.9	-3.5	7,125.4
Other liabilities	3,525.7	0.9	3,526.6
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,435.9	-2.6	14,433.3

2 IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued a new standard governing revenue recognition. Under the new standard, revenue must be recognized when the customer obtains control of the goods or services sold for an amount that reflects what the entity expects to receive for such goods and services.

For activities comprising the sales of goods and services of the Group's subsidiaries, the transfer of control occurs at the same time as the transfer of the risks and rewards of ownership. Moreover, the analysis conducted by Bureau Veritas of contracts benefiting from an enforceable right to payment or meeting the

non-reperformance condition for the services rendered as of the closing date did not call into question the application of the percentage-of-completion method.

The Group opted for the retrospective method with a cumulative effect as of the date of first application.

The analysis conducted by the Group's various subsidiaries did not reveal any significant divergence with the Group's policies applied in the financial statements for the fiscal year. Furthermore, the impacts of the application of this standard do not have a material impact on Wendel's consolidated financial statements.

Note 1-2 Standards, interpretations and amendments to existing standards not applied early in the 2018 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, 2019, 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 2018, which might more particularly concern it:

- IFRS 16 "Leases", mandatory for annual periods beginning on or after January 1, 2019. In January 2016, the IASB issued a new standard on lease accounting. The application of this standard will result in the recognition in the balance sheet of all lease commitments, without distinction between "operating leases" and "finance leases". Impact analysis work related to the transition is being finalized, using the modified retrospective method. In view of the amount of off-balance sheet commitments related to operating leases disclosed in note 34-7.2 "Operating leases", their impact on the Group's debt as of 2019, in application of IFRS 16, is expected to range from €503 million to €585 million;
- IFRIC 23 "Uncertainty over Income Tax Treatments", which complements the provisions of IAS 12 "Income Taxes", sets out the procedures for assessing and recognizing uncertainties relating to income taxes. The Group does not expect the application of this interpretation to have a material impact on opening shareholders' equity as of January 1, 2019.

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, 2018 of Bureau Veritas, Constantia Flexibles, Cromology, IHS, Allied Universal, Stahl, Tsebo and PlaYce;
 - the consolidated financial statements of CSP Technologies for the period from January 1, 2018 to June 30, 2018;
 - the consolidated financial statements of Mecatherm for the period from January 1, 2018 to June 30, 2018;
 - the consolidated financial statements of Nippon Oil Pump for the period from January 1, 2018 to June 30, 2018;
 - for all other companies, their individual financial statements for the 12-month fiscal year ended December 31, 2018.
- 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 2018 are presented in note 2 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2018 are presented in note 38 "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, 2018, 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.

The principal exchange rates used in the consolidated financial statements are as follows:

	Closing rate		Average rate	
	31 December 2018	Dec. 31, 2017	2018	2017
EUR/USD	1.1450	1.1993	1.1804	1.1270

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 on the basis of the past experience of the management of the Group or its subsidiaries and various other factors deemed reasonable, such as

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.

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 a significant or prolonged decline in the share price of a listed company, a shortfall in net income compared with the budget or a deterioration in the sector environment in which a company operates. For impairment tests, goodwill is broken down by cash-generating units (CGU). Each operating subsidiary (Bureau Veritas, Constantia Flexibles, Cromology, Stahl, and Tsebo) corresponds 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 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 relationships of the Bureau Veritas, Constantia Flexibles, Cromology, 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 and 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 34-5 "Shareholder agreements and co-investment mechanisms").

In accordance with the principles of IFRS 9 "Financial Instruments", financial assets are recognized and measured either at fair value through profit or loss, at fair value through other comprehensive income or at amortized cost. The classification and measurement is based on the characteristics of the instrument and the management objective for which the relevant assets were acquired.

1. Financial assets at fair value through profit or loss

Equity instruments held for trading purposes or for which the Group has elected not to use the "fair value through other comprehensive income" classification are measured at fair value through profit or loss.

This category mainly includes the Group's interests in uncontrolled companies.

2. Financial assets at fair value through other comprehensive income

IFRS 9 permits the irrevocable election at initial recognition to present changes in the fair value of an equity instrument not held for trading through other comprehensive income. The choice is made for each individual instrument and for each new acquisition depending on the Group's management intention.

Equity instruments recognized under this heading are mainly investments in companies that are not controlled by the Group and for which the equity classification has been chosen in view of their strategic and long-term nature.

At initial recognition, these assets are measured at fair value, which generally corresponds to their acquisition cost plus transaction costs. At closing dates, for publicly traded instruments, the fair value is determined based on the share price on the closing date. For unlisted securities, fair value is measured using valuation models based primarily on the most recent market transactions, discounted dividend or cash flow streams, or the value of net assets.

Unrealized gains and losses on these financial assets are recognized directly in equity until the financial asset is sold or cashed in, at which time the accumulated gain or loss is transferred to consolidation reserves and is not reclassified in the income statement. Dividends from such investments are recognized in profit or loss unless the dividend clearly represents the recovery of a portion of the investment cost.

3. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if they are held solely with a view to collecting contractual cash flows serving to repay principal and meet interest payments on the outstanding principal.

They consist of loans and receivables related to investments, deposits and guarantees, trade receivables and other current receivables. These financial assets are shown in the balance sheet under "Non-current financial assets", "Trade receivables" and "Other current financial assets". They are initially recognized at fair value and then at amortized cost calculated using the effective interest rate method. Net gains and losses on loans and receivables correspond to interest income and provisions.

4. Financial liabilities

With the exception of derivative instruments and financial liabilities relating to liquidity commitments on the Group's shares held by certain co-shareholders (see note 34-5 "Shareholder agreements and co-investment mechanisms"), all borrowings and other financial liabilities are stated at amortized cost using the effective interest method.

5. Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of net investments in operations in a foreign market help offset fluctuations in value due to translation into the reporting currency used by the parent company in its consolidated financial statements. Financial debt denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the inception; and if
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value in the balance sheet. Changes in the fair value of the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged;
- in a similar way to cash flow hedges, changes in the fair value of the derivative financial instrument are recognized net of tax in other comprehensive income for the effective portion attributable to the hedged currency risk and in profit or loss for the ineffective portion of the derivative. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using the Group's mathematical models, as well as by independent appraisers, and/or the Group's counterparties.

Note 1-10.7 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 "Financial assets and liabilities" present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. These methods are defined as follows:

- level 1: unadjusted, listed prices of identical instruments on an active market;
- level 2: observable data other than the listed prices referred to in level 1, either directly (such as a price), or indirectly (calculated from another price);
- level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2018, 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 and pledged cash and cash equivalents accounts

Cash is comprised of cash at banks.

In accordance with IAS 7 "Statement of cash flows", cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of a change in value. Cash equivalents include euro-denominated, money-market mutual funds and deposit accounts with initial maturities less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current assets, as they are not immediately available.

Note 1-10.10 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.

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

The recognition of revenue from contracts with customers reflects both the percentage of completion of the performance obligations corresponding to the transfer to a customer of control of a good or service and the amount that reflects the sum that the entity expects to receive as consideration for those goods or services.

At the Bureau Veritas Group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be reliably determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs. 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 application of IFRS 15 as of January 1, 2018 did not call into question the existing accounting system, as contracts either benefit from an enforceable right to payment or satisfy the non-reperformance requirement for services performed as of the closing date.

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.

In 2018, 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. When the beneficiaries invest less than the fair value of the instruments subscribed or acquired, the initial benefit is recognized as an expense in the income statement.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the expiration of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash. In addition, these co-investors are not considered minority shareholders from an accounting standpoint. Rather, their investment is consolidated in the Group's net income and consolidated reserves.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

Wendel believes that, regarding the main co-investments in place in the Group as of December 31, 2018, the most likely outcome will be a divestment of the relevant investments or an IPO. Liquidity commitments under minority puts and co-investments, as well as the corresponding amounts recorded in financial liabilities, are set out in note 34-5 "Shareholder agreements and co-investment mechanisms".

Note 1-11 Rules of presentation

Note 1-11.1 Presentation of the balance sheet

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within 12 months after the balance sheet closing date; or
- it is cash or cash equivalent asset carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date. When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

- it is expected to be settled in the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- the liability is due to be settled within 12 months after the balance sheet date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1-11.2 Presentation of the income statement

"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". IFRIC has effectively specified that in order to be included in the scope of IAS 12, a tax must be based on a net amount of income and expenses and this amount may be different from net accounting income. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as the value added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

The CVAE tax is therefore presented in the "Tax expense" line.

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

Note 2-1 Changes in scope of consolidation in 2018

The scope of consolidation of Wendel Group is set out in note 38 "List of principal consolidated companies as of December 31, 2018."

Note 2-1.1 Disposal of the investment in Saham Group recognized in financial assets

On March 8, 2018, Wendel sold its shares in the Saham group's holding company for \$155 million (i.e. €133 million at the exchange rate of the payment of the sale price after taking into account foreign exchange hedges). This sale was finalized on October 11, 2018 following the effective completion of the sale of the insurance division of Saham to Sanlam. Wendel also benefits until October 11, 2020 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) at a valuation greater than certain predefined thresholds. As reminder, in 2013, Wendel invested €100 million in this group holding for 13.3% of the capital. This investment was recognized in financial assets with changes in fair value recognized in equity; in accordance with IFRS 9 "Financial Instruments", the cumulative changes in fair value since the investment are not reclassified to the income statement, and the sale therefore has no impact on profit or loss despite the capital gain realized on the investment.

Note 2-1.2 Sale of CSP Technologies

On August 28, 2018, Wendel finalized the sale of CSP Technologies to AptarGroup, Inc. for a net cash amount of \$342 million, or €303 million (for 100% of the capital).

CSP Technologies' results were recognized in "Net income from discontinued operations and operations held for sale" until June 30, 2018, the Company's closest closing date to the disposal, in the amount of €(6.4) million. The net gain from this divestment was recognized under the same item in the income statement in the amount of €108.8 million. CSP Technologies' contribution to the 2017 results presented for comparison has also been reclassified to this item.

For information, CSP Technologies' revenue amounted to \$136 million in 2017, and its adjusted operating income to \$27 million.

Note 2-1.3 Sale of Mecatherm

On September 27, 2018, Wendel finalized the sale of Mecatherm to Unigrains for a net amount of €88 million (for 100% of the capital).

Mecatherm's results were recognized in "Net income from discontinued operations and operations held for sale" until June 30, 2018, the Company's closest closing date to the disposal, in the amount of €1.1 million. The net gain from this divestment was recognized under the same item in the income statement in the amount of €11.2 million. Mecatherm's contribution to the 2017 results presented for comparison has also been reclassified to this item.

For information, Mecatherm's revenue amounted to \$84 million in 2017, and its recurring EBITDA to \$7 million.

Note 2-1.4 Sale of Nippon Oil Pump Co, Ltd (NOP)

On November 28, 2018, Wendel finalized the sale of Nippon Oil Pump Co, Ltd. to Citic Capital Japan Partners III, LP for a net amount of ¥12,000 million or €92 million (for 100% of the capital).

Nippon Oil Pump's results were recognized in "Net income from discontinued operations and operations held for sale" until June 30, 2018, the Company's closest closing date to the disposal, in the amount of €0.7 million, after the discontinuation of depreciation in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations." The net gain from this divestment was recognized under the same item in the income statement in the amount of €54.7 million. Nippon Oil Pump's contribution to the 2017 results presented for comparison has also been reclassified to this item.

For information, Nippon Oil Pump's revenue amounted to ¥6,132 million in 2017, and its recurring EBITDA to ¥1,349 million.

Note 2-1.5 Sale of 4.73% of the capital of Bureau Veritas

On October 30, 2018, Wendel sold 20,920,503 Bureau Veritas shares, representing 4.73% of the capital of that company for €400 million. Notwithstanding the sale, Wendel still exercises exclusive control over the Bureau Veritas group, and the Corporate governance structure is unchanged. This investment therefore remains fully consolidated.

The gain on disposal amounted to €301.9 million and is recognized as a change in equity in accordance with the provisions of IFRS 10 "Consolidated Financial Statements", as the transaction did not result in a loss of control.

Note 2-1.6 Acquisition of 4.8% of the capital of Stahl

At the end of 2018, Wendel acquired 4.8% of Stahl from its co-shareholder Clariant for €50 million. In accordance with IFRS 10 "Consolidated Financial Statements", the impact is recognized in equity.

Note 2-1.7 Principal changes in scope of consolidation of subsidiaries and associates

1. Changes in scope of consolidation of the Bureau Veritas group

During 2018, Bureau Veritas carried out the following acquisitions:

- Lubrication Management SL, a Spanish lubricant oil company with revenue of approximately €4 million in 2017;
- EMG Corporation, a firm specializing in technical valuation, construction project management, asset management assistance and real estate transaction management in the United States. It reported revenue of approximately €70 million in 2017;
- Permulab Sdn. Bhd., a leading player in laboratory testing services in the food, water and environment sectors in Malaysia.

The total acquisition price of companies acquired by Bureau Veritas in 2018 was €131.4 million, and the total goodwill recognized on these companies was €63.6 million.

The 2018 annual net sales of the companies acquired during 2018 is approximately €95.8 million and the operating income before amortization of the intangible assets resulting from the business combination is approximately €16.1 million.

2. Changes in scope of consolidation of the Constantia Flexibles group (flexible packaging)

In 2018, Constantia Flexibles acquired Indian company Creative Polypack, a specialist in flexible film-based packaging for the food and domestic hygiene industries. The net sales of this company for the 2017-2018 fiscal year are estimated at approximately €75 million.

Furthermore, in March 2018, Constantia Flexibles' representation on Multi-Color's Board of Directors was increased from one to two members out of a total of nine, which gives Constantia Flexibles significant influence. Since April 1, 2018, Multi-Color securities have accordingly been accounted for using the equity method.

3. Changes in scope of consolidation of the Allied Universal group

The Allied Universal group finalized the acquisition of US Security Associates ("USSA") for approximately \$1 billion on October 26, 2018. Wendel's contribution amounted to \$78 million, bringing its net investment to approximately \$378 million.

This acquisition made Allied Universal a company with annual revenue of approximately \$7 billion and a workforce of over 200,000 security professionals. The acquisition also significantly enhances Allied Universal's global revenue footprint in the United States and its service capabilities to customers, while expanding it into Canada, Central America and the United Kingdom.

The provisional goodwill recognized by Allied Universal as a result of this transaction was \$371 million, reflecting the recognition of \$533 million of intangible assets (primarily customer relationships).

The impact of this transaction on the percentage interest held by Wendel is negligible, and the governance remains unchanged: the Company continues to be accounted for in accordance with the principles of IAS 28 "Investments in Associates".

Note 2-2 Changes in scope of consolidation in 2017

The principal changes in scope during 2017 were as follows:

- first-time consolidation of the Tsebo group;
- sale of 21.7 million Saint-Gobain shares, representing 3.9% of the capital in a total amount of €1,085 million. This transaction resulted in the recognition of the sale of all Saint-Gobain shares that were accounted for under the equity method (including those still held), the recognition of a capital gain of €84 million recorded in "Share of net income of associates" and the recognition at the market price of retained Saint-Gobain shares on the consolidated balance sheet under "Financial assets measured at fair value through other comprehensive income";
- sale of 2.8 million Bureau Veritas shares acquired in November 2016, which it did not intend to keep over the long term. This transaction enabled the Group to make a gain of €12.4 million, which in accounting terms, taking into account the weighted average cost of Bureau Veritas shares, translates as a capital gain of €52 million recorded in equity; and
- total sale of the Group's interest in Exceet for €16.6 million, which generated a loss on disposal of €(0.4) million.

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.

Note 3-1 Members of the Supervisory Board and Executive Board

Compensation paid by Wendel for 2018 to the Chairman of the Executive Board and the member of the Executive Board amounts to €3,892.9 thousand. The value of the stock options and performance shares granted to them in 2018 was €3,473.9 thousand as of the date of their allocation.

Compensation paid to members of the Supervisory Board in 2018 totaled €1,167 thousand, including €1,070 thousand in Wendel SE directors' fees and compensation paid to the Chairman of the Supervisory Board, and €97 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.

The Company's commitments in favor of André François-Poncet, in the event of his departure, are as follows:

- in the event of his removal from office in 2019, for each month of service, benefits equal to his monthly fixed compensation at the time of termination;
- in the event of his removal from office in 2020, 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.
- in the event of his resignation or removal from office following the loss of control by Wendel-Participations SE of control of Wendel, 36 months' fixed compensation as existing at the time of departure.

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 Wendel's policy of associating managers with the Group's investments, the management team takes part in the co-investment mechanisms described in note 4-1 "Participation of managers in Group investments").

Note 3-2 Wendel-Participations

Wendel-Participations is owned by 1,169 Wendel family individuals and legal entities. Wendel-Participations held a 37.69% stake in Wendel SE as of December 31, 2018, representing 51.06% of voting rights exercisable and 50.32% of the theoretical voting rights.

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 the Group's investments".

Note 4-1 Participation of Wendel managers in Group investments

To give its managers a stake in the Group's value creation, Wendel has set up co-investment programs to allow them to invest their personal funds in the same assets in which the Group invests. This gives managers a personal stake in the risks and rewards of these investments. Several programs co-exist, depending on the date of Wendel's initial investment. Certain rules are common to all programs:

- i) the amount of the co-investment is no more than 0.5% of the amount invested by Wendel and the managers; the co-investments correspond to the disbursements made by each manager and are concurrent with the Wendel investments;
- ii) if a liquidity event (as defined in paragraph (iii) below) occurs, the managers have, depending on the particular case, either the same rights and obligations as the Wendel Group in relation to the capital gain or loss incurred (*pari passu* co-investment), or different rights and obligations (accelerated co-investment). In the latter case, if Wendel achieves a predefined return, the managers have the right to a greater share of the gain than their shareholding;
- iii) a liquidity event is defined as a full divestment of a portfolio company, a change in control, or divestment of more than 50% of the shares held by the Wendel Group, or the listing of the Company concerned on a stock exchange. The liquidity extended to co-investors may be either the total amount or an amount proportional to the investment sold;
- iv) in the absence of a liquidity event before the end of the co-investment program (eight to twelve years after the initial investment), a cash payout is offered to co-investors, in one or more tranches. The valuation of the portfolio company is systematically performed by an internationally renowned independent expert, and managers' rights and obligations are calculated in accordance with the rules set out in paragraph (ii) above;
- v) co-investors' rights vest gradually over a period of several years. In the event of their departure before a liquidity event or, in the absence of such event, before the end of the program, the managers must sell (or in certain cases have the option to sell) their unvested rights to the Wendel Group at its request and at their initial value, and, in certain cases, their

vested rights, under predetermined financial conditions; cases of departure are governed by symmetrical purchase and sale undertakings.

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 program

Co-investments in the companies or shareholdings initially acquired by Wendel between 2006 and 2008 have all been unwound, either as a result of disposals of the relevant companies (in the case of Deutsch and Van Gansewinkel Groep), the absence of prospects of return for co-investors (Saint-Gobain) or the end of the program (December 31, 2016) (Stahl and Materis).

2011-2012 program

Co-investments related to acquisitions made by Wendel between 2011 and 2012 (and to potential subsequent reinvestments made by Wendel in these companies) are therefore governed by the principles set out at the beginning of note 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, if a liquidity event occurs, to 7% of the capital gain (carried interest), provided that Wendel has obtained a minimum return of 7% per annum and a cumulative return of 40% on its investment; otherwise, the co-investors lose any right to a capital gain, as well as the amount invested, on this fraction of co-investment;
- iii) 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 eight years after the Wendel Group's initial investment: the potential capital gain is realized after eight 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.
- iv) the rights of co-investors vest gradually over a period of four years, in five tranches of 20% per annum, of which 20% at the investment date.

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.

The co-investment in Mecatherm was unwound at the end of 2018 following the sale of that company to Unigrains. The sale resulted in a loss for Wendel and the co-investors. In particular, Bernard Gautier, a member of the Executive Board, realized a capital loss of €60,000.

2013-2017 program

The co-investment mechanism was amended in 2013, on the initiative of the Supervisory Board, in order to introduce a pooled share and, in certain cases, to raise the Group's minimum return condition. These amendments were set for the four years of the Executive Board's term. Co-investments related to acquisitions made by Wendel in new companies between April 2013 and April 2017 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); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; a three-stage payment determined by an expert is offered to co-investors 8, 10 and 12 years after Wendel's initial investment in the absence of a total sale or IPO (see 2011-2012 program);
- ii) 35% of the amount co-invested gives the right to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return, calculated for all of these investments as a whole, is at least 7% per annum (pooled carried interest); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; in the absence of a total sale or IPO, the pooled potential capital gain will be allocated equally in 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);
- iii) the remaining 30% is co-invested *pari passu* with Wendel, 15% on a deal-by-deal basis and 15% on a pooled basis;

- iv) as the co-investors freely agreed to participate in the 2013-2017 co-investment program for a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu*); failing which, the co-investor concerned loses all of his/her rights to the pooled capital gain for the non-invested portion and his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;
- v) co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis (carried interest and *pari passu*), without obligation.
- vi) the rights of co-investors vest gradually over a period of four years, in five tranches of 20% per annum, of which 20% at the investment date; it should be noted that, for pooled carried interest rights, the term is calculated from the first investment of the period.

In addition, the share of the Executive Board's co-investment has been fixed at one-third of the total co-investment, comprising 60% and 40%, respectively, from the former Chairman and the 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 SCA SICAR and Global Performance 17 SCA SICAR, which were incorporated in 2013. Expansion 17 SCA 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 SCA SICAR, in which pooled co-investments are made, has only one sub-fund for all investments from 2013 to 2017.

In 2018, co-investments in Saham, Nippon Oil Pump and CSP Technologies were unwound as a result of the disposals of those three companies. With regard to pooled co-investments, (i) for the *pari passu* portion, the co-investors (including Bernard Gautier, a member of the Executive Board), will receive the repayment of their contributions and their share of the gain in proportion of their equity interest, and (ii) for the carried part, the results of these transfers will be taken into account in calculating, at the end of the program and on the overall investments over the period, the overall return and, where applicable, the capital gain accruing to the co-investors. Regarding the deal-by-deal portion of the co-investment:

- as the sale of Saham did not achieve the minimum return, the co-investors realized a loss; in particular, Bernard Gautier realized a capital loss of €22,000;
- as the sale of Nippon Oil Pump achieved the minimum return, the co-investors will receive, in the second *quarter* of 2019, an amount of approximately €2 million, including €310,000 for Bernard Gautier;
- as the sale of CSP Technologies also achieved the minimum return, the co-investors are expected to receive, at the end of a lock-up period of five years from the date of their investment, an amount of approximately €43.8 million, including €545,000 for Bernard Gautier.

As of December 31, 2018, financial liabilities have been recognized in respect of the settlement of the deal-by-deal co-investments. A provision has also been recognized for the contribution of these three shareholdings to the value paid to managers in respect of the pooled co-investments.

In October 2018, Wendel and the co-investors reinvested in Allied Universal to fund its acquisition of US Security Associates. In this context and through SICAR Expansion 17 and Global Performance 17, Bernard Gautier, a member of the Management Board, reinvested €45,000.

2018-2021 program

In the absence of any investments in 2017, and with the arrival of a new Chairman of the Executive Board on January 1, 2018, a new co-investment program has been drafted for investments in new companies between 2018 and April 2021 (expiry date of the current term of office of the members of the Executive Board). It is governed by the principles set out in the preamble to note 4-1 and by the following special rules:

- i) 20% of the total amount invested, if a liquidity event occurs, gives the right to 2% of the capital gain realized on each of the investments during the period, provided that Wendel's return is at least 8% (carried interest deal by deal);
- ii) 80% of the total amount co-invested gives the right to 8% of the capital gain calculated on all investments made during the period, provided that Wendel's return, calculated on all of these investments, is at least 7% (pooled carried interest);
- iii) in the absence of an event giving rise to total liquidity, liquidity for the balance will be offered to the co-investors in three tranches of one-third each in 2026, 2028 and 2030; a valuation will then be performed each time, if the shares are listed, on the basis of the share price of its shares, otherwise, on the basis of an independent appraisal;
- iv) if a liquidity event occurs, the co-investors are entitled to the repayment of their contributions *pari passu* with Wendel and (a) if the minimum return is reached, to the share of the capital

gain referred to in (i) or (ii) above, depending on the case, or (b) if that return is not achieved, their share of any capital gain *pari passu* with Wendel;

- v) as the co-investors freely agreed to participate in the 2018-2020 co-investment program in a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu*); failing which, the co-investor concerned loses all of his/her rights to the pooled capital gain for the non-invested portion and 20% of his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;
- vi) co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis, without obligation;
- vii) the rights of co-investors vest gradually over a minimum period of five years, in five tranches of 20% per annum, *i.e.* 20% on each anniversary date of the investment; it should be noted that, for pooled carried interest rights, the term is calculated from the first investment of the period.

In addition, the share of the Executive Board's co-investment has been set at 12.4% (*i.e.* 4% for the Chairman of the Executive Board and 8.4% for the other member of the Executive Board) of the total co-investment, of which 90% pooled and 10% deal by deal.

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.

At the closing date, no investment had been made in application of these principles.

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, Stahl and Tsebo), the policy of giving managers a stake in the Company's performance is based on a co-investment system whereby managers co-invest significant amounts alongside Wendel. These investments present a risk for the co-investors/managers in that they run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

These mechanisms are generally composed in part of a *pari passu* investment, which gives a return profile identical to that achieved by Wendel, and in part of a ratchet investment, which offers a gain profile differentiated according to performance criteria such as the Internal Rate of Return (IRR) achieved by Wendel. Accordingly, for this part, co-investor managers only receive a higher return than Wendel when Wendel has obtained a predefined return.

These co-investment mechanisms and the sharing of risk between Wendel and the manager co-investors are represented by a variety of financial instruments held by Wendel and the manager co-investors. These instruments include ordinary shares, index-based or preferential shares, fixed-rate bonds, warrants, etc. The *ratchet* portions may also be structured as bonus systems linked to the relevant entity's performance, or to the profitability of Wendel Group's investment in the entity.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific

point in time (depending on the Company, between seven 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 2018, the dilutive impact of these co-investment mechanisms on Wendel's percentages of ownership in the stakes in question was between 0 and 1 percentage points. This calculation is based on the value of the stakes calculated for the Group's net asset value as of December 31, 2018.

NOTE 5 Managing financial risks

Note 5-1 Managing equity risk

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) and unlisted (Constantia Flexibles, Cromology, Stahl, IHS, Allied Universal and Tsebo).

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' businesses and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of their competitive positioning and of the resilience of the companies to a deterioration in the economic climate.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations.

Additionally, the financial and debt structure of certain unlisted investments (Cromology, IHS, Allied Universal and Tsebo) 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 2009 financial crisis has shown that banks' own difficulties (e.g. access to liquidity, prudential ratios) could make refinancing the debt of these companies more difficult. To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. 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"), and in light of equity market volatility, in 2018 Wendel disposed of all its short-term financial investments indexed to equity markets (equity funds).

Note 5-1.3 Equity market risk

As of December 31, 2018, equity market risk related chiefly to:

- consolidated and equity-method investments, 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 notes 7 "Goodwill" and 10 "Equity-method investments");
- Saint-Gobain shares recognized in financial assets are carried at the market price on the reporting date. Changes in the fair value of these securities are recognized in equity; in accordance with IFRS 9 "Financial instruments", cumulative changes in value recognized in

equity are never reclassified to the income statement. As of December 31, 2018, the value of these securities was €412.8 million and a loss of €238 million was recognized in equity over the period. A +/-5% variation in the share price of this investment would have an impact of +/-€20.6 million in equity;

- investments by Wendel Lab, whose total value was €42 million at the end of December 2018. They are recognized at fair value, with changes recognized on profit or loss; a +/-5% variation in their value would therefore result in an impact of +/-€2 million in net financial expense;
- the optional component (sale of a call option) of bonds exchangeable for Saint-Gobain shares (see note 16 "Financial debt"). As of December 31, 2018, this component was carried at fair value under liabilities at close to zero, compared with €33 million as of December 31, 2017. The change was due to the fall in the Saint-Gobain share price and the approaching maturity of the bond; it is recognized in net financial income (expense). In August 2018, Wendel purchased a call option from a bank, with the same characteristics as the optional component of the bond exchangeable for Saint-Gobain shares, thereby neutralizing in full the risk associated with the optional component of the exchangeable bond. It is recognized in assets for an amount close to zero, and the change in fair value since the purchase was recognized in net financial income (expense) for a negative €4 million. The exchangeable bond thus synthetically became a straight bond in the amount of €500 million, maturing at end-July 2019. A +/-5% variation in the Saint-Gobain share price would have a non-material impact on the fair value of these instruments;
- minority buy-out commitments (also referred to as 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 relevant investment, or, in other cases, is determined by a contractual formula based on a fixed multiple of operating margin. As of December 31, 2018, the total of these financial liabilities was €284.4 million, including the minority put granted by Stahl on BASF's interest in that company (see note 13 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often estimated using the calculation method used for net asset value (as described in the Group's annual financial report), i.e. the application of peer multiples as multipliers of the operating margin of the investments in question in order to estimate the enterprise value. 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 €20 million. This change would be recognized mainly in retained earnings & other reserves. Other Group investments also granted minority puts (see note 13 "Financial assets and liabilities");

- the Wendel syndicated loan covenants, which are based on ratios of financial debt to the value of assets, are described in note 5-2.4 “Financing agreements and covenants of Wendel and its holding companies”. As of end-2018, 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 tracked by the Moody's and Standard & Poor's rating agencies, which Wendel has retained to rate its financial structure and bonds.

Note 5-2 Managing liquidity risk

Note 5-2.1 Liquidity risk of Wendel and its 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.

1. Position and monitoring of cash and short-term financial investments

1.1 Cash position and short-term financial investments

As of December 31, 2018, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €2,090 million and consisted mainly of €1,523 million in euro money market funds, €284 million in financial institution funds and €283 million in bank accounts and deposits denominated chiefly in euros.

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.

2. Position and management of debt maturities and refinancing

At December 31, 2018, gross debt (excluding operating subsidiaries) consisted of bonds (including bonds exchangeable for Saint-Gobain shares) for a total amount of €2,519.4 million after repayment of €350 million due in April 2018. Bond maturities are spread between July 2019 and February 2027, and the average maturity is 3.8 years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2023 following the one-year maturity deferral agreed by the banks at end-2018. This facility continues to have an option for a further one-year maturity deferral, 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.

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).

The financial rating agencies recognized the ongoing improvement in Wendel's financial structure by upgrading it. At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB “stable” outlook, and the short-term rating A-2. Similarly, Moody's rated Wendel for the first time in September 2018, assigning it a rating of Baa2 “stable” outlook with a short-term rating of P-2.

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 the financial rating agencies, which rate Wendel'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 financial rating downgrade for Wendel from the financial rating agencies.

To manage refinancing risk, Wendel seeks to align the maturities of its bond and bank financing with its long-term investor outlook. Wendel therefore secures medium to long-term financing and extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so.

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 of the operating subsidiaries are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared 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 respect, in March 2018 Wendel injected €25 million in cash into Cromology, providing that company with financial leeway vis-à-vis its bank covenants. Nevertheless, the financial position of said company continued to deteriorate throughout 2018 and the Management of Cromology was forced to ask for the bank covenants to be waived at end-September and end-December 2018. It also opened negotiations with its lenders to find a financial structure that would allow Cromology to turn around its operations. 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 bond exchangeable for Saint-Gobain shares in July 2019 in the amount of €500 million; depending on the level of the Saint-Gobain share price, it may be partially or totally redeemed with the Saint-Gobain shares held by the Group. This is followed by the bond maturity of September 2019 in the amount of €212 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, 2018)

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:
 - the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to
 - the 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, 2018 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, 2018, Bureau Veritas' gross financial debt was €3,154.7 million, and its cash balance was €1,046.3 million. Bureau Veritas also has a confirmed and undrawn line of credit in a total amount of €600 million.

The financial covenants applicable as of December 31, 2018 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, 2018, this ratio was 2.34;
- 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 10.95.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As of December 31, 2018, the notional amount of Constantia Flexibles' gross financial debt amounted to €530.7 million (including accrued interest and excluding issuance costs). Its cash balance was €16.4 million (plus deposits pledged as collateral in the amount of €61.5 million).

Under the applicable financial covenants, the ratio of net financial debt to LTM EBITDA must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of December 31, 2018.

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.

At end-2018, Cromology's bank debt was €336 million (including accrued interest, and excluding deferred issuance costs and shareholder loan). Its cash balance was €83.4 million.

The deterioration of the financial situation at Cromology led it to enter into negotiations with its lenders at end-2018 to seek a debt restructuring in keeping with its financial position and on the basis of the operational recovery plan put together by that company's management.

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, 2018, Stahl's gross bank debt was €543.0 million (including accrued interest, and excluding issuance costs). Its cash balance was €127.3 million.

At end-2018, the ratio of consolidated net debt to LTM EBITDA was required to be less than or equal to 3.6 (3.5 from June 30, 2019). The covenant was met as of December 31, 2018.

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. Tsebo's financial debt

This debt is without recourse to Wendel.

As of December 31, 2018, Tsebo's gross bank debt was €120.4 million (including accrued interest and excluding issuance costs). It is denominated in South African rand. Its cash balance was €16.9 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-June and end-December. These are as follows:

- the ratio of LTM EBITDA to the amount of interest paid was required to be greater than or equal to 2.00 as of end-December 2018 (this minimum ratio rises to 2.25 in 2020);
- the ratio of consolidated net debt to LTM EBITDA was required to be less than or equal to 4.00 as of end-December 2018 (this maximum ratio falls to 3.5 in 2019); and
- the ratio of operating cash flow to interest expense must be greater than 1.05.

These covenants were met as of end-December 2018.

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, 2018, 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	5.5		1.8
Cash and short-term financial investments	-0.3		-3.1
Impact of derivatives	0.3	1.0	-1.3
INTEREST-RATE EXPOSURE	5.5	1.0	-2.5
	139%	25%	-64%

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2018 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 +€23 million on net finance income before tax over the 12 months after December 31, 2018, based on net financial debt as of December 31, 2018, 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, 2017, 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	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.

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. Given the overall amount of cash and short-term financial investments as of December 31, 2018 (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 and Allied Universal. Owing to the exposure of part of those assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency through the use of derivatives. As such, €800 million in eurodollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the eurodollar exchange rate on the Group's net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. As a result, changes in fair value related to change in the eurodollar exchange rate are recognized in equity (impact of negative €35 million in 2018). A 5% increase in the value of the US dollar against the euro would have a negative impact of €39 million in equity in respect of cross-currency swaps. Changes in the spread between European and US interest rates are recognized in net financial income (expense), along with the cost of these foreign exchange hedges.

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 Bureau Veritas activities related to global markets, a portion of revenue is denominated in US dollars.

The share of US dollar-denominated consolidated revenue in 2018 for countries with a functional currency other than USD or currencies correlated to the USD was 9%.

Accordingly, a 1% fluctuation of the USD against any currency would have an impact of 0.1% on the Bureau Veritas' consolidated revenue.

Conversion risk

Since the presentation currency of the financial statements is the euro, Bureau Veritas must convert into euros the income and expenses in currencies other than the euro when preparing the financial statements. This conversion is carried out at the average rate for the period. As a result, changes in the exchange rate of the euro against other currencies affect the amount of the items concerned in the consolidated financial statements, even if their value remains unchanged in their original currency.

In 2018, over 71% of the Group's revenue was the result of the consolidation of the financial statements of entities with a functional currency other than the euro:

- 19.5% of revenue come from entities where the USD or a currency correlated to the USD (including the Hong Kong dollar) is the functional currency;
- 11.3% of revenue come from entities where the functional currency is the Chinese yuan;
- 4.0% of revenue come from entities where the functional currency is the Canadian dollar;
- 3.9% of revenue come from entities where the functional currency is the Australian dollar;
- 3.9% of revenue come from entities where the functional currency is the pound sterling;
- 3.2% of revenue come from entities where the functional currency is the Brazilian real.

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 0.195% on the Bureau Veritas' 2018 consolidated revenue and 0.198% on its 2018 operating result.

Note 5-5.3 Constantia Flexibles

In 2018, 36% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 11% in US dollars. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-1.0% on Constantia Flexibles' 2018 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than €+/-1.8 million.

Note 5-5.4 Stahl

In 2018, 56% of Stahl's revenue is in currencies other than the euro, including 31% in US dollars, 11% in Chinese yuan, 6% in Indian rupees and 3% in Brazilian reals. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-5% on Stahl's 2018 income from ordinary activities before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or +/-€10 million.

In addition, Stahl has financial debt of €543 million, the majority of which is denominated in US dollars (€527 million) and carried by a company with the euro as its functional currency. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about +/-€27 million in net finance income/expenses.

Note 5-5.5 Tsebo

Tsebo operates chiefly in South Africa, but its financial statements are presented in dollars. In 2018, 97% of Tsebo's revenue were the result of the consolidation of the financial statements of entities with a functional currency other than the dollar, of which 77% in South African rand. A +/-5% fluctuation in the value of the dollar against the South African rand would have an impact of around €1.3 million in income from ordinary activities before impairment and amortization for 2018 (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 €112 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 commodity risk

The main 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 €167 million in 2018. Over this period, commodities as a whole rose 4.1%, this increase being driven by the 14% increase in the price of titanium dioxide, a key component

in paint manufacturing in 2018. Titanium dioxide accounts for approximately one-quarter of Cromology's purchases. Over the same period, selling prices rose 2.9%, offsetting the rise in commodity prices in absolute terms. Cromology continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products. Moreover, for the first time in more than a year, titanium dioxide prices have begun to fall.

Stahl purchased around €408 million of commodities in 2018. 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 €41 million on a full-year basis. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles purchased around €771 million of commodities in 2018. 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 €77 million on a full-year basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. Moreover, the Company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 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 and Tsebo, as well as CSP Technologies, disposed of in August 2018, Mecatherm, disposed of in September 2018, and Nippon Oil Pump, disposed of in November 2018), and Wendel's share in the net income of investments accounted for under the equity method (Allied Universal, IHS and PlaYce) before non-recurring items and effects related to the allocation of goodwill;
- 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 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Other	Equity-method investments		Wendel & holding companies	Total Group
							IHS	Allied Universal		
Net income from operations										
Net sales	4,795.5	1,538.3	665.1	866.9	523.4	-			-	8,389.2
EBITDA⁽¹⁾	N/A	186.5	29.0	196.8	32.7	N/A				
Adjusted operating income⁽¹⁾	758.0	104.3	6.6	179.4	27.7	-		-0.2		
Other recurring operating items	-	-2.0	-1.8	-4.7	-0.8	-1.1		-		
Business income	758.0	102.3	4.8	174.7	26.9	-1.1		-0.2	-69.0	996.5
Finance costs, net	-82.5	-18.1	-17.2	-29.4	-15.4	-		-	-99.0	-261.6
Other financial income and expense	-10.7	-2.4	-0.1	1.3	0.9	-		-	18.4 ⁽²⁾	7.5
Tax expense	-221.6	-6.3	7.9	-36.3	-5.1	-		-7.0	-0.5	-268.9
Share in net income of equity-method investments	0.5	7.7	-0.1	-	0.2	-	5.8	19.1	-	33.1
Net income from discontinued operations and operations held for sale	-0.0	-	-0.5	-	-	6.0	-	-	-	5.6
RECURRING NET INCOME FROM OPERATIONS	443.7	83.2	-5.2	110.3	7.4	5.0	5.8	11.9	-150.0	512.1
Recurring net income from operations - non-controlling interests	279.3	34.0	-0.5	41.1	5.4	0.1	0.0	0.1	-	359.4
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	164.5	49.2	-4.7	69.2	2.0	4.9	5.7	11.8	-150.0	152.7
Non-recurring income										
Business income	-120.8	-51.6	-107.8	-39.5	-10.1	-	-	-	9.3	-320.5
Net financial expense	-	-12.1	-97.1	-24.9	2.1	-	-	-	124.4	-7.6
Tax expense	32.2	13.8	16.3	16.2	2.7	-	-	13.7	-	95.0
Share in net income of equity-method investments	-	-42.3	-	-	-	-	-39.5	-82.8	-	-164.6
Net income from discontinued operations and operations held for sale	-	3.2	-	-	-	-11.9	-	-	174.7	166.1
NON-RECURRING NET INCOME	-88.6	-88.9	-188.7	-48.1	-5.2	-11.9	-39.5	-69.1	308.4	-231.6
of which:										
■ Non-recurring items	-32.4	-18.3	-135.2	-27.4	1.3	-6.6	-39.5	-14.4 ⁽³⁾	308.4	35.9
■ Impact of goodwill allocation	-56.2	-31.4	-0.4	-20.7	-6.5	-5.3	-	-54.7	-	-175.3
■ Asset impairment	-	-39.2 ⁽⁴⁾	-53.1	-	-	-	-	-	-	-92.3
Non-recurring net income - non-controlling interests	-55.3	-35.0	-17.9	-18.6	-2.5	-0.2	-0.2	-0.3	5.8	-124.3
NON-RECURRING NET INCOME - GROUP SHARE	-33.3	-53.9	-170.7	-29.6	-2.7	-11.7	-39.3	-68.8	302.6	-107.4
CONSOLIDATED NET INCOME	355.1	-5.7	-193.9	62.2	2.2	-6.9	-33.8	-57.2	158.4	280.4
Consolidated net income - non-controlling interests	224.0	-1.0	-18.5	22.5	2.8	-0.1	-0.1	-0.3	5.8	235.1
CONSOLIDATED NET INCOME - GROUP SHARE	131.1	-4.7	-175.4	39.6	-0.6	-6.8	-33.6	-57.0	152.6	45.3

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

(2) This €18.4 million corresponds to dividends received from Saint-Gobain.

(3) This item notably includes the gains on the disposal of CSP Technologies of €108.8 million, Mecatherm of €11.2 and Nippon Oil Pump of €54.4 million, proceeds of €33.3 million from the revaluation of the optional component (sale of a call option) of bonds exchangeable for Saint-Gobain shares and a €9.6 million gain in the fair value of the euro-dollar cross-currency swap component (see note 5-3 "Managing interest rate risk").

(4) This impairment loss related to Multi-Color, which is accounted for under the equity method.

The contribution to the 2018 income statement of the entities that were disposed of or are in the process of being disposed of by business sector was as follows:

In millions of euros	Mecatherm	CSP Technologies	Nippon Oil Pump	PlaYce	Companies sold or held for sale\$
Net income from operations					
Net sales	-	-	-	-	0.0
EBITDA ⁽¹⁾	-	-	-	-	-
Adjusted operating income ⁽¹⁾	-	-	-	-	-
Other recurring operating items	-0.4	-0.6	-0.1	-	-1.1
Business income	-0.4	-0.6	-0.1	-	-1.1
Finance costs, net	-	-	-	-	-
Other financial income and expense	-	-	-	-	-
Tax expense	-	-	-	-	-
Share in net income of equity-method investments	-	-	-	-	-
Net income from discontinued operations and operations held for sale	2.4	3.2	1.5	-1.0	6.0
RECURRING NET INCOME FROM OPERATIONS	2.0	2.5	1.4	-0.9	5.0
Recurring net income from operations - non-controlling interests	-	0.0	0.0	-	0.1
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	2.0	2.5	1.4	-0.9	4.9
Non-recurring income		0.0	0.0		
Business income	-	-	-	-	-
Net financial expense	-	-	-	-	-
Tax expense	-	-	-	-	-
Share in net income of equity-method investments	-	-	-	-	-
Net income from discontinued operations and operations held for sale	-1.5	-9.6	-0.8	-	-11.9
NON-RECURRING NET INCOME	-1.5	-9.6	-0.8	-	-11.9
of which:					
■ Non-recurring items	-0.8	-5.7	-0.0	-	-6.6
■ Impact of goodwill allocation	-0.7	-3.8	-0.8	-	-5.3
■ Asset impairment	-	-	-	-	-
Non-recurring net income - non-controlling interests	-	-0.2	-	-	-0.2
NON-RECURRING NET INCOME - GROUP SHARE	-1.5	-9.4	-0.8	-	-11.7
CONSOLIDATED NET INCOME	0.5	-7.0	0.6	-0.9	-6.9
Consolidated net income - non-controlling interests	-	-0.1	-	-	-0.1
CONSOLIDATED NET INCOME - GROUP SHARE	0.5	-6.9	0.6	-0.9	-6.8

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

Note 6-2 Income statement by business sector for 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Equity-method investments		Wendel & holding companies	Other	Total Group
						Saint-Gobain	Allied IHS Universal			
Net income from operations										
Net sales	4,689.4	1,487.5	704.6	733.3	461.0	-	-	-	-	8,075.8
EBITDA ⁽¹⁾	N/A	188.2	49.0 ⁽²⁾	171.3	27.0	-	-	-	-	-
Adjusted operating income ⁽¹⁾	745.5	110.4	29.2	155.1	22.4	-	-	-0.1	-	-
Other recurring operating items	-	-2.0	-1.8	-9.5	-0.8	-	-	-	-2.0	-
Business income	745.5	108.4	27.5	145.6	21.6	-	-	-0.1	-62.6	983.8
Finance costs, net	-86.8	-59.8	-21.4	-25.1	-14.8	-	-	-	-144.8	-352.7
Other financial income and expense	-17.0	-1.4	4.0	-6.8	-0.2	-	-	-	17.8 ⁽³⁾	-3.6
Tax expense	-204.5	-17.8	3.5	-29.7	-5.1	-	-	0.7	8.7	-244.1
Share in net income of equity-method investments	0.6	-0.2	-0.3	-	0.7	40.7	4.1	11.4	-	57.8
Net income from discontinued operations and operations held for sale	-	53.7	-5.8	-	-	-	-	-	-	63.7
RECURRING NET INCOME FROM OPERATIONS	437.8	82.9	7.5	84.0	2.2	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	2.5	-	-	0.1	-	335.9
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	169.8	43.1	7.2	59.1	-0.4	40.7	4.1	11.9	-180.8	169.0
Non-recurring income										
Business income	-139.2	-66.3	-14.1	-35.0	-39.9	-	-	-	-10.0	-304.5
Net financial expense	-	-49.4	-77.7	60.6	-4.4	-	-	-	78.6	7.8
Tax expense	45.8	12.9	7.4	-6.2	-0.3	-	-	-1.6	-	58.1
Share in net income of equity-method investments	-	-	-	-	-	-4.7	-43.4	-48.1 ⁽⁴⁾	83.8	-16.6
Net income from discontinued operations and operations held for sale	-8.5	307.9	-	-	-	-	-	-	-	284.4
NON-RECURRING NET INCOME	-101.9	205.1	-84.5	19.4	-44.5	-4.7	-43.4	-49.7	152.4	29.1
of which:										
■ Non-recurring items	-51.5	242.3 ⁽⁵⁾	-89.3	36.6	-17.0	-4.7	-43.4 ⁽⁷⁾	-42.5	152.4	184.7
■ Impact of goodwill allocation	-50.4	-37.2	4.8	-17.2	-6.3	-	-	-7.2	-	-113.6
■ Asset impairment	-0.0	-	-	-	-21.2 ⁽⁶⁾	-	-	-	-	-42.1
Non-recurring net income - non-controlling interests	-60.3	80.4	-8.0	4.3	-17.7	-	-0.4	-0.2	-	-1.9
NON-RECURRING NET INCOME - GROUP SHARE	-41.6	124.7	-76.4	15.1	-26.8	-4.7	-43.0	-49.4	152.4	31.0
CONSOLIDATED NET INCOME	335.9	288.1	-76.9	103.4	-42.4	36.0	-39.3	-37.7	-28.4	534.1
Consolidated net income - non-controlling interests	207.7	120.3	-7.7	29.2	-15.2	-	-0.3	-0.2	-	334.1
Consolidated net income - Group share	128.2	167.8	-69.2	74.2	-27.2	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 impairment losses on current assets.

(3) This €17.8 million corresponds to dividends received from Saint-Gobain after the date of deconsolidation.

(4) This +€83.8 million resulted mainly from the sale of Saint-Gobain shares.

(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 losses on Mecatherm and -€21.2 million in impairment losses recognized by Tsebo for its "Security" division.

(7) This item includes +€27.3 million of dilution effect on IHS and an 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	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	PlaYce	Other
Net income from operations						
Net sales	-	-	-	-	-	-
EBITDA ⁽¹⁾	-	-	-	-	-	-
Adjusted operating income ⁽¹⁾	-	-	-	-	-	-
Other recurring operating items	-0.5	-1.3	-0.2	-	-	-2.0
Business income	-0.5	-1.3	-0.2	-	-	-2.0
Finance costs, net	-	-	-	-	-	-
Other financial income and expense	-	-	-	-	-	-
Pre-tax income, including management fees	-	-	-	-	-	-
Tax expense	-	-	-	-	-	-
Share in net income of equity-method investments	-	-	-	0.8	-	0.8
Net income from discontinued operations and operations held for sale	3.9	6.3	6.0	-	-0.3	15.8
RECURRING NET INCOME FROM OPERATIONS	3.4	5.0	5.8	0.8	-0.3	14.7
Recurring net income from operations - non-controlling interests	0.0	0.1	0.1	-	-	0.2
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	3.3	4.9	5.7	0.8	-0.3	14.5
Non-recurring income						
Business income	-	-	-	-	-	-
Net financial expense	-	-	-	-	-	-
Tax expense	-	-	-	-	-	-
Share in net income of equity-method investments	-	-	-	-4.2	-	-4.2
Net income from discontinued operations and operations held for sale	-20.4	7.1	-1.6	-	-	-15.0
NON-RECURRING NET INCOME	-20.4	7.1	-1.6	-4.2	-	-19.2
of which:						
■ Non-recurring items	-1.7	3.4	-0.1	0.2	-	1.8
■ Impact of goodwill allocation	-0.9	3.7	-1.6	-1.4	-	-0.2
■ Asset impairment	-17.8	-	-	-3.1	-	-20.9
Non-recurring net income - non-controlling interests	-	0.1	-	-	-	0.1
NON-RECURRING NET INCOME -GROUP SHARE	-20.4	7.0	-1.6	-4.2	-	-19.3
CONSOLIDATED NET INCOME	-17.0	12.0	4.1	-3.4	-0.3	-4.5
Consolidated net income - non-controlling interests	-	0.2	-	-	-	0.2
CONSOLIDATED NET INCOME - GROUP SHARE	-17.0	11.8	4.1	-3.4	-0.3	-4.8

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

Note 6-3 Balance sheet by business sector as of December 31, 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	PlaYce	IHS	Allied Universal	Wendel & holding companies	Total group
Goodwill, net	2,383.5	468.1	176.3	129.7	182.1	-	-	-	-	3,339.8
Intangible assets, net	832.1	493.4	185.7	269.5	123.2	-	-	-	-	1,903.9
Property, plant & equipment, net	471.1	613.1	75.4	143.0	14.6	-	-	-	12.7	1,330.0
Non-current financial assets	109.8	74.2	4.9	1.6	2.8	-	-	-	523.6	717.0
Pledged cash and cash equivalents	-	-	-	-	-	-	-	-	0.5	0.5
Equity-method investments	5.0	148.4	1.3	-	2.4	-	261.7	132.8	-	551.7
Deferred tax assets	135.3	21.8	34.0	14.9	1.8	-	-	-	0.4	208.3
Total non-current assets	3,936.9	1,819.1	477.8	558.7	326.9	-	261.7	132.8	537.3	8,051.2
Assets of discontinued operations and operations held for sale	0.0	-	-	1.2	-	24.8	-	92.0	-	118.0
Inventories and work-in-progress	19.9	233.0	75.6	116.4	8.1	-	-	-	-	452.9
Trade receivables	1,408.8	161.1	108.2	151.1	59.4	-	-	-	0.4	1,889.0
Other current assets	186.3	35.2	64.3	18.2	14.1	-	-	0.2	7.9	326.2
Current income tax payable	49.8	12.9	-	11.2	0.8	-	-	-	0.2	74.9
Other current financial assets	17.8	2.2	-	1.0	-	-	-	-	285.4	306.5
Cash and cash equivalents	1,046.3	16.4	84.7	127.3	16.8	-	-	0.9	1,806.1	3,098.4
Total current assets	2,728.9	460.8	332.8	425.1	99.2	-	-	1.1	2,100.0	6,147.9
TOTAL ASSETS										14,317.1
Shareholders' equity - Group share										2,160.3
Non-controlling interests										1,146.1
Total shareholders' equity										3,306.4
Provisions	290.7	64.6	48.8	24.0	-	-	-	-	15.4	443.5
Financial debt	2,655.8	503.9	14.1	475.3	109.0	-	-	-	1,873.8	5,631.8
Other current financial liabilities	131.7	28.4	-0.0	123.5	2.9	-	-	-	170.2	456.7
Deferred tax liabilities	178.4	153.9	96.7	27.2	34.8	-	-	19.1	-	510.2
Total non-current liabilities	3,256.5	750.8	159.6	650.0	146.7	-	-	19.1	2,059.4	7,042.2
Liabilities of discontinued operations and operations held for sale	-	-	-	-	-	-	-	-	-	-
Provisions	-	61.0	3.1	0.2	-	-	-	-	-	64.3
Financial debt	499.0	25.2	324.3	58.8	8.6	-	-	-	751.9	1,667.8
Other current financial liabilities	130.3	63.7	-	2.9	0.1	-	-	-	15.5	212.4
Trade payables	390.0	251.7	85.3	105.8	58.6	-	-	0.2	10.9	902.6
Other current liabilities	792.8	57.7	86.0	38.1	22.4	-	-	-	17.3	1,014.4
Current income tax payable	71.2	25.7	-	9.0	0.9	-	-	-	0.2	107.0
Total current liabilities	1,883.2	485.1	498.7	214.7	90.7	-	-	0.2	795.8	3,968.5
TOTAL EQUITY AND LIABILITIES										14,317.1

Note 6-4 Balance sheet by business sector as of December 31, 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Mecatherm	CSP Technologies	Nippon Oil Pump	Tsebo	PlaYce	Allied IHS Universal	Wendel & holding companies	Total Group
Goodwill, net	2,337.0	460.4	211.6	128.6	66.3	152.4	202.1	16.7	-	-	-	3,575.0
Intangible assets, net	837.7	508.6	212.2	290.8	65.1	101.3	145.1	20.8	-	-	0.0	2,181.8
Property, plant & equipment, net	486.3	574.0	81.9	141.3	5.7	77.2	14.5	11.8	-	-	13.5	1,406.1
Non-current financial assets	119.7	281.7	6.2	2.4	0.8	0.3	3.0	1.7	-	-	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	-	-	-	5.1	-	25.3	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	137.9	331.3	372.3	51.0	25.3	281.2	215.9	9,276.4
Assets 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	8.4	23.7	7.7	7.5	-	-	-	481.1
Trade receivables	1,364.9	152.3	116.3	158.4	11.4	16.2	59.9	15.9	-	-	2.3	1,897.5
Other current assets	188.3	40.2	61.4	28.2	2.8	2.0	11.2	0.3	-	-	3.8	347.7
Current income tax payable	52.7	5.0	-	12.0	-	0.4	2.4	-	-	-	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	7.2	6.9	21.7	8.6	-	-	0.3	1,905.3
Total current assets	2,014.2	491.9	312.2	347.3	29.7	49.2	103.0	32.2	-	-	4.1	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	4.3	0.2	-	6.9	-	-	24.4	465.1
Financial debt	2,240.0	505.4	309.5	528.7	-	145.0	119.8	23.4	-	-	2,544.5	6,416.2
Other current financial liabilities	126.8	60.1	0.2	118.6	0.8	7.1	4.5	1.7	-	-	256.0	575.9
Deferred tax liabilities	194.3	156.5	107.9	31.4	14.4	17.1	41.2	7.6	-	-	25.2	595.6
Total non-current liabilities	2,860.9	785.9	459.5	702.4	19.5	169.4	165.5	39.6	-	-	25.1	8,052.8
Liabilities held for sale	1.0	-	16.1	-	-	-	-	-	-	-	-	17.1
Provisions	-	52.7	0.8	0.1	5.6	-	-	0.0	-	-	0.1	59.4

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Mecatherm	Technologies	CSP Tsebo	Nippon Oil Pump	PlaYce	IHS	Allied Universal	Wendel &holding companies	Total Group
Financial debt	209.0	18.9	2.6	42.1	22.9	1.3	7.0	3.2	-	-	-	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	8.6	6.9	64.1	6.0	-	-	0.1	5.1	900.7
Other current liabilities	747.0	70.0	98.4	40.6	20.6	9.9	24.1	2.8	-	-	3.7	21.9	1,039.1
Current income tax payable	73.6	21.9	0.0	7.5	-	2.2	0.2	1.7	-	-	0.0	0.4	107.5
Total current liabilities	1,526.0	436.8	206.6	171.2	57.8	20.4	98.8	13.6	-	-	3.8	574.3	3,109.3
TOTAL EQUITY AND LIABILITIES													14,435.9

Note 6-5 Cash flow statement by business segment for 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Mecatherm	Technologies	Nippon Oil Pump	Allied Universal	Wendel &holding companies	Eliminations and unallocated	Group Total
Net cash flows from operating activities, excluding tax	864.6	138.5	-2.9	217.7	16.6	7.8	13.5	4.7	4.0	-53.1	-	1,211.5
Net cash flows from investing activities, excluding tax	-274.4	-131.9	-17.8	-35.3	-6.2	-3.6	-9.5	-10.0	-67.6	1,119.8	-	563.5
Net cash flows from financing activities, excluding tax	285.5	-38.5	66.1	-74.3	-11.3	-11.0	-7.6	-1.8	66.3	-619.2	-	-345.8
Net cash flows related to taxes	-185.1	-16.1	-3.9	-21.4	-2.4	-0.4	-3.6	-1.8	-0.2	11.1	-	-223.8

Note 6-6 Cash flow statement by business segment for 2017

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Mecatherm	Technologies	Nippon Oil Pump	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	28.3	11.1	32.8	11.0	-0.8	-64.6	-	1,107.9
Net cash flows from investing activities, excluding tax	-312.4	661.9	-21.0	-153.5	6.7	-1.6	-19.5	-1.0	-	844.6	-14.2	990.0
Net cash flows from financing activities, excluding tax	-959.9	-894.7	-17.7	-198.0	-2.3	-3.7	-8.4	-3.7	-	-400.2	14.2	-2,474.4
Net cash flows related to taxes	-182.4	-23.7	-1.3	-20.4	-10.8	-0.6	-0.4	-3.0	0.7	-3.7	-	-245.6

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	31.12.2018		
	Gross amount	Impairment	Net amount
Bureau Veritas	2,524.9	-141.3	2,383.5
Constantia Flexibles	468.1	-	468.1
Cromology	403.7	-227.3	176.3
Stahl	129.7	-	129.7
Tsebo	201.5	-19.4	182.1
TOTAL	3,727.9	-388.0	3,339.8

In millions of euros	31.12.2017		
	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

The principal changes during the year were as follows:

In millions of euros	2018	2017
Net amount at beginning of period	3,575.0	3,669.3
Changes in scope ⁽¹⁾	-160.5	133.8
Impact of changes in currency translation adjustments and other	-39.2	-189.1
Impairment for the year ⁽²⁾	-35.5	-39.0
NET AMOUNT AT END OF PERIOD	3,339.8	3,575.0

(1) This item mainly includes the effect of the disposal of CSP (-€150.9 million), Mecatherm (-€66.2 million) and Nippon Oil Pump (-€7 million) offset by the impact of the acquisitions of EMG by Bureau Veritas in the US (€45.9 million) and Polypack by Constantia Flexibles (€9.5million).

(2) A €35.5 million impairment loss was recognized by Cromology.

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 consist of the fully consolidated investments at December 31, 2018: Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo.

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, 2018. 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 2018 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 Goodwill impairment tests at Bureau Veritas (listed company)

The carrying amount of the Bureau Veritas shares at year-end 2018 (€4.6 per share, or €725 million for the shares held) was significantly below their fair value (closing share price: €17.80 per share, or €2,781 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 and Tsebo

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 tests performed at end-2018 did not result in the recognition of any impairment losses.

Conversely, the tests performed by Cromology on its own CGUs resulted in the recognition of a €35.5 million impairment loss on the goodwill of its French operations and a €24.4 million impairment loss on the assets (excluding goodwill) of its Italian operations (€17.6 million net of deferred tax). In accordance with the Group's accounting principles, these impairment losses are reflected in Wendel's consolidated financial statements.

The description of the tests on unlisted investment is as follows:

In millions of euros		Constantia Flexibles	Cromology	Stahl	Tsebo
Net book value before test (Group share)		636	131	80	84
Depreciation recognized in 2017 after test (Group share)		-	-	-	-
Net book value after test (Group share)		636	131	80	84
Duration of business plan		4 ans	4 ans	5 ans	5 ans
Discount rate	rate as at 12/31/2018	8,0 %	8,0 %	9,0 %	13,0%
	rate as at 12/31/2017	8,0 %	8,0 %	9,0 %	13,0%
	profit/loss impact in case of 0.5% increase	-	-45	-	-14
	profit/loss impact in case of 0.5% decrease	-	-	-	-
	threshold at which the value in use becomes less than the carrying amount	10,8 %	8,1%	28,7 %	15,7%
	rate as at 12/31/2018	2,0 %	2,0 %	2,0 %	5,5%
	rate as at 12/31/2017	2,0 %	2,0 %	2,0 %	5,5%
	profit/loss impact in case of 0.5% decrease	-	-34	-	-7
	profit/loss impact in case of 0.5% increase	-	42	-	8
	threshold at which the value in use becomes less than the carrying amount	<0	1,8%	<0	<0
Post business plan growth	Profit/loss impact of a 1% reduction in the operating margin rate	-	-36	-	-18

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 property, plant & equipment and intangible assets".

The details by subsidiary are presented in note 6 "Segment information".

In millions of euros	12/31/2018		
	Gross amount	Amortization and provision	Net amount
Amortizable assets			
Internally generated	183.4	-36.2	147.2
Acquired			
Concessions, patents, and licenses	173.6	-58.9	114.7
Customer relationships	1,915.9	-755.2	1,160.7
Software	701.3	-615.1	86.2
Other intangible assets	59.7	-82.1	-22.4
Intangible assets in progress	31.0	-	31.0
With indefinite useful life	2881.6	-1511.3	1370.3
Brands	442.9	-56.6	386.3
TOTAL	3,508.0	-1,604.1	1,903.9

In millions of euros	12/31/207		
	Gross amount	Amortization and provision	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
With indefinite useful life	3,042.5	-1,400.3	1,642.2
Brands	525.8	-33.9	491.9
TOTAL	3,642.5	-1,460.7	2,181.8

The principal changes during the year were as follows:

In millions of euros	2018	2017
Amount at beginning of the period	2,181.8	2,238.8
Acquisitions	52.8	42.8
Internally generated assets	5.3	15.7
Variations due to operations held for sale	-178.9	0
Changes in scope ⁽¹⁾	82.6	176.2
Impact of currency translation adjustments and other	-31.7	-86.2
Amortization and impairment losses for the year	-208.0	-205.5
AMOUNT AT END OF THE YEAR	1,903.9	2,181.8

(1) In 2018, the changes in scope of consolidation mainly comprised the €60.6 million in acquisitions by Bureau Veritas and the €22 million acquisition of Creative Polypack by Constantia Flexibles.

NOTE 9 Property, plant and equipment

The accounting principles applied to property, plant & equipment are described in notes 1-10.4 "Property, plant and equipment" and 1-10.5 "Impairment of property, plant and equipment and intangible assets".

The details by subsidiary are presented in note 6 "Segment information".

In millions of euros	12/31/2018		
	Gross amount	Amortization and provision	Net amount
Land	114.7	-1.7	113.0
Buildings	424.3	-150.1	274.2
Plant, equipment, and tooling	1,796.0	-1,058.1	737.9
Other property, plant & equipment	462.2	-332.3	129.9
Assets under construction	75.1	-	75.1
TOTAL	2,872.3	-1,542.3	1,330.0

In millions of euros	12/31/2017		
	Gross amount	Amortization and provision	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

The principal changes during the year were as follows:

In millions of euros	2018	2017
Amount at beginning of the period	1,406.1	1,635.9
Acquisitions ⁽¹⁾	241.3	261.0
Divestments	-12.9	-13.1
Changes in scope ⁽²⁾	28.4	-161.1
Changes due to operations held for sale	-93.5	-
Impact of currency translation adjustments and other	-11.9	-74.8
Depreciation and provisions recognized during the year	-227.5	-241.8
AMOUNT AT END OF THE YEAR	1,330.0	1,406.1

(1) Acquisitions concern mainly Bureau Veritas for €100.9 million and Constantia Flexibles for €97.5 million.

(2) The changes in scope of consolidation mainly included the €19.7 million acquisition of Creative Polypack by Constantia Flexibles.

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	12/31/2018	12/31/2017
IHS	261.7	281.2
Allied Universal	132.8	215.9
PlaYce	-	25.3
Investments of Constantia Flexibles	148.4	0.8
Investments of Bureau Veritas	5.0	4.6
Investments of Tsebo	2.4	5.1
Investments of Cromology	1.4	1.4
TOTAL	551.7	534.3

The change in equity-method investments broke down as follows:

In millions of euros	2018
Amount at beginning of the period	534.3
Share in net income for the period	
IHS	-31.2
Allied Universal	-63.7
PlaYce	-0.9
Other	5.2
Dividends for the period	-1.5
Impact of changes in currency translation adjustments	20.7
Investment in Allied Universal	63.4
Consolidation of Multi Color	181.3
Impairment of Multi Color	-39.2
Allied Universal IFRS 5 reclassification	-92.0
Playce IFRS 5 reclassification	-24.8
Changes in scope	-0.8
Other	0.9
AMOUNT AT CLOSE	551.7

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	12/31/2018	12/31/2017
Carrying values at 100%		
Total non-current assets	2,498.3	2,418.9
Total current assets	842.1	931.5
Goodwill adjustment (Wendel)	61.0	58.2
TOTAL ASSETS	3,401.5	3,408.6
Non-controlling interests	-	-
Total non-current liabilities	1,676.4	1,753.5
Total current liabilities	500.8	339.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,177.2	2,092.8
<i>including cash and cash equivalents</i>	553.2	538.8
<i>including financial debt</i>	1,657.4	1,651.7

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.

In November 2018, all the accounts that had been blocked by EFCC were released. The cash in question was presented under non-current assets at end-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	12/31/2018	12/31/2017
Carrying values at 100%		
Total non-current assets	3,798.8	2,916.7
Total current assets	1,106.8	790.7
Goodwill adjustment (Wendel)	-247.7	-178.6
Impact of the revaluation of acquired assets and liabilities	243.6	321.4
TOTAL ASSETS	4,901.4	3,850.3
Non-controlling interests	1.9	1.5
Total non-current liabilities	3,802.1	2,732.1
Total current liabilities	526.0	466.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,330.0	3,200.0
<i>including cash and cash equivalents</i>	25.9	3.8
<i>including financial debt</i>	3,445.9	2,517.9

In millions of euros	2018
Net sales	4,937.4
Operating income	137.4
Business income	96.6
Net income - Group share	-119.1
Impact of the revaluation of acquired assets and liabilities	-72.2

At December 31, 2018, 40% of the investment in Allied Universal was reclassified under assets held for sale (see note 37 "Subsequent events").

Note 10-3 Additional information on Multi-Color

The main Multi-Color accounting aggregates (at 100%) are listed below (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12/31/2018
Carrying values at 100%	
Total non-current assets	1 911,1
Total current assets	480.0
Impact of the revaluation of acquired assets and liabilities (Wendel)	502.9
TOTAL ASSETS	2,893.9
Non-controlling interests	2.3
Total non-current liabilities	1,509.1
Total current liabilities	249.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,760.3
<i>including cash and cash equivalents</i>	45.2
<i>including financial debt</i>	1,348.0

In millions of euros	12/31/2018
Net sales	1,472.2
Business income	143.7
Recurring net income - Group share	63.8
Impact of the revaluation of acquired assets and liabilities (Wendel)	-10.9

Multi-Color was accounted for under the equity method as from Q2 2018 (see note 2- 1.7 "Principal changes in scope of consolidation of subsidiaries and associates").

Note 10-4 Impairment testing of equity-method investments

No impairment test was performed on IHS and Allied Universal because no indication of impairment was identified on these investments.

However, the sharp fall in the Multi-Color share price in Q4 was taken as a relevant external indicator of impairment. In accordance with IAS 36 "Impairment of assets", the Group therefore performed an impairment test.

The value in use of \$50 per share was taken as the recoverable value. This amount is in line with the offer made for the Company in February (note 37 "Subsequent events").

As a result, a €39.2 million impairment loss was recognized for these securities.

NOTE 11 Trade receivables

In millions of euros	12/31/2018			12/31/2017
	Gross amount	Impairment	Net amount	Net amount
Bureau Veritas	1,488.8	-79.9	1,408.8	1,364.9
Constantia Flexibles	163.7	-2.6	161.1	152.3
Cromology	115.8	-7.6	108.2	116.3
Stahl	156.5	-5.4	151.1	158.4
Oranje-Nassau Développement	60.5	-1.1	59.4	103.4
Operating subsidiaries	0.4	-0.0	0.4	2.3
TOTAL	1,985.7	-96.7	1,889.0	1,897.5

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".

In millions of euros	12/31/2018	12/31/2017
	Net amount	Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets	0.5	0.4
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	1,806.0	1,347.2
Cash and cash equivalents of Wendel and its holding companies⁽¹⁾	1,806.5	1,347.6
Pledged cash and cash equivalents of subsidiaries and other holding companies, classified as non-current assets		0.2
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets:		
Bureau Veritas	1,046.3	364.3
Constantia Flexibles	16.4	64.7
Cromology	83.4	41.5
Stahl	127.3	41.1
Oranje-Nassau Développement	16.8	44.4
Other holding companies	2.2	2.0
Cash and cash equivalents of subsidiaries and other holding companies	1,292.4	558.3
TOTAL	3,098.9	1,905.9
of which non-current assets	0.5	0.7
of which current assets	3,098.4	1,905.3

(1) To this cash was added €283.7 million of short-term financial investments at December 31, 2018 and €381.9 million at December 31, 2017 (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	Accounting method for variations	Level	12/31/2018	12/31/2017
Pledged cash and cash equivalents of Wendel and holdings	Income statement ⁽¹⁾	1	0.5	0.4
Available cash and cash equivalents of Wendel and holdings	Income statement ⁽¹⁾	1	1,806.0	1,347.2
Wendel's short-term financial investments	Income statement ⁽¹⁾	1	283.7	381.9
Cash and short-term financial investments of Wendel and its holding companies			2,090.2	1,729.5
Pledged cash and cash equivalents of subsidiaries	Income statement ⁽¹⁾	1	-	0.2
Cash and cash equivalents of subsidiaries	Income statement ⁽¹⁾	1	1,292.4	558.1
Financial assets at fair value through shareholders' equity - A	Shareholders' equity ⁽²⁾	1 and 3	414.1	1,023.2
Financial assets at fair value through profit or loss	Income statement ⁽¹⁾	1	57.1	0.1
Loans - B	Amortized cost	N/A	2.2	64.9
Deposits and guarantees	Amortized cost	N/A	96.4	125.6
Derivatives - C	Income statement ⁽¹⁾ /Sh equity ⁽²⁾	See C	61.0	92.2
Other			108.9	117.8
TOTAL			4,121.3	3,711.6
of which non-current financial assets, including pledged cash and cash equivalents			717.4	1,383.9
of which current financial assets, including cash and cash equivalents			3,404.9	2,327.7

(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	Accounting method for variations	Level	12/31/2018	12/31/2017
Derivatives - C	Income statement ⁽¹⁾ /Sh equity ⁽²⁾	See C	25.7	59.1
Minority puts, earn-outs and other financial liabilities of subsidiaries - D	Income statement ⁽¹⁾ /Sh equity ⁽²⁾	3	457.7	442.9
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - E	Income statement ⁽¹⁾ /Sh equity ⁽²⁾	3	185.7	363.8
TOTAL			669.1	865.8
of which non-current financial liabilities			456.7	575.9
of which current financial liabilities			212.4	289.9

(1) Change in fair value through profit or loss.

(2) Change in fair value through shareholders' equity.

Note 13-3 Breakdown of financial assets and liabilities

A – As of December 31, 2018, this item mainly includes the stake in Saint-Gobain in the amount of €412.9 million.

The change in the fair value of the Saint-Gobain securities over the year was recorded in consolidated reserves under “Gains and losses on financial assets at fair value through other comprehensive income” for -€237.9 million for Saint-Gobain in line with the accounting principles. A negative variation of

€29.8 million in the value of the Multi-Color securities held by Constantia Flexibles was also recognized in other comprehensive income until April 1, the date on which these securities were accounted for using the equity method.

The Saham Group securities were sold in the first half of 2018, see note 2 “Changes in scope of consolidation”.

B – **Loans:** A large portion of the loans held at December 31, 2017 were transferred during the period.

C – **Derivatives:**

In millions of euros	Level	12/31/2018		12/31/2017	
		Assets	Liabilities	Assets	Liabilities
Interest rate swaps - hedging of cash flows ⁽¹⁾	2	-	-	-	6.7
Interest rate swaps - not qualifying for hedge accounting ⁽¹⁾	2	2.9	5.8	2.4	7.1
Cross-currency swaps - hedging of cash flows ⁽¹⁾	-	50.6	6.7	76.0	-
Optional component of bonds exchangeable for Saint-Gobain shares	2	0.1	-	-	33.3
Other derivatives - not qualifying for hedge accounting	2	7.4	13.2	13.8	12.0
TOTAL		61.0	25.7	92.2	59.1
of which non-current portion		53.2	12.6	80.4	47.1
of which current portion		7.8	13.1	11.8	12.0

(1) See description of the swaps in the following note.

D – **Minority puts, earn-outs and other financial liabilities of subsidiaries:** at December 31, 2018, this amount corresponds in particular to Bureau Veritas for €250.8 million and Stahl for €126.3 million (including the minority put granted to BASF – see note 34-5 “Shareholder agreements and co-investment mechanisms”.) and Constantia Flexibles for €78.2 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, 2018, this amount mainly reflected minority puts granted to the Turnauer Foundation on 50% of its investment in Constantia Flexibles. It also includes liabilities for certain liquidities granted as part of co-investments. See note 34-5 “Shareholder agreements and co-investment mechanisms”.

F – **Interest rate swaps and foreign exchange hedges:** the value of the swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts.

Notional amount	Characteristics ⁽¹⁾	Qualified as	Start ⁽¹⁾	Maturity ⁽¹⁾	12/31/2018	12/31/2017
<i>Sign convention: (+) assets, (-) liabilities</i>						
Hedging of debt carried by Wendel						
\$885m/€800m	Pay 2.23% in US dollars against 0.24% in euros ⁽²⁾	Hedge	03-2016	11-2022	50.6	76.0
	Other				-	
Hedging of subsidiaries' debt						
€95m	Caps and tunnels on Euribor with maturities between 10/2017 and 02/2019				-	-0.1
\$551m	2.25% cap on Libor		Pre-closing	12/2019	0.8	0.5
€180m	Pay 0.75% against Euribor	Hedge	Pre-closing	04-2022	-5.1	-4.8
€400m	2.00% cap against Euribor		Pre-closing	04-2020	2.0	1.9
ZAR 1,850m	Pay 7.72% on Jibar		Pre-closing	May 31, 2021	-0.7	-2.1
	Other ⁽³⁾				-6.7	-6.8
TOTAL					40.9	64.6

(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 Number of shares and treasury shares

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
At 12.31.2017	4 €	46,253,210	669,402	45,583,808
At 12.31.2018	4 €	46,280,641	1,013,074	45,267,567

The reduction of 27,431 shares is due to:

- the exercise of stock options (7,276 shares);
- subscriptions to the Company savings plan (20,155 shares).

The accounting principles applied to treasury shares are described in note 1-10.13 "Treasury shares".

As of December 31, 2018, 100,000 shares were held for the purposes of the liquidity contract, unchanged from December 31, 2017.

As of December 31, 2018, Wendel held 913,074 of its shares in treasury outside the context of the liquidity contract (569,402 at

December 31, 2017). These treasury shares are primarily allocated to cover stock option exercises and grants of performance shares and the remainder were retained for potential acquisitions.

The net decrease of 343,672 shares was due to:

- the acquisition of 553,576 shares during the year and;
- the sale of 209,904 shares as part of the exercise of stock option plans and the delivery of performance shares.

In total, treasury shares represented 2.19% of the share capital as at December 31, 2018.

Note 14-2 Non-controlling interests

In millions of euros	% interest as of December 31, 2018	12/31/2018	12/31/2017
Bureau Veritas Group	64.2%	801.4	717.9
Constantia Flexibles Group	39.4%	265.2	284.6
Cromology Group	9.5%	-27.4	-34.6
Stahl Group	32.5%	20.1	0.1
Tsebo Group	35.3%	103.0	114.6
Other		-16.6	9.9
TOTAL		1,145.9	1,092.5

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	31.12.2018	31.12.2017
Provisions for risks and contingencies	200.4	203.0
Employee benefits	307.4	321.6
TOTAL	507.8	524.6
of which non-current	443.5	465.1
of which current	64.3	59.4

Note 15-1 Provisions for risks and contingencies

In millions of euros	12/31/2017	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope	Currency translation adjustments, reclassifications	12/31/2018
Bureau Veritas								
Disputes and litigation	47.2	3.2	-2.7	-4.3	0.3	0.4	0.2	44.3
Other	62.4	20.1	-10.3	-10.0	-	-	-1.3	60.8
Cromology	8.6	15.0	-3.8	-0.7	-	0.4	-0.3	19.1
Stahl	1.3	-	-	-	-	-	-	1.4
Constantia Flexibles	52.8	11.4	-3.2	-	-	-	-	61.1
Oranje-Nassau Développement	7.7	0.2	-0.5	-	-	-	-7.5	-
Operating subsidiaries	22.9	6.3	-4.7	-10.8	-	-	-	13.7
TOTAL	203.0	56.1	-25.1	-25.8	0.3	0.8	-9.0	200.4
<i>of which current</i>	59.4							64.3

In millions of euros	12/31/2016	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope	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
Operating subsidiaries	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>	<i>66.1</i>							<i>59.4</i>

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 seeking, among other things, to invoke its professional liability with regard to services. 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 insurance policies.

Accordingly, Bureau Veritas estimated that a total provision of €3.1 million was necessary for certain of these risks in 2018 compared to €4.1 million in 2017, given the development of certain claims.

The calculation of provisions for risks and contingencies as of December 31, 2018 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 €20.1 million and

has reversed €20.3 million of provisions, giving a net reduction of €0.2 million. The changes over the period, by type of provision, are not material.

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 pending litigation concerning a squeeze out relating to 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:

- environmental risk concerning potential costs related to the rehabilitation of land which belonged to a Group subsidiary whose operations were discontinued in 1967;
- 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	12/31/2018	12/31/2017
Bureau Veritas	185.6	190.1
Constantia Flexibles	64.6	63.9
Cromology	32.7	34.1
Stahl	22.8	22.6
Oranje-Nassau Développement	-	9.3
Operating subsidiaries	1.7	1.6
TOTAL	307.4	321.6

The change in provisions for employee benefits break down as follows for 2018:

In millions of euros	12/31/2017	Services costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailment and settlement	Changes in scope	Translation adjustments and other	12/31/2018
Commitments									
Defined-benefit plans	246.8	4.7	-4.9	-9.3	4.0	0.2	-	12.9	254.4
Retirement bonuses	167.2	11.0	-4.4	-11.9	2.2	2.4	0.0	-3.5	162.9
Other	61.8	3.2	-0.5	-5.9	1.5	-0.0	-	-7.9	52.2
TOTAL	475.7	18.9	-9.8	-27.1	7.7	2.5	0.0	1.5	469.5

In millions of euros	12/31/2017	Return on assets	Employer contributions	Actuarial gains and losses	Amounts used	Changes in scope	Translation adjustments and other	12/31/2018
Partially-funded plan assets								
Defined-benefit plans	133.0	2.4	3.6	-2.7	-4.6	0.8	9.4	141.9
Retirement bonuses	11.6	0.1	0.7	0.2	-1.5	-	0.4	11.4
Other	9.6	0.1	0.1	-0.1	-0.9	-	-	8.7
TOTAL	154.1	2.6	4.3	-2.6	-6.9	0.8	9.8	162.1

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	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	Actuarial gains and losses	Amounts used	Changes in scope	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

Liabilities on defined-benefit plans break down as follows:

In millions of euros	12/31/2018	12/31/2017
Unfunded liabilities	202.4	213.6
Partially or fully-funded liabilities	267.1	262.2
TOTAL	469.5	475.7

Defined-benefit plan assets break down as follows:

	12/31/2018	12/31/2017
Insurance Company funds	0%	0%
Equity instruments	31%	29%
Debt instruments	18%	20%
Cash and other	51%	51%

Expenses recognized on the income statement break down as follows:

In millions of euros	2018	2017
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs during the year	18.9	21.9
Interest costs	6.8	3.9
Expected return on plan assets	-2.6	-3.3
Past service costs	0.9	4.1
Impact of plan curtailments or settlements	0.0	0.9
TOTAL	24.0	27.5

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;
- retirement bonuses; and
- long-service awards.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate of 2.0%; implicit rate of return on plan assets of 2.9%; average salary increase rate of 3.0%.

2. Commitment characteristics and actuarial assumptions applied at Constantia Flexibles

Employee benefits for Constantia Flexibles in Germany, Austria, France, Mexico, Turkey, Russia and Spain concern the following defined-benefit plans:

- retirement plans, funded or unfunded;
- retirement bonuses; and
- long-service awards.

The principal actuarial assumptions utilized are discount rates between 1.7% and 8.5%, salary increase rates, included between 2.5% and 7%, and a rate of return on assets of between 1.7% and 8.5%.

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:

- partially-funded retirement plans;
- retirement bonuses; and
- long-service awards.

The main actuarial assumptions were as follows: discount rate of 2.4%, inflation rate of 1.7%, salary increase rate of 0.7%, and return on assets of 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, 2018, 36 retirees and six employees of the Company benefited from the plan.

NOTE 16 Financial debt

Principal changes in 2018 are described in note 5-2 "Managing liquidity risk".

In millions of euros	Currency	Coupon rate	Effective interest rate ⁽¹⁾	Maturity	Repayment	Total lines	12/31/2018	12/31/2017
Operating subsidiaries								
2018 bonds	EUR	6,750%	5,727%	04-2018	at maturity		-	349.8
2019 bonds	EUR	5,875%	5,397%	09-2019	at maturity		212.0	212.0
2019 Saint-Gobain convertible 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
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-7.4	-13.3
Accrued interest							39.9	56.0
Loans from non-controlling shareholders							73.8	38.3
							2,625.7	2,950.2
Bureau Veritas								
2019 bonds	EUR			04-2019	at maturity		200.0	
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
2025 bonds	EUR	1,875%		01-2025	at maturity		500.0	
2026 bonds							200.0	200.0
Borrowings and debt from lending institutions maturing in less than 1 year - fixed rate							287.3	191.1
Borrowings and debt from lending institutions maturing in less than 1 year - floating rate							11.7	17.9
Borrowings and debt from lending institutions maturing in 1 to 5 years - fixed rate							348.0	591.4
Borrowings and debt from lending institutions maturing in 1 to 5 years - floating rate							298.7	283.6
Borrowings and debt from lending institutions maturing in more than 5 years - fixed rate							309.0	165.0
Borrowings and debt from lending institutions maturing in more than 5 years - floating rate								
							3,154.7	2,449.0
Constantia Flexibles								
Bank borrowings	EUR	Euribor+margin		04-2022	at maturity		126.0	126.0
Bank borrowings	EUR	Euribor+margin		06-2022	amortizing		306.0	306.0
Bank borrowings (EUR, RUB, INR, USD, VND)		Euribor+margin and fixed		2015 to 2022	amortizing		77.6	81.1
Deferred issuance costs							-1.6	-2.0
Other borrowings and accrued interest							21.2	13.2
							529.1	524.3
Cromology								
Bank borrowings	EUR	Euribor+margin		08-2021	at maturity		243.4	267.0
Revolving							77.0	-
Deferred issuance costs							-	-6.9
Materis shareholder loans							2.4	37.9

In millions of euros	Currency	Coupon rate	Effective interest rate ⁽¹⁾	Maturity	Repayment	Total lines	12/31/2018	12/31/2017
Other borrowings and accrued interest							15.6	14.1
							338.4	312.1
Stahl								
Bank borrowings	USD	Libor + margin		12-2021	amortizing		234.2	265.6
Bank borrowings	USD	Libor + margin		06-2022	amortizing		292.8	279.5
Bank borrowings (USD, CNY, INR)		Floating rate		2021 to 2022	amortizing		16.0	36.9
Deferred issuance costs							-9.0	-11.6
Other borrowings and accrued interest							0.1	0.3
							534.0	570.8
Assets and operations held for sale							-	195.8
Tsebo								
Bank borrowings	ZAR	Jibar + margin		2022	amortizing		111.8	123.3
Bank borrowings	USD	Libor + margin		2023	amortizing		0.7	2.3
Deferred issuance costs							-2.8	-2.9
Other borrowings and accrued interest	ZAR, GHS, ZMW, SLL						7.9	4.1
							117.6	126.7
TOTAL							7,299.6	7,128.9
of which non-current portion							5,631.8	6,416.2
of which current portion							1,667.8	712.7

- (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 9,636,399 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 €51.89 per share. The optional component of the exchangeable bond is recognized as a financial liability at fair value; see note 13-2 "Financial liabilities". In August 2018, Wendel purchased Saint-Gobain call options with identical characteristics to the bond's optional component, which are recognized under financial assets at fair value (see note 13-3 "Financial assets and liabilities"). The risk of having to deliver Saint-Gobain shares as part of the exchangeable bond is accordingly covered by these options. The transaction carried out in August 2018 means that the bond exchangeable for Saint-Gobain shares effectively became a straight bond.

Note 16-1 Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Operating subsidiaries:				
■ notional amount	-712.0	-780.0	-1,000.0	-2,492.0
■ interest ⁽¹⁾	-79.6	-187.9	-63.8	-331.3
Investments:				
■ notional amount	-877.4	-2,743.7	-1,011.1	-4,632.1
■ interest ⁽¹⁾	-188.0	-295.6	-70.1	-553.7
TOTAL	-1,857.0	-4,007.2	-2,144.9	-8,009.1

(1) Interest is calculated on the basis of the yield curve prevailing on December 31, 2018. 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, 2018.

In millions of euros	12/31/2018	12/31/2017
Operating subsidiaries	2,655.6	3,145.5
Wendel and holding companies	4,693.7	4,301.0
TOTAL	7,349.3	7,446.5

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 revenue are described in note 1-10.15 "Revenue recognition".

In millions of euros	2018	2017	% Change	Organic growth ⁽¹⁾
Bureau Veritas	4,795.5	4,689.4	2.3%	4.0%
Constantia Flexibles	1,538.3	1,487.5	3.4%	1.7%
Cromology	665.1	704.6	-5.6%	-3.4%
Stahl	866.9	733.3	18.2%	2.4%
Tsebo	523.4	461.0	13.5%	7.5% ⁽¹⁾
CONSOLIDATED NET SALES	8,389.2	8,075.8	3.9%	3.0%

(1) Organic growth calculated over 12 months.

Consolidated net sales break down as follows:

In millions of euros	2018	2017
Sales of goods	3,066.2	2,925.5
Sales of services	5,323.0	5,150.3
CONSOLIDATED NET SALES	8,389.2	8,075.8

NOTE 18 Business income

In millions of euros	2018	2017
Bureau Veritas	637.2	606.3
Constantia Flexibles	50.7	42.1
Cromology	-103.0	13.3
Stahl	135.2	110.5
Tsebo	16.8	-23.9
Operating subsidiaries	-59.8	-67.0
Other	-1.1	-2.0
BUSINESS INCOME	676.0	679.3

Note 18-1 R&D costs recognized as expenses

In millions of euros	2018	2017
Constantia Flexibles	9.3	9.0
Cromology	4.0	4.9
Stahl	2.5	3.1
Oranje-Nassau Développement	-	3.7

Note 18-2 Average number of employees at consolidated companies

	2018	2017
Bureau Veritas	75,428	73,417
Constantia Flexibles	7,676	7,241
Cromology	3,646	3,757
Stahl	2,010	1,939
Oranje-Nassau Développement	37,509	37,667
of which Tsebo	37,509	36,511
Operating subsidiaries	93	97
TOTAL	126,362	124,118

NOTE 19 Finance costs, net

In millions of euros	2018	2017
Income from cash and cash equivalents ⁽¹⁾	-4.1	-35.2
Finance costs, gross		
Interest expense	-243.7	-313.6
Interest expense on loans from non-controlling shareholders	-9.0	-8.8
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method ⁽²⁾)	-16.4	-59.5
	-269.1	-381.9
TOTAL	-273.2	-417.1

(1) This item includes a negative amount of €11.3 million for Wendel and its holding companies, mainly related to a foreign exchange loss on deposit funds denominated in dollars, to which is added €7.2 million from returns on investments of subsidiaries, representing a total expense of €4.1 million in 2018 (-€5.2 million in 2017).

(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	2018	2017
Gains/losses on disposal of assets available for sale	0.0	1.4
Dividends received from unconsolidated companies ⁽¹⁾	19.1	19.6
Net income on interest rate, currency and equity derivatives	30.4	5.4
Interest on other financial assets	1.8	3.2
Net currency exchange gains/losses	-19.8	39.5
Impact of discounting	-7.1	-11.6
Other	-12.9	11.1
TOTAL	11.5	68.6

(1) Including a dividend of €18.4 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	2018	2017
Current income tax payable	-232.9	-223.1
Deferred taxes	59.0	37.0
TOTAL	-173.9	-186.1

The portion of the Tax on the Added Value of Companies (CVAE) is recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National accounting council) of January 14, 2010.

Deferred taxes recognized in the balance sheet result from temporary differences between the carrying amount and tax bases of assets and liabilities on the balance sheet and break down as follows:

In millions of euros	2018	2017
Amount at beginning of year	-400.3	-477.1
Income and expenses recognized in the income statement	59.0	51.4
Income and expenses recognized in other comprehensive income	2.2	-
Income and expenses recognized in reserves	1.5	4.2
Reclassification under "Operations held for sale"	37	91
Changes in scope	-10.3	-65.3
Currency translation adjustments and other	9.4	-4.5
TOTAL	-301.9	-400.3

Uncapitalized tax losses amounted to €9,307.4 million for the Group as a whole, of which €8,875.9 million for Wendel and its holding companies.

At December 31, 2018, the changes in deferred taxes on the balance sheet were as follows:

In millions of euros	12/31/2018	12/31/2017
Origin of deferred taxes:		
Post-employment benefits	66.3	65.9
Intangible assets	-476.9	-552.9
Recognized tax-loss carryforwards	65.7	81.3
Other items	43.0	5.4
	-301.9	-400.3
of which deferred tax assets	208.3	195.2
of which deferred tax liabilities	-510.2	-595.6

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	Operating subsidiaries	Wendel and holding companies	Total
Income before tax expense, net income from equity-method subsidiaries, and net income from discontinued operations and operations held for sale	-16.9	431.2	414.3
Theoretical amount of tax expense calculated on the basis of a rate of -34.43%	5.8	-148.5	-142.6
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-6.3	-	
Uncapitalized tax losses at the operating subsidiary level	-	-67.1	
Reduced tax rates and foreign tax rates at the operating subsidiary level	-	58.5	
CVAE tax paid by operating subsidiaries		-14.6	
Tax on dividends received from consolidated subsidiaries	-	-12.0	
Other	-	10.2	
ACTUAL TAX EXPENSE	-0.5	-173.4	-173.9

NOTE 22 Net income (loss) from equity-method investments

The net loss from equity-method investments amounted to €131.5 million. This item was negatively impacted by the €39.1 million impairment loss on the Multi-Color securities.

In millions of euros	2018	2017
Net income including impact of goodwill allocation		
In millions of euros Saint-Gobain		41.0
except		-3.4
Constantia Flexibles ⁽¹⁾	-34.6	-
IHS	-33.8	-66.6
Allied Universal	-63.7	-36.7
Other companies	0.6	0.5
Sale of Saint-Gobain shares		84.1
Impact of dilution on the Saint-Gobain investment		-5.0
Impact of dilution on the IHS investment		27.3
TOTAL	-131.5	41.2

(1) Multi-Color was accounted for under the equity method as from April 1, 2018.

NOTE 23 Net income from discontinued operations and operations held for sale

The accounting principles applied to discontinued or held for sale operations are described in note 1-10.14 "Assets held for sale and businesses being divested".

Note 23-1 Net income from discontinued operations and operations held for sale

In millions of euros	2018	2017
Gain on divestments		
Constantia Flexibles for its "Labels" division ⁽¹⁾	3.2	318.9
CSP ⁽²⁾	108.8	-
NOP ⁽²⁾	54.5	-
Mecatherm ⁽²⁾	11.2	-
	177.7	318.9
Share in net income for the period from discontinued operations		
Constantia Flexibles	-	42.6
Cromology	-0.5	-5.8
PlaYce	-0.9	-0.3
BV	-	-8.5
CSP	-6.4	13.3
NOP	0.7	4.3
Mecatherm	1.0	-16.5
	-6.1	29.3
TOTAL	171.6	348.2

(1) In 2017, this income was from the "Labels" division.

(2) See note 2 "Changes in scope of consolidation"

The €118 million in assets held for sale on the balance sheet include:

- the PlaYce securities disposed of in February 2019 for €24.8 million;
- the 40% share of the equity-method investments in Allied Universal for which an offer was accepted in February 2019 for €92 million;
- others for €1.2 million.

NOTE 24 Earnings per share

The accounting principles applied to earnings per share are described in note 1-11.3 "Earnings per share".

In euros and millions of euros	2018	2017
Net income, Group share	45.3	200.0
Impact of dilutive instruments on subsidiaries	-0.4	-8.1
Diluted net income	44.9	192.0
Average number of shares, net of treasury shares	45,412,825	45,364,731
Potential dilution due to Wendel stock options ⁽¹⁾	287,219	-126,397
Diluted number of shares	45,700,044	45,238,334
Basic earnings per share (in euros)	1.00	4.41
Diluted earnings per share (in euros)	0.98	4.24
Basic earnings per share from continuing operations (in euros)	-2.76	-0.24
Diluted earnings per share from continuing operations (in euros)	-2.75	-0.33
Basic earnings per share from discontinued operations (in euros)	3.75	4.65
Diluted earnings per share from discontinued operations (in euros)	3.73	4.58

(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.

5.10 Notes on changes in cash position

NOTE 25 Acquisition of property, plant & equipment and intangible assets

In millions of euros	2018	2017
By Bureau Veritas	131.5	144.0
By Constantia Flexibles	107.0	81.8
By Cromology	28.1	21.6
By Stahl	16.1	24.5
By Tsebo	7.9	5.8
By Mecatherm	2.2	1.6
By CSP Technologies	6.0	19.8
By NOP	0.4	1.6
By Wendel and holding companies	0.4	0.4
TOTAL	299.6	301.1

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 €6.8 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	2018	2017
Tsebo	-	162.3
Stahl	50.0	-
Allied Universal	67.5	-
By Bureau Veritas	112.8	189.9
By Constantia Flexibles	37.5	19.8
By Stahl	2.5	123.3
By Cromology	-	1.2
By Tsebo	2.4	1.8
Other securities	10.0	16.8
TOTAL	282.7	515.1

NOTE 28 Disposal of equity investments

In millions of euros	2018	2017
Sale of shares by Constantia Flexibles ⁽¹⁾	9.0	825.1
Sale of shares by Tsebo	1.8	-
Sale of Saint-Gobain shares ⁽¹⁾	-	1,085.4
Sale of CSP ⁽¹⁾	302.8	-
Sale of Globex Africa ⁽¹⁾	125.2	-
Sale of Bureau Veritas ⁽¹⁾	400.0	-
Sale of NOP ⁽¹⁾	89.4	-
Sale of Mecatherm ⁽¹⁾	85.6	-
Sale of exceet shares ⁽¹⁾	-	16.6
Other	1.1	-
TOTAL	1,014.9	1,927.1

(1) See note 2 "Changes in scope of consolidation".

NOTE 29 Impact of changes in scope of consolidation and of operations held for sale

In 2018, this item corresponds to cash and cash equivalents at the sale date of the CSP Technologies subsidiaries in the negative amount of €4.3 million and of Nippon Oil Pump in the negative amount of €8.8 million, and the impact of changes in the scope of consolidation at Bureau Veritas of €2.4 million and Constantia Flexibles of €2.5 million.

In 2017, this item corresponded to the first-time consolidation of Bureau Veritas and Constantia Flexibles' subsidiaries in the amounts of €18.2 million and €1.3 million respectively, cash and cash equivalents on the acquisition date of Tsebo of €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.

NOTE 30 Changes in other financial assets and liabilities

In 2018, income from cash mainly corresponds to the proceeds from the disposal of short-term investment funds.

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".

NOTE 31 Dividends received from equity-method investments and unconsolidated companies

The €99.2 million in dividends received from Bureau Veritas were eliminated upon consolidation.

The €18.4 million Saint-Gobain dividend was received in June 2018.

NOTE 32 Transaction with non-controlling interests

In 2018, income corresponds to the sale of Bureau Veritas shares for €400 million and the acquisition of Stahl shares for €50 million (see note 2 "Changes in scope of consolidation").

NOTE 33 Net change in borrowings and other financial liabilities

Details of financial debt are shown in note 16 "Financial debt".

In millions of euros	2018	2017
New borrowings by:		
Wendel - Bond issues	-	-
Bureau Veritas ⁽¹⁾	834.6	172.5
Constantia Flexibles	38.5	423.6
Stahl	-	99.8
Cromology	88.8	20.1
CSP Technologies	-	8.2
Tsebo	9.3	5.1
	971.2	729.3
Borrowings repaid by:		
Wendel - 2018 bonds ⁽²⁾	349.8	507.4
Constantia Flexibles	37.7	1,200.1
Bureau Veritas	166.4	715.7
Oranje-Nassau Développement	8.9	22.7
Stahl	62.6	17.6
Cromology	33.0	1.6
	658.4	2,465.1
TOTAL	312.8	-1,735.8

(1) Primarily includes a bond issue in the amount of €750 million.

(2) Bonds redeemed at maturity in 2018.

5.11 Other notes

NOTE 34 Off-balance-sheet commitments

As of December 31, 2018, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned.

Note 34-1 Collateral and other security given in connection with financing

In millions of euros	31.12.2018	31.12.2017
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.	530.7	526.4
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.	334.1	279.9
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.	543.0	582.3
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.	120.4	129.6
Assets held for sale	-	197.0
TOTAL	1,528.2	1,715.2

Note 34-2 Guarantees given and received in connection with asset acquisitions

Guarantees given as part of asset sales

In connection with the sale of CSP Technologies, Mecatherm, Nippon Oil Pump and Parcoures, and upon Clariant and BASF's acquisition of an equity stake in Stahl, the Group granted the usual guarantees within certain limits and over periods varying in accordance with the type of guarantee involved. ALD has made a number of claims relating to the disposal of the Parcoures Group; they were pending as of December 31, 2018 and their validity is currently being discussed. There are no outstanding claims in respect of other guarantees granted.

Guarantees received in connection with asset acquisitions

In connection with the acquisitions of AlliedBarton (merged into Allied Universal), Constantia Flexibles, IHS, PlaYce (sold on February 13, 2019) and Tsebo, and in conjunction with the investments by Clariant and BASF in Stahl's capital, the Group benefited from customary guarantees within certain limits and over variable periods depending on the type of guarantee involved.

Note 34-3 Off-balance-sheet commitments given and received related to operating activities

In millions of euros	12/31/2018	12/31/2017
Market counter-guarantees and other commitments given		
by Bureau Veritas ⁽¹⁾	397.2	356.8
by Constantia	1.6	0.9
by Cromology	13.9	10.5
by Mecatherm	-	8.2
by CSP Technologies	-	0.4
by Tsebo	3.5	3.1
TOTAL COMMITMENTS GIVEN	416.2	379.9
Other commitments received		
TOTAL COMMITMENTS RECEIVED		

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent-company guarantees.

Note 34-4 Subscription commitments

As of December 31, 2018, the Group (Wendel Lab) had undertaken to invest approximately €26.7 million in certain private equity funds.

Moreover, in connection with the acquisition of US Security Associates by Allied Universal, to ensure Allied Universal's liquidity needs, certain Allied Universal shareholders agreed to carry out an additional capital increase under certain conditions, where the Group share could reach \$40 million.

Note 34-5 Shareholder agreements and co-investment mechanisms

As of December 31, 2018, the Wendel Group was party to several agreements governing its relations with its co-shareholders, whether they are co-investors in its unlisted subsidiaries or holdings (Allied Universal, Constantia Flexibles, Cromology, IHS, PlaYce (whose shareholder agreement became null and void due to the sale by the Group of its stake in PlaYce on February 13, 2019), Stahl and Tsebo) or managers (or former managers) of the subsidiaries that are members of mechanisms that give them a stake in the performance of their company (Allied Universal, Constantia Flexibles, Cromology, 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, Allied Universal and Tsebo 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, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. These commitments have been recognized in financial liabilities in accordance with accounting principles applicable to minority puts;

- for Allied Universal, the Company and its two major shareholders (Wendel and Warburg Pincus) have made various commitments to the 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 which 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 disinvestment 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, 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 subsidiaries (Allied Universal, Constantia Flexibles, Cromology, Stahl and Tsebo) also contain provisions relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (between the 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 "Participation of subsidiaries' managers in the performance of their companies".

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending of the situation, Wendel's holdings or the investments itself) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Allied Universal, Constantia Flexibles, Cromology, 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, IHS and Tsebo (see note 4-1 relating to the "Participation of Wendel managers in Group investments").

As of December 31, 2018, 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 €29 million. The value of the portion of non-*pari passu* investments of co-investing managers of subsidiaries and managers of Wendel was €95 million.

In accordance with Group accounting principles, a portion of these amounts is recognized as liabilities of €14 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 €284.4 million is recognized in financial liabilities for Wendel and its holding companies in respect of the put granted to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Note 34-6 Other agreements concluded by the Wendel Group for its financing and acquisition or divestment transactions

Subordinated (mezzanine and second lien) lenders to Stahl who waived their claims as creditors during the 2010 restructuring in exchange for a minority interest in the share capital (representing only 0.5% of the capital at December 31, 2018) notably received a right to the capital gain exercisable only upon the total or partial divestment of the Wendel Group's stake in Stahl. This right is exercisable by Stahl's *mezzanine and second-lien* shareholders in the event of the divestment by the Wendel Group if Wendel's overall return is more than 2.5 times greater than its 2010 re-investment. It is equivalent to the allocation of 1 to 2 bonus shares per share held by these former subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel Group's decision to divest.

As part of the syndication with Capital Group of a minority investment in the Tsebo Group, the Wendel Group enjoys a right to receive an additional amount on the portion transferred in this manner subject to the achievement by Capital Group of minimum profitability thresholds over the duration of its investment in Tsebo in case of divestment. 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 ZAR 536 million (or €32.6 million as of December 31, 2018), which may be increased to ZAR 639 million (or €38.8 million as of December 31, 2018) in the event of the extension of the financing term.

Note 34-7 Leasing

Apart from the transactions described below, no finance lease is likely to have a significant impact on Wendel's financial position.

Note 34-7.1 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	12/31/2018	12/31/2017
More than 5 years	8.0	29.6
1 to 5 years	23.0	21.6
Less than 1 year and accrued interest	12.4	7.8
TOTAL	43.4	59.1

These contracts give rise to a non-current asset and a financial debt on the balance sheet, in accordance with IAS 17 "Leases".

Note 34-7.2 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	12/31/2018	12/31/2017
More than 5 years	89.0	63.3
1 to 5 years	223.4	235.2
Less than 1 year and accrued interest	117.9	147.5
TOTAL	430.3	446.0

The amount of future lease payments comes mainly from Bureau Veritas, for €316.2 million (€309.9 million in 2017).

NOTE 35 Stock options, bonus shares and performance shares

The accounting principles applied to stock options, bonus shares and performance shares are described in note 1-10.17 "Stock subscription and stock purchase option plans".

The total expense related to allocation of stock options or other share-based compensation for fiscal year 2018 was €29.3 million compared to €25.6 million in 2017.

In millions of euros	2018	2017
Stock options at Wendel	3.0	2.5
Grant of bonus shares at Wendel	5.5	5.1
Stock options at Bureau Veritas	2.5	2.2
Grant of bonus shares at Bureau Veritas	18.3	15.8
TOTAL	29.3	25.6

The principal stock option plans granted in 2018 were as follows:

1. Wendel

The principal stock option plans granted in 2017 were as follows:

Pursuant to the authorization given by shareholders at their May 17, 2018 General Meeting, options giving the right to subscribe to 152,744 shares were allocated on July 6, 2018 with a strike price of €120.61 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;
- a performance condition: options gradually vest over a two-year period in two successive tranches on each anniversary date. The number of exercisable options is based on the whether the following performance conditions have been met:
 - to exercise the first half of the options, the ordinary dividend paid in 2019 must be greater than or equal to the ordinary dividend in 2018,
 - to exercise the first half of the options, the ordinary dividend paid in 2020 must be greater than or equal to the ordinary dividend in 2019.

In 2018, these options were valued using the Monte Carlo model, based on the following principal assumptions: an average rate of return of 2.1%, volatility of 21.9%. These options were valued by an independent expert at €16.3 per stock option. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their May 17, 2018 General Meeting, 2018 performance shares were also granted on July 6, 2018. They have the following features:

- a service condition: the definite allocation of the performance shares is subject to a two-year service condition;
- a performance condition: the definite allocation of performance shares is subject to three conditions:
 - an absolute performance condition of Wendel's *Total Shareholder Return* over three years,
 - a relative performance condition of Wendel's *Total Shareholder Return* over three years compared to the Total Shareholder Return of the SBF 120, and
 - a relative performance condition of Wendel's *Total Shareholder Return* over three years compared to the *Total Shareholder Return* of a basket of 13 comparable listed investment companies.

The value was estimated at €52.9 by an independent expert.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2017	Options granted in 2018	Options canceled in 2018	Options exercised in 2018	Adjustment	Number of options outstanding as of 12/31/2018	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Stock purchase options	11,572	-	-	-3,000	-	8,572	22.58	22.58	0.50	8,572
Stock purchase options indexed on NAV/share	620,425	-	-1,612	-74,987	-	543,826	from 44.32 to 134.43	87.45	6.20	452,921
Stock subscription options indexed to NAV/share	29,326		-1,100	-7,276	-	20,950	18.96 to 132.96	32.82	0.30	20,950
Stock subscription options	-	152,744	-	-	-	152,744	120.61	120.61	9.50	-
	661,323	152,744	-2,712	-85,263	-	726,092				

Performance shares	Actions attribuées au 31.12.2017	Awards during the fiscal year	Definitive awards	Cancellations	Actions attribuées au 31.12.2018	Grant date	Vesting date
Plan 8-1	132,117	-	-131,917	-200	-	07/07/16	07/09/18
Plan 9-1	61,278	-	-	-665	60,613	07/07/17	07/08/19
Plan 10-1	-	130,860	0	0	130,860	07/06/18	06/06/21
	193,395	130,860	-131,917	-625	191,713		

2. Bureau Veritas

By resolution of its Board of Directors on June 22, 2018, Bureau Veritas granted 1,100,400 stock purchase options to some of its employees and to the corporate officer. The option strike price is €22.02. The allocations are subject to a service condition as well as to the achievement of performance objectives based on 2018 adjusted operating income and on the adjusted operating income/net sales ratio for 2019 and 2020. Stock options have a ten-year life after the grant date. The average unit fair value of options granted during the fiscal year was €2.74 per share (2017: €1.70).

The fair value of the options granted in 2018 was determined according to the following main assumptions and characteristics:

- strike price of 22.02 euros;
- expected stock volatility of 19.3% (2017: 17%);

- dividend yield of 2.8% (2017: 2.7%);
- an anticipated six-year duration of the option (2017: four years);
- a risk-free interest rate of 0.11% (2017: -0.36%), determined based on Government bond yields over the anticipated duration of the option.

By resolution of its Board of Directors on June 22, 2018, Bureau Veritas granted 1,196,340 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 2018 and operating income to net sales ratio for 2019 and 2020.

The weighted average fair value of the performance shares granted in 2018 to certain employees and the corporate officer amounted to €21.20 per share.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2017	Options granted in 2018	Options canceled in 2018	Options exercised in 2018	Adjustment	Number of options outstanding as of 12/31/2018	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Bureau Veritas	5,912,023	1,100,400	-273,793	-648,144	-	6,090,486	22.02	20.19	5.8	3,574,946

Performance shares	Shares granted as of 12/31/2018	Grant date	Expiration date
	720,000	07/22/2013	07/22/2021 or 07/22/2022
	476,593	07/15/2015	15/07/2019 or 15/07/2018 for French company employees
	451,772	06/21/2016	06/21/2019
	1,115,462	06/21/2017	06/21/2020
	1,161,640	06/22/2018	06/21/2021
	3,925,467		

NOTE 36 Fees paid by the Group to the Statutory Auditors and members of their networks

In thousands of euros	Services rendered in 2018 by		Services rendered in 2017 by	
	PricewaterhouseCoopers Audit	PwC network members	Ernst & Young Audit	Ernst & Young network members
Certification, review of parent company financial statements				
■ for Wendel SE	782		748	-
■ for its subsidiaries	760	4,099	1,223	2,686
Sub-total	1,542	4,099	1,971	2,686
Services other than certification of financial statements				
■ for Wendel SE	77	-	68	235
■ for its subsidiaries	164	2,197	84	1,778
Sub-total	241	2,197	152	2,013
TOTAL	1,783	6,296	2,123	4,699

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 37 Subsequent events

Note 37-1.1 Allied Universal

Wendel received an offer from the Caisse de dépôt et placement du Québec to acquire approximately 40% of its investment in Allied Universal on October 20, 2019.

Upon completion of the transaction, Wendel will retain an investment of approximately 18% of Allied Universal, and the majority stake will continue to be held by its existing shareholders. Allied Universal will continue to be accounted for by the equity method in the consolidated financial statements.

Note 37-1.2 Multi Color

Multi-Color Corporation announced the signing of a definitive sale agreement in favor of a subsidiary of Platinum Equity LLC

("Platinum Equity"), a leading private equity firm. Under the terms of this agreement, which was unanimously approved by the Multi-Color Corporation's Board of Directors, the shareholders of Multi-Color Corporation will receive \$50.00 in cash for each ordinary share they hold.

Note 37-1.3 PlaYce

In February 2019, Wendel sold its 40% investment in PlaYce to CFAO, with net proceeds from the sale totaling €32.2 million.

Note 37-1.4 In millions of euros Saint-Gobain

Between January 1, 2019 and the closing date, Wendel sold 3,640,784 Saint-Gobain shares for an amount of €110.6 million.

NOTE 38 List of principal consolidated companies as of December 31, 2018

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	Management of shareholdings
FC	100	Eufor	France	Management of shareholdings
FC	100	Sofiservice	France	Management of shareholdings
FC	100	Waldggen	France	Management of shareholdings
FC	100	Wendel Japan	Japan	Services
FC	99.5	Africa Telecom Towers	Luxembourg	Management of shareholdings
FC	100	Constantia Coinvestco GP	Luxembourg	Services
FC	100	CSP Technologies Parent	Luxembourg	Management of shareholdings
FC	99.6	Expansion 17	Luxembourg	Management of shareholdings
FC	100	Froeggen	Luxembourg	Management of shareholdings
FC	99.5	Global Performance 17	Luxembourg	Management of shareholdings
FC	99.5	Globex Africa 1	Luxembourg	Management of shareholdings
FC	100	Ireggen	Luxembourg	Management of shareholdings
FC	100	Karggen	Luxembourg	Management of shareholdings
FC	97.7	Materis Investors	Luxembourg	Management of shareholdings
FC	100	Mecatherm GuarantCo	Luxembourg	Management of shareholdings
FC	99.5	Oranje-Nassau Développement SA SICAR	Luxembourg	Management of shareholdings
FC	99.6	Oranje-Nassau Développement NOP	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau GP	Luxembourg	Services
FC	100	Oranje-Nassau Mecatherm	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau Parcours	Luxembourg	Management of shareholdings
FC	65.2	Parfimat	Luxembourg	Management of shareholdings
FC	60.1	Matsa	Luxembourg	Management of shareholdings
FC	100	Trief Corporation	Luxembourg	Management of shareholdings
FC	100	Truth 2	Luxembourg	Management of shareholdings

Method of consolidation	% of interest net of treasury shares	Company name	Country	Business segment
FC	100	Winvest Conseil	Luxembourg	Services
FC	100	Winvest International SA SICAR	Luxembourg	Management of shareholdings
FC	100	Win Securitization 2	Luxembourg	Management of shareholdings
FC	99.6	NOP Europe	Belgium	Management of shareholdings
FC	100	Wendel North America	United States	Services
FC	100	Wendel London	United Kingdom	Services
FC	100	Wendel Africa	Morocco	Services
FC	100	Wendel Singapore	Singapore	Services
FC	100	Sofisamc	Switzerland	Management of shareholdings
FC	60.6	Constantia Flexibles and its subsidiaries	Austria	Flexible packaging
FC	35.9	Bureau Veritas and its subsidiaries	France	Certification and verification
FC	87.9	Cromology and its subsidiaries	France	Paint manufacturing and distribution
FC	67.5	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	33.5	Allied Universal and its subsidiaries	United States	Security services
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

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

(Year ended 31 December 2018)

To the annual general meeting

WENDEL

89, rue Taitbout

75009 Paris

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Wendel for the year ended 31 December 2018.

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 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2018 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 for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*).

Emphasis of Matter

We draw your attention to Note 1-1 to the consolidated financial statements which describes the impact of the first-time application, as from 1 January 2018, of standards IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". Our opinion is not modified in respect of this matter.

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 consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Accounting treatment of divestments of portfolio companies

Risk identified

As part of its investment activity, Wendel regularly undertakes divestments of portfolio companies. The main divestments carried out by Wendel in 2018 were those of its operating subsidiaries CSP Technologies, Nippon Oil Pump and Mecatherm, generating net capital gains of 108.8 million euros, 54.7 million euros and 11.2 million euros respectively. In October 2018 Wendel also sold 20.9 million Bureau Veritas shares and recorded a net capital gain on disposal amounting to 301.9 million euros in equity, as this transaction did not result in loss of control. In addition, on 20 February 2019 Wendel received an offer from Caisse de dépôt et placement du Québec (CDPQ) for the acquisition of approximately 40% of its stake in Allied Universal. These changes in scope are described in Notes 2-1.2, 2-1.3, 2-1.4, 2-1.5 and 37-1.1 to the consolidated financial statements.

We deemed the accounting treatment of these divestments to be a key audit matter as they constitute significant transactions of the year.

Our response

We had discussions with the Finance Department, the investment teams and the Legal Department in order to gain an understanding of the transactions, in particular the various stages leading to the divestments and the main agreements with the stakeholders.

We obtained the main legal documents and the analyses carried out by Wendel or its advisers relating to these divestments, such as divestment agreements, details of cash flows and commitments made, and we evaluated whether they were properly reflected in the consolidated financial statements.

- For the divestments of CSP Technologies, Nippon Oil Pump and Mecatherm Group, we verified the calculation of the gains on disposal and their presentation in the consolidated financial statements in accordance with IFRS 5.
- For the sale of 20.9 million Bureau Veritas shares, we verified the calculation of the gain on disposal and its presentation in the consolidated financial statements in accordance with IFRS 10.
- For the sale of 40% of Wendel's stake in Allied Universal, we assessed whether the criteria for held-for-sale classification were met as of 31 December 2018 and whether the presentation of this transaction in the consolidated financial statements was compliant with IFRS 5.

Measurement of goodwill

Risk identified

Goodwill is broken down by Cash Generating Units (CGU) corresponding to each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl, Cromology and Tsebo). An impairment loss is recognized if the recoverable amount of goodwill, as determined based on the annual impairment test carried out on each CGU or group of CGUs, falls below its net carrying amount. In addition, when an impairment loss is recognized by a 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.

The impairment tests performed by the management of Wendel and/or its subsidiaries led to the recognition of impairment in the amount of 35.5 million euros during the financial year ended 31 December 2018, as described in Note 7 to the consolidated financial statements.

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 flows, requires management to exercise a high degree of judgment and estimation.

Our response

We examined the process implemented by the management of Wendel and 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 the risk of impairment of the CGUs or groups of CGUs:

- For the CGUs or groups of CGUs presenting an impairment risk, our work consisted in:
 - assessing the compliance of the methodology applied by Wendel and its subsidiaries with current accounting standards,
 - examining the cash flow projections in the light of 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 post-business plan operating margin rate used with the margin rates of actual and forecasted 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 rates).
- For the other CGUs or groups of CGUs, our work consisted in discussing with the management of Wendel and/or the operating subsidiaries in order to assess the cash flows and main assumptions used (long-term growth rate, post-business plan operating margin rate 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 concerning the sensitivity analyses carried out by Wendel's management.

Contribution of equity-method investments to the Group's consolidated net income**Risk identified**

As of 31 December 2018, equity-method investments amounted to 551.7 million euros in the consolidated balance sheet and their contribution to consolidated net income was a loss of 131.5 million euros, as detailed in Notes 10 and 22 to the consolidated financial statements.

Net income from equity-method investments mainly comprised the contribution of Wendel's investment in IHS, Allied Universal and Multi-Color. As Wendel's management considers that the company exercises significant influence on IHS and Multi-Color and joint control over Allied Universal, these three companies are accounted for using the equity method rather than by full consolidation.

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 financial information required by Wendel to prepare its consolidated financial statements are more limited than for controlled subsidiaries, which makes the analysis of their contributions more complex.

Our response

We had discussions with Wendel's Finance Department to gain an understanding of the procedures implemented by the company to verify the quality of the financial information of IHS, Allied Universal and Multi-Color used to prepare Wendel's consolidated financial statements (the "Financial Information").

We gave detailed instructions to the auditors of the unlisted equity investments (IHS and Allied Universal) and we obtained an audit opinion on the Financial Information, as well as a summary of the significant issues identified within the scope of their work. We had 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 reviewed certain elements of their working files.

We verified that the Financial Information of the listed company Multi-Color was established on the basis of public information and we examined the impairment test performed on this investment.

In addition, we assessed the appropriateness of the disclosures provided in Notes 10 and 22 to the consolidated financial statements.

Accounting treatment of mechanisms for the participation of management teams in the Group's investments

Risk identified

As described in Note 4 to the consolidated financial statements, Wendel has set up co-investment mechanisms to enable its managers and the managers of the unlisted subsidiaries (Constantia Flexibles, Stahl and Cromology) to invest personally in assets in which the Group invests.

In the event of a divestment or an IPO, the managers receive a share of the capital gain made by the Group or lose their contribution if a certain level of return is not achieved. Wendel has undertaken to buy back the share invested by the managers several years after the initial investment, in the absence of any divestment or IPO, in order to ensure liquidity for the managers.

The accounting treatment of these mechanisms is based on the manner in which they will be settled. Until the settlement method is known, the investments are accounted for based on the settlement method determined as most likely. This accounting treatment is described in Note 1-10.18 to the consolidated financial statements.

As of 31 December 2018, the liability recognized in respect of the co-investment mechanisms not yet settled amounted to 14 million euros and the commitments to buy back the share invested by the managers of Wendel and of the subsidiaries (disclosed as off-balance-sheet commitments) amounted to 29 million euros for *pari passu* investments made under the same conditions of risk and return as Wendel and 95 million euros for non-*pari passu* investments, as described in Note 34-5 to the consolidated financial statements.

We deemed the accounting treatment of the 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 decision whether or not to recognize a liability reflecting the commitment to buy back the share invested by the managers at fair value (according to the settlement method considered the most likely as of 31 December 2018) requires a high degree of judgment by management;
- these investments are made by managers, some of whom are related parties.

Our response

We had 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 compliant 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 settlement method is a disposal or an IPO, we assessed the reasoning underlying management's decision not to recognize a liability by looking at the settlement of previous co-investments. In this case, we paid particular attention to the co-investment mechanisms for which the liquidity commitment made by Wendel to its managers will end soon, examining in particular, through consultation of the minutes of meetings of the governance 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 the off-balance-sheet commitments referred to in Note 34-5 to the consolidated financial statements and the disclosures concerning transactions with related parties referred to in Note 3.1 to the consolidated financial statements, and we 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 34-5.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Executive Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated extra-financial statement provided for by article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the management report, it being specified that, in accordance with the provisions of article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained in this statement. This information should be reported on by an independent third party.

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 2018, PricewaterhouseCoopers Audit was in its twenty-fifth year of total uninterrupted engagement and ERNST & YOUNG Audit was in its thirty-first year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report 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 consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) 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 for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2019

French original signed by:

The Statutory Auditors Pricewaterhouse Coopers Audit
Françoise Garnier

ERNST & YOUNG Audit
Jacques Pierres



PARENT COMPANY FINANCIAL STATEMENTS

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6.1 Balance sheet as of December 31, 2018

Assets

In thousands of euros		12/31/2018			12/31/2017
		Gross amounts	Depr./amort. or Provisions	Net amounts	Net amounts
Non-current assets					
Intangible assets and property, plant & equipment		17,133	15,196	1,937	2,049
Non-current financial assets⁽¹⁾					
Investments in subsidiaries and associates	Note 1	4,483,865	291	4,483,574	4,483,512
Other long-term investments		34	-	34	34
Treasury shares	Note 2	55,100	8,583	46,517	21,656
Loans and other non-current financial assets		523	-	523	449
		4,539,522	8,874	4,530,648	4,505,651
TOTAL		4,556,656	24,070	4,532,586	4,507,699
Current assets					
Trade receivables ⁽²⁾		5,852	-	5,852	6,283
Other receivables ⁽²⁾	Note 3	1,581,195	47,003	1,534,192	2,354,361
Financial instruments	Note 9	54,689	-	54,689	75,968
Marketable securities	Note 4	2,002,896	124	2,002,772	1,314,928
Cash		116,457	-	116,457	189,996
Prepaid expenses		1,050	-	1,050	1,047
TOTAL		3,762,140	47,128	3,715,012	3,942,583
Deferred expenses		16,747	10,788	5,959	8,753
Original issue discounts		7,167	4,213	2,954	3,681
TOTAL ASSETS		8,342,710	86,198	8,256,512	8,462,717

(1) Of which less than one year.

(2) Of which more than one year.

Equity and Liabilities

In thousands of euros		12/31/2018	12/31/2017
Shareholders' equity			
Share capital		185,123	185,013
share premiums		50,940	48,652
Legal reserve		20,224	20,224
Regulated reserve		101,870	101,870
Other reserves		2,250,000	2,250,000
Retained earnings		2,648,192	2,651,833
Net income for the year		340,383	116,893
TOTAL	Note 5	5,596,732	5,374,485
Provisions for risks and contingencies	Note 6	23,677	41,518
Financial debt ⁽¹⁾	Note 7	2,558,630	2,926,870
Other current liabilities	Note 8	22,482	35,890
TOTAL⁽²⁾		2,581,112	2,962,760
Issue premiums on borrowings		4,405	7,987
Valuation differences on treasury instruments	Note 9	50,585	75,968
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,256,512	8,462,717

(1) Of which short-term bank borrowings

(2) Of which less than one year

Of which more than one year

773,712

443,360

1,807,400

2,519,400

6.2 Income statement

In thousands of euros		2018	2017
Income from investments in subsidiaries, associates, and the long-term equity portfolio	Note 11	500,006	260,005
Other financial income and expense	Note 12		
Income			
■ Income from loans and invested cash		21,618	32,766
■ Provisions reversed		19,208	26,672
Expenses			
■ Interest and similar expenses		118,432	172,975
■ Depreciation, amortization, and provisions		9,944	20,150
NET FINANCIAL INCOME		412,456	126,319
Operating revenue	Note 13		
Other income		12,718	13,828
Provisions reversed and expenses transferred		2,388	1,315
Operating expenses			
Purchases and external services		15,098	14,544
Taxes other than income taxes		2,019	3,582
Wages and salaries	Note 14	12,183	16,810
Social security costs		8,743	8,295
Depreciation & amortization and deferred expenses		4,086	5,860
Miscellaneous expenses		1,070	767
OPERATING INCOME		-28,094	-34,715
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX		384,362	91,603
Exceptional income			
On operating transactions		87	918
On capital transactions		1	12,364
Provisions reversed		11,647	300
Exceptional expenses			
On operating transactions		905	59
On capital transactions		0	15
Provisions recognized		57,315	118
Exceptional items	Note 15	-46,485	13,389
Income taxes	Note 16	2,505	11,900
NET INCOME (LOSS)		340,383	116,893

6.3 Cash flow statement

In thousands of euros	2018	2017
Cash flows from operating activities, excluding tax		
Net income	340,383	116,893
Depreciation, amortization, provisions and other non-cash items	47,365	5,605
Gains/losses on divestments	-1	-12,275
Financial income and expense	-412,456	-126,319
Taxes	-2,505	-11,900
Cash flows from operating activities before net finance costs and tax	-27,214	-27,996
Change in working capital requirement related to operating activities	-812	2,027
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	-28,027	-25,970
Cash flows from investing activities, excluding tax		
Acquisition of property, plant & equipment and intangible assets	-303	-176
Disposal of property, plant & equipment and intangible assets	1	9
Acquisition of equity investments	Note 1	-932
Disposal of equity investments	Note 1	60,600
Changes in other financial assets and liabilities and other	-75	-57
Dividends received	Note 11	500,006
Change in working capital requirements related to investment activities	-1,387	1,190
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	498,242	320,638
Cash flows from financing activities, excluding tax		
Proceeds from issuance of shares	Note 5	12,816
Treasury share buybacks and cancellations	Note 2	-49,285
Dividends paid	Note 5	-107,294
New borrowings	-	-
Repayment of borrowings	Note 7	-507,400
Net change in intragroup assets and liabilities	746,500	698,198
Net finance costs	-63,937	-88,656
Other financial income/expense	Note 12	-45,858
Change in working capital requirements related to financing activities	-16,675	-5,562
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	122,943	-93,041
Income taxes	Note 16	11,900
Change in tax assets and liabilities	14,141	-12,722
NET CASH FLOWS RELATED TO TAXES	16,647	-821
Effect of currency fluctuations	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	609,804	200,807
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD⁽¹⁾	1,448,673	1,247,867
CASH AND CASH EQUIVALENTS AT END OF PERIOD⁽¹⁾	2,058,478	1,448,673

(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

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS: DETAILED CONTENTS

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6.4.1 Highlights of the year

Dividends received from subsidiaries

Wendel received an interim dividend of €100 million from its subsidiary Oranje-Nassau Groep and an interim dividend of €400 million from its subsidiary Trief Corporation.

Capital and dividend paid

At their General Meeting of May 17, 2018, shareholders approved the payment of a cash dividend of €2.65 per share. The total dividend paid was €120.5 million.

During the year, the Company repurchased 553,576 of its own shares for a total of €68,2 million. The Company transferred a total of 254,630 shares with a total value of €34.7 million from non-current financial assets to marketable securities to cover plans whose performance conditions had been met. Wendel also sold 209,904 of its own shares in 2017 for a total of €6.6 million in connection with the exercise of options and the grant of performance shares to employees.

As of December 31, 2018 the Company held 1 Wendel shares, including 451,581 held as long-term investments, 461,493 as marketable securities, and 100,000 held under the liquidity contract.

Financing

On April 20, 2018, the Company repaid its matured bonds for a total of €349.8 million.

The syndicated credit line was undrawn as of December 31, 2018.

Intragroup assets and liabilities

The €793.5 million decrease in net receivables from subsidiaries derived mainly from the following factors:

- An overall increase in amounts borrowed from subsidiaries of €1,350.4 million, related mainly to:
 - gains from disposals of shares of Bureau Véritas (€400 million), Saham (€132.9 million), CSP Technologies (€298.7 million), Nippon Oil Pump (€88.5 million), and Mecatherm (€87.7 million), and
 - dividends from Bureau Veritas, Saint-Gobain, and Stahl received by subsidiaries during the year (€117.6 million), and
 - €225 million for short-term investments made by Group subsidiaries;
- An increase in loans to subsidiaries:
 - to finance the acquisition of U.S. Security Associates (€67.5 million) by Allied Universal in October 2018, and
 - to finance the acquisition of Stahl shares (€50 million) in Clariant in December 2018;
- Distribution of an interim dividend of €100 million from Oranje-Nassau Groep and an interim dividend of €400 million from Trief Corporation to Wendel SE paid through the shareholder loan account;
- Impact of the depreciation of the shareholder loan account of its subsidiary that holds Saint-Gobain shares for €47.0 million.

These financial statements were finalized by Wendel SE's Executive Board on March 13, 2019.

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. The uncertainty has complicated forecasting, and actual amounts could therefore be different from the forecasts. The most significant estimates used in preparing these financial statements concern mainly 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 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 subsidiaries with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, and Allied Universal. 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 SE applies the ANC Regulation 2015-05, relating to forward financial instruments and hedging transactions, published by France's national accounting body on July 2, 2015 and applicable from January 1, 2017, which requires unhedged "isolated open positions" to be recognized at fair value. Derivatives must be recognized at their fair value as "Treasury instruments" on the balance sheet in order to show the Company's position. Changes in the value of these derivatives are recognized against prepayment and accruals accounts on the balance sheet "Valuation differences on treasury instruments - assets or liabilities". There is no impact on net income.

When the value of these instruments is negative, a provision for risks and contingencies is recognized for this negative amount.

Stock options

Option premiums received (other debt) or paid (treasury instruments) are recognized in a suspense account until maturity. Unrealized losses are provisioned and unrealized gains are not taken into consideration.

As an exception, option contracts for which Wendel holds a symmetrical position (purchase and sale of options with the same characteristics) (see note 9) are recognized for the amount of the premium received or paid, unrealized gains and losses are neutral and therefore have no impact on profits or losses.

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 on the balance sheet

NOTE 1 Investments in subsidiaries and associates

In thousands of euros	% Interest		Net amounts	Acquisitions and Subscription	Divestments and Mergers	Change in provisions	Net amounts
	12/31/2017	12/31/2018	12/31/2017				12/31/2018
French associates							
Sofiservice	100.00	100.00	6			73	79
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
Other	-	-	-				-
Non-French associates							
Oranje-Nassau Groep	100.00	100.00	238,320				238,320
Other			48			-11	37
TOTAL			4,483,512	-	-	62	4,483,574

NOTE 2 Treasury shares

In thousands of euros	% Interest		Net amounts	Acquisitions	Divestments	Account transfer	Change in provisions	Net amounts
	12/31/2017	12/31/2018	12/31/2017					12/31/2018
Wendel shares	0.33%	0.98%	21,656	68,211	-	-34,767 ⁽¹⁾	-8,583 ⁽²⁾	46,517
TOTAL			21,656	68,211	-	-34,767	-8,583	46,517

(1) This amount corresponds mainly to the transfer of 254,630 shares with a total value of €34.8 million to investment securities to cover option plans.

(2) As at December 31, 2018, the Company holds 451,581 treasury shares with a book value of €46,517 thousand. These shares were valued in accordance with accounting principles on the basis of the average of the last 20 stock market prices for December 2018 (€103.01 per share). This analysis resulted in the recognition of a provision for €8,583 thousand

As of December 31, 2018, Wendel SE held 1,013,074 of its shares in treasury (669,402 as of December 31, 2017).

These treasury shares were allocated as follows:

- 451,581 shares were allocated to potential acquisition activity, and were classified as non-current financial assets (152,635 as of December 31, 2017);

- 461,493 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	12/31/2018			12/31/2017		
	Gross amounts	Provisions	Net amounts	Gross amounts	Provisions	Net amounts
Tax and employee social security receivables	4,373	-	4,373	19,358	-	19,358
Loans and advances connected with investments ⁽¹⁾	1,574,810	-47,003	1,527,806	2,333,627	-	2,333,627
Other ⁽²⁾	2,013	-	2,013	1,375	-	1,375
TOTAL	1,581,195	-47,003	1,534,192	2,354,361	-	2,354,361
Of which related companies	1,574,810			2,333,627		
Of which accrued revenue	6,028			20,507		

- (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".
This item consists mainly of the shareholder loan account granted to its subsidiary Eufor, which holds Saint-Gobain shares, for €467,043 thousand. The shareholder loan account is valued based on the revalued net position, which is based on the December 2018 Saint-Gobain share price (see "Accounting principles"). At December 31, 2018, the company impaired its claim against its subsidiary of €47,003 thousand.
- (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	12/31/2018		12/31/2017	
	Net book value	Net value	Market book value	Market value
Wendel shares (excluding liquidity contract) ⁽¹⁾				
Shares allocated to stock-option plans ⁽²⁾	50,282	48,318	42,059	60,181
Shares allocated to performance share plans ⁽³⁾	-	-	-	-
SUB-TOTAL	50,282	48,318	42,059	60,181
Money-market mutual funds and deposits	1,658,322	1,658,322	887,863	887,863
Diversified funds, equities or bonds	-	-	91,308	102,464
Funds managed by financial institutions	283,699	283,699	279,467	279,467
Liquidity contract ⁽⁴⁾				
Wendel shares	10,470	10,470	14,231	14,440
SUB-TOTAL	1,952,491	1,952,491	1,272,869	1,284,235
TOTAL	2,002,772	2,000,809	1,314,928	1,344,416

- (1) Number of Wendel shares held as of December 31, 2018: 461,493
Number of Wendel shares held as of December 31, 2017: 416,767 (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, 2018, this provision totaled €6,615 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, 2018, 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, 2018, this provision totaled €6,937 thousand.
- (4) Number of Wendel shares held as of December 31, 2018: 100,000.
Number of Wendel shares held as of December 31, 2017: 100,000.

NOTE 5 Changes in shareholders' equity

Number of shares	In thousands of euros	Share capital (notional amount EUR 4m)	Share, merger or contribution premium	Legal reserve	Regulated reserves	Other reserves and retained earnings	Net income for the year	Total shareholders' equity
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 ⁽¹⁾					135,543	-135,543	-
	Dividends					-107,294 ⁽³⁾		-107,294
	Capital reduction							
-943,943	Executive Board decision 10/18/2017	-3,776				-97,247		-101,023
	Capital increase							
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
	Appropriation of 2017 net income ⁽²⁾					116,893	-116,893	-
	Dividends					-120,534 ⁽³⁾		-120,534
	Capital increase							
20,155	■ company savings plan	81	1,826					1,907
7,276	■ exercises of options	29	462					491
	2018 Results						340,383	340,383
46,280,641	Balance as of 12/31/2018 before appropriation	185,123	50,940	20,224	101,870	4,898,192	340,383	5,596,732

(1) 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.

(2) The amount appropriated to retained earnings, as approved by shareholders at their May 18, 2017 Annual Meeting, was increased by €2,053 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.

(3) A dividend of €2.65 per share was paid in 2018 on 2017 earnings. The dividend paid in 2017 on 2016 earnings was €2.35 per share.

NOTE 6 Provisions for risks and contingencies

In thousands of euros	12/31/2017	Allocations for the year	Reversals during the year		12/31/2018
			used	unused	
Provision for pensions and post-employment benefits	1,306	147			1,453
Provision for allocation of performance shares and purchase options	Note 4 24,089	5,051	15,587		13,552
Provision for stock options	Note 9 -	4,041			4,041
Provision for risks - Tax	841		804	38	-
Other risks and contingencies	15,282	2,471	2,388	10,733	4,632
TOTAL	41,518	11,710	18,780	10,771	23,677
	Operating income	900	2,388	-	
	Net financial expense	9,092	15,587	-	
	Exceptional items	1,718	804	10,771	
		11,710	18,780	10,771	

The principal disputes, claims, and risks identified for Wendel SE are as follows:

- 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	12/31/2018	12/31/2017
6.75% 2018 bonds ⁽¹⁾	-	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	31,764	48,325
SUB-TOTAL	2,551,164	2,917,525
Borrowings connected with investments in subsidiaries and associates		
Sofiservice	7,425	7,332
Other	41	2,013
SUB-TOTAL	7,466	9,345
Other borrowings	-	-
Short-term bank borrowings	-	-
TOTAL	2,558,630	2,926,870
Of which: less than one year	751,230	407,470
1 to 5 years	1,307,400	1,519,400
more than 5 years	500,000	1,000,000
accruals	31,764	48,325

(1) On April 20, 2018, the Company repaid its matured bonds.

(2) The holders of bonds exchangeable for Saint-Gobain shares have the right to exchange them for 9,636,399 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 €51.89 per share. In August 2018, Wendel purchased call options on Saint-Gobain shares whose characteristics are identical to the bond's optional component. The risk of having to deliver Saint-Gobain shares as part of the exchangeable bond is accordingly covered by these options. The transaction means that the bond exchangeable for Saint-Gobain shares effectively became a straight bond. The option premium was recognized as an asset in financial instruments for €4.1 million (see note 9). Since the fair value of the option is close to 0, a provision for risk was recognized for -€4.0 million at December 31, 2018 (see note 6).

(3) The Company did not use its syndicated credit line in 2018 (see note 17).

NOTE 8 Other current liabilities

(In thousands of euros)		12/31/2018	12/31/2017
Suppliers ⁽¹⁾		4,083	2,299
Tax and employee social security liabilities		9,204	23,510
Treasury instruments			
Currency options	Note 9	23	-
Accrued interest on interest rate derivatives	Note 9	8,894	8,492
Other		278	1,589
TOTAL		22,482	35,890
Of which related companies		21	10,459
Of which accrued expenses		21,620	22,591

(1) The breakdown of trade payables by maturity (Article L. 441-6-1 of the French Commercial Code) was as follows:

	At 12.31.2018	At 12.31.2017
- payment within 30 days :	507	24
- payment in more than 30 days :	332	252
- invoices not yet received :	3 244	2 024

NOTE 9 Financial instruments

(In thousands of euros)		12/31/2018		12/31/2017	
		Assets	Liabilities	Assets	Liabilities
Cross currency swaps (CCS)					
Share premiums		-	-	-	-
Accrued interest not yet due		1,011	8,894	1,011	8,492
Provision for risks & contingencies	Note 6	-	-	-	-
Treasury instruments - CCS		50,585	-	75,968	-
Val. differences for Treasury instruments		-	50,585	-	75,968
Forward currency sale					
Share premiums		-	-	-	-
Accrued interest not yet due		-	-	-	-
Provision for risks & contingencies	Note 6	-	-	-	-
Treasury instruments - MTM		2	2	-	-
Stock options					
Share premiums		4,103	-	-	-
Accrued interest not yet due		-	-	-	-
Provision for risks & contingencies	Note 6	-	4,041	-	-

Cross currency swaps

Certain Group investments operate in several countries, and as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The subsidiaries with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, and Allied Universal. 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 885 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, 2018, the value of the instrument was positive for Wendel SE. It totaled €50,585 thousand. As of December 31, 2017, the instrument had a positive value of €75,968 thousand. (See "Accounting principles").

Forward currency sale

The Company established a forward sale of dollars for a nominal amount of \$4 million on December 31, 2018 with maturity of January 4, 2019 to cover certain cash flows related to the sale of CSP Technologies. This transaction was mirrored with the subsidiaries that have stakes in CSP Technologies. The forward sale is a symmetrical position. As of December 31, 2018, the fair value of the forward sale was €2,000.

Stock options

A premium of €4,041 thousand was paid for 9,636,399 Saint-Gobain stock options. They will mature on July 31, 2019 at an exercise price of €51.89. The purpose of these stock options is to hedge the Saint-Gobain exchangeable bond maturing on July 31, 2019 (see note 7).

As of December 31, 2018, the fair value was €62,000. A provision for risks and contingencies of €4,041 thousand was recognized.

NOTE 10 Off-balance-sheet commitments

In thousands of euros	12/31/2018	12/31/2017
Pledges, mortgages and collateral	-	-
Other guarantees and endorsements given	12,353	12,454
of which:		
■ guarantees given relating to Wendel London Limited's rental of offices (equivalent GBP 11.1m)	12,353	12,454

6.4.4 Notes to the income statement

NOTE 11 Income from investments in subsidiaries, associates, and the long-term equity portfolio

(In thousands of euros)	2018	2017
Oranje-Nassau Groep	100,000	260,000
Trief Corporation	400,000	-
Other	6	5
TOTAL	500,006	260,005

NOTE 12 Other financial income and expense

(In thousands of euros)	2018	2017
Other interest and similar income ⁽¹⁾	18,737	30,640
Currency gains ⁽²⁾	2,881	2,126
Provisions reversed ⁽³⁾	15,626	22,022
Amortization of original issue discounts on bonds	3,582	4,650
TOTAL	40,826	59,439
<i>Of which related companies</i>	<i>7,576</i>	<i>11,453</i>

Expenses	2018	2017
Interest on bonds	62,159	91,911
Other interest and similar expenses ⁽⁴⁾	43,420	34,391
Currency losses ⁽²⁾	12,853	46,672
Provisions recognized ⁽⁵⁾	9,216	17,130
Amortization of original issue discounts on bonds	727	3,020
TOTAL	128,375	193,125
<i>Of which related companies</i>	<i>42</i>	<i>6,068</i>

- (1) This item primarily comprises interest income on cash investments of €9,527 thousand, interest income on shareholder loans of €7,576 thousand, and interest income on cross currency swaps of €1,011 thousand.
- (2) The currency translation loss of €9,972 thousand primarily relates to the conversion into euros of cash investments in US dollars.
- (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 €14,165 thousand (see note 6).
- (4) This item primarily relates to a loss of €5,471 thousand from the disposal of marketable securities, a loss on the sale of Wendel shares allocated under stock-option plans and performance share plans of €19,918 thousand and an interest expense on cross currency swaps of €16,197 thousand.
- (5) This item primarily relates to a provision for risks on stock options granted under stock-option plans and performance share plans of €5,051 thousand (see note 4) and a provision for risk on Saint-Gobain stock options of €4,041 thousand (see note 9).

NOTE 13 Operating revenue

In thousands of euros	2018	2017
Property rental	52	70
Services invoiced to subsidiaries	11,390	11,417
Other income	1,276	2,341
Expenses transferred ⁽¹⁾	-	1,315
Provisions reversed	2,388	-
TOTAL	15,106	15,143
<i>Of which related companies</i>	<i>12,614</i>	<i>13,673</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	2018	2017
Management	49	48
Non-management	4	7
TOTAL	53	55

NOTE 15 Exceptional items

At December 31, 2018, exceptional income of -€46,485 thousand mainly included changes in provisions and impairments. This consists mainly of an impairment loss on treasury shares of €8,583

thousand (see note 2), an impairment charge of €47,003 thousand (see note 3) and a provision for risk reversal of €10,733 thousand (see note 6).

NOTE 16 Income tax

Income taxes are detailed as follows:

(In thousands of euros)	2018
Taxable base at a rate of	33.33%
On 2018 income before exceptional items	-114,098
On 2018 exceptional items	-623
	-114,721
Addbacks/deductions related to tax consolidation	34,975
	-79,746
Deduction of losses carried forward	-
Taxable income of the tax consolidation Group	-79,746
Corresponding tax	-
Contributions of 3.3%	-
Deduction in respect of tax credits	42
Impact of tax consolidation	2,463
INCOME TAX RECOGNIZED IN THE INCOME STATEMENT	2,505

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 2018 were: the parent company Wendel SE, Sofiservice, Coba, Eufor and Waldggen.

The net tax "income" in 2018 corresponds mainly to the tax consolidation income of its subsidiary Eufor for €2.5 million.

NOTE 17 Liquidity and debt situation

At December 31, 2018, gross debt (excluding operating subsidiaries) consisted of bonds (including bonds exchangeable for Saint-Gobain shares) for a total amount of €2,519.4 million after repayment of €349.8 million due in August 2018. Maturities are spread between July 2019 and February 2027, and the average maturity is 3.8 years.

At the end of 2018, Wendel also has an undrawn €750 million syndicated loan maturing in October 2023 with additional maturity deferral options of up to one year, subject to the banks' agreement. Wendel was in compliance with its financial covenants as of December 31, 2018.

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 maturity is the repayment of the bond exchangeable for Saint-Gobain shares in July 2019 in the amount of €500 million and the September 2019 bond in the amount of €212 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.

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, 2018) - Documentation and covenants

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel Group'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 covenants are tested half-yearly when there are drawdowns under the syndicated credit line. As of December 31, 2018 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

The compensation paid by the Wendel Group to the members of the Executive Board in 2018 totaled €3,892.98 thousand. The value of the stock options and performance shares granted to them during 2018 totaled €3,473.94 thousand at the date of their allocation.

Compensation paid to members of the Supervisory Board in 2018 totaled €1 thousand, including €1 070 thousand in Wendel SE directors' fees and compensation paid to the Chairman of the Supervisory Board, and €87,2 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.

The Company's commitments in favor of André François-Poncet, Chairman of the Executive Board, in the event of his departure, are as follows:

- a termination benefit capped at two years of fixed compensation, subject to a performance condition;
- in the specific event that Wendel-Participations loses control of Wendel, a termination benefit capped at three years of fixed compensation, subject to a performance condition.

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.

Wendel-Participations

Wendel-Participations is owned by 1,169 Wendel family individuals and legal entities. Wendel-Participations owned 37.7% of Wendel SE's share capital as of December 31, 2018.

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;
- 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 with Wendel-Participations regarding technical assistance and leasing of premises.

NOTE 19 Subsequent events

In January 2019, the subsidiary that holds Saint-Gobain shares sold 3,640,784 Saint-Gobain shares for an amount of €110.6 million.

On February 14, 2019, Wendel announced the sale of its indirect investment in Playce (formerly SGI Africa) to CFAO with net proceeds from the sale of €32.2 million, after an initial investment of €25.3 million in late July 2016.

On February 20, 2019, Wendel announced that it had received an offer for the acquisition of approximately 40% of its indirect investment, as had the other current shareholders, in Allied

Universal (the "Company"), the security services leader in North America, by the Caisse de Dépôt et Placement du Québec ("CDPQ"), with an enterprise value of over \$7 billion. At the same time, Allied Universal signed an agreement with the Caisse de Dépôt et Placement du Québec, which will invest up to approximately \$400 million in equity to support the Company's growth strategy and its acquisition plans. Following the transaction, Wendel will retain an approximately 18% interest in Allied Universal.

Securities portfolio

In thousands of euros	Number of shares held	Subsidiaries and associates (%)	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
OTHER LONG-TERM INVESTMENTS			4,483,865
Other French equities	-	-	34

Subsidiaries and associated companies

In thousands of euros	Share capital	Other shareholders' equity (incl. income)	% of share capital held	Gross carrying value of shares held	Net carrying value of shares held	loans and advances granted	Guarantees given	Previous year's revenue	Previous year's results	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	1,634,701	100.0%	4,245,139	4,245,139	139,066	-	805	568,498	400,000
Oranje-Nassau Groep ⁽²⁾	8,744	-140,128	100.0%	238,320	238,320	968,676	-	-	-202,634	100,000
Overall summary										
French subsidiaries				407	116					
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	Fiscal year	Fiscal year	Fiscal year	Fiscal year
	2014	2015	2016	2017	2018
1. CAPITAL AT YEAR-END					
Share capital ⁽¹⁾	191,186	191,970	188,370	185,013	185,123
Number of ordinary shares in issue	47,796,535	47,992,530	47,092,379	46,253,210	46,280,641
Maximum number of shares that could be issued:					
■ through the exercise of options	383,796	206,051	167,151	29,326	20,950
2. RESULTS OF OPERATION⁽¹⁾					
Revenue (excluding taxes)	10,695	11,400	13,312	13,828	12,718
Income from investments in subsidiaries and associates	285,027	1,500,019	400,014	260,005	500,006
Income before tax, depreciation, amortization and provisions	133,886	1,337,892	133,052	104,149	375,979
Income taxes ⁽⁴⁾	-5,859	2,456	-9,335	-11,900	-2,505
Net income	118,020	1,338,591	135,543	116,893	
Dividends ⁽²⁾	340 383				
of which interim dividends	92,649	103,184	110,667	122,571	129,586 ⁽³⁾
3. EARNINGS PER SHARE (IN EUROS)	-	-	-	-	-
Income after tax but before depreciation, amortization, and provisions					
Net income	2,92	27,86	3,02	2,51	8,18
Net dividends	2,47	27,89	2,88	2,53	7,35
of which interim dividends	2,00	2,15	2,35	2,65	2,80 (3)
4. EMPLOYEE DATA	-	-	-	-	-
Average number of employees					
Total payroll	66	66	60	55	53
Staff benefits paid during the year (social security, social welfare, etc.)	12,435	11,939	12,314	16,810	12,183

(1) In thousands of euros.

(2) Including treasury shares.

(3) Ordinary dividend of €2.80 (subject to approval by shareholders at their Annual Meeting of May 16, 2019).

(4) Negative amounts represent income for the company.

6.5 Statutory Auditors' report on the financial statements

(Year ended 31 December 2018)

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 regulations and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting

WENDEL

89, rue Taitbout

75009 Paris

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of WENDEL for the year ended December 31, 2018.

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 2018 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 2018 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 for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*).

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 related loans and advances

Risk identified

As at 31 December 2018, investments in subsidiaries and associates, and related loans and advances, recorded in the balance sheet for a net carrying amount of 4,484 million euros and 1,528 million euros respectively, represent 54% and 19% of the Company's total balance sheet. Investments in subsidiaries and associates are recorded at their acquisition cost and related loans and advances 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. As at 31 December 2018, the current account with the subsidiary Eufor was depreciated for a total of 47 million euros, as described in note 3 to the financial statements.

We considered that the valuation of investments in subsidiaries and associates, and related loans and advances, 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 figures used had been justified by the management;
- verifying the stock market price used for valuations based on the value 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 calculations of the recoverable amounts used by the Company.

With regard to the valuation of loans and advances related to investments in subsidiaries and associates, we reviewed the impairment test performed based on the valuations used for the impairment tests on investments in subsidiaries and associates.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Executive Board's management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest that the information relating to payment terms referred to in Article D. 441-4 of the French Commercial Code (*Code de commerce*) is fairly presented and consistent with the financial statements.

Report on Corporate governance

We attest that the Supervisory Board's report on Corporate governance sets out 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 favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a public purchase or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de*

commerce), we have agreed these to the source documents communicated to us. 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 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 your Annual General Meeting held on 24 November 1994 for PricewaterhouseCoopers Audit and on 15 November 1988 for ERNST & YOUNG Audit.

As at 31 December 2018, PricewaterhouseCoopers Audit was in its twenty-fifth year and ERNST & YOUNG Audit in its thirty-first year of total uninterrupted engagement.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Statutory Auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor

concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report 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 for Statutory Auditors (*Code de déontologie*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, 20 March 2019

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit
Françoise Garnier

ERNST & YOUNG Audit
Jacques Pierres

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

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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

Wendel 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:

7.3.1 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.

7.3.2 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. Voting forms are not counted unless they are received at the address indicated in the notice of meeting no later than the third business day preceding the date of the meeting, notwithstanding any earlier deadline set by the Executive Board.

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.

7.3.3. 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.

The conversion of registered shares into bearer shares, and vice versa, shall take place in accordance with the legislation in force.

Modification of shareholder rights

In the absence of specific provisions in the by-laws, any change in the rights attached to shares is subject to legislation in force.

7.4 Information on share capital

7.4.1 Principal shareholders

As of December 31, 2018, the share capital was composed of 46,280,641 shares with a par value of €4 each, benefiting from 69,337,688 theoretical voting rights and 68,324,614 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, 23,057,047 shares had double voting rights.

To the best of the Company's knowledge, the main shareholders as of December 31, 2018 were as follows:

	% of share capital
Wendel-Participations SE and related parties ⁽¹⁾	37.7%
Institutional investors outside France	31%
Individual shareholders	19.1%
Institutional investors in France	6.9%
Treasury shares	2.2%
Employees and executives	1.4%
Other	1.7%

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

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 1.30% of the share capital and 1.06% 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, 2018, total exercisable stock subscription option grants represented 0.05% 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 1169 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, 2018, Wendel-Participations SE (and related parties) had a controlling interest in Wendel with 37.71% of its share capital, 50.35% of its theoretical voting rights, and 51.09% of its exercisable voting rights.

The following measures ensure that control by Wendel-Participations SE is exercised appropriately:

- management and oversight are separated through a two-tiered structure, including an Executive Board and a Supervisory Board;
- at least 45% of Supervisory Board members are independent;
- appointment of a senior member of the Supervisory Board in an advisory capacity;
- 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 12.31.2018		Situation as of 12.31.2017		Situation as of 12.31.2016	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Wendel-Participations SE ⁽¹⁾	37.7%	51.1%	37.6%	50.5%	36.9%	50.3%
First Eagle	4.4%	3%	3.7%	2.5%	3.6%	2.4%
Treasury shares (registered shares)	2%		1.2%		2.9%	
Group savings plan	0.7%	0.8%	0.9%	1.1%	0.7%	0.8%
Other shareholders (institutional and individual)	55.3%	45.1%	56.6%	46.0%	56.0%	46.4%
<i>of which individual shareholders</i>	19.1%	20.6%	20.0%	21.4%	20.7%	22.1%
TOTAL SHARES AND EXERCISABLE VOTING RIGHTS	46,280,641	68,324,614	46,253,210	68,884,101	47,092,379	69,078,934

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 and its Chairwoman.

In January 2019, a study was performed, as is done every year, to identify the shareholders of Wendel as of December 31, 2018.

There was relatively little change during the year in Wendel's shareholder structure, with a slight decrease in French institutional investors (6.9% vs. 7.6% as of December 31, 2017),

more than offset by an increase in foreign institutional investors (31.0% vs. 29.9% as of December 31, 2017). The number of individual shareholders decreased to 25,600 vs. 27,600 in the previous year, and their share of capital was fairly stable at 19.1% vs. 20.0% 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	Notional amount	Change in share capital (in euros)	Amount of share capital (in euros)	Change in share premiums (in euros)	Amount of share premiums
Situation as of December 31, 2015			47,992,530	EUR 4m		191,970,120		31,727,577
		37,200	48,029,730	EUR 4m	148,800	192,118,920	2,847,946	34,575,523
	Issue of shares reserved for employees	23,486	48,053,216	EUR 4m	93,944	192,212,864	1,679,249	36,254,772
	Cancellation of shares	-960,837	47,092,379	EUR 4m	-3,843,348	188,369,516		36,254,772
Situation as of December 31, 2016			47,092,379	EUR 4m		188,369,516		36,254,772
	Exercises of options	89,275	47,181,654	EUR 4m	357,100	188,726,616	10,797,754	47,052,526
	Issue of shares reserved for employees	15,499	47,197,153	EUR 4m	61,996	188,788,612	1,599,342	48,651,868
	Cancellation of shares	-943,943	46,253,210	EUR 4m	-3,775,772	185,012,840		48,651,868
Situation as of December 31, 2017			46,253,210	EUR 4m		185,012,840		48,651,868
	Exercises of options	7,276	46,260,486	EUR 4m	29,104	185,041,944	462,026	49,113,895
	Issue of shares reserved for employees	20,155	46,280,641	EUR 4m	80,620	185,122,564	1,826,446	50,940,341
Situation as of December 31, 2018			46,280,641	EUR 4m		185,122,564		50,940,341

7.4.5 Ownership threshold disclosures

During fiscal year 2018, two (2) threshold crossings were declared, in capital or voting rights:

Shareholder	Threshold crossing date	Direction of crossing	Threshold crossed	Number of shares after crossing	% of share capital after crossing	% of voting rights after crossing ⁽¹⁾
Wendel-Participations SE and related parties	05/30/2018	Upward	50% of voting rights	17,454,034	37.73%	50.19%
First Eagle Investment Management, LLC	12/06/2018	Upward	4% of share capital	1,918,402	4.15%	2.76%

(1) Theoretical voting rights.

7.4.6 Pledging of issuer's shares

To the best of the Company's knowledge, 75,902 registered Wendel shares (in either pure or administered form) were pledged as collateral as of December 31, 2018.

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 2016, Wendel made an additional investment of about \$29 millions 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 Parours 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 €318 million)⁽¹⁾.

In 2017, Wendel completed the acquisition of 65%⁽²⁾ of the capital of Tsebo on February 1, and invested €159 millions as part of that⁽³⁾ 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 SARL, for total proceeds of €16.6 million.

In 2018: sale of CSP Technologies to AptarGroup, Inc. for net proceeds of \$342 million in August 2018, sale of Mecatherm to Unigrains for net proceeds of €84 million in September 2018, sale of Saham Group for net proceeds of \$155 million in October 2018, reinvestment of \$78 million in Allied Universal for the acquisition of US Security Associates in October 2018, sale of 4.73% of the share capital of Bureau Veritas for an amount of approximately €400 million in October 2018, sale of Nippon Oil Pump to CITIC Capital Japan Partners III, LP for net proceeds of approximately €85 million in November 2018.

The Company's 2018 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 = 16.508 as of January 31, 2018.

(2) Percentage 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, 2018, 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 12.31.2018
A. Issue of shares or other securities giving access to the capital				
■ With preferential subscription rights	05/17/2018 16 th resolution	26 months 07/17/2020	€74 million	-
■ With waiver of preferential subscription rights	05/17/2018 17 th , 18 th and 19 th resolutions	26 months 07/17/2020	€18 million	-
■ Under greenshoe option	05/17/2018 20 th resolution	26 months 07/17/2020	15% of the initial issue	-
■ As consideration for securities (contributions in kind)	05/17/2018 21 st resolution	26 months 07/17/2020	10% of share capital	-
■ Through a public exchange offer	05/17/2018 22 nd resolution	26 months 07/17/2020	€18 million included in the ceiling set in the 17 th resolution	-
■ Capitalization of reserves	05/17/2018 23 rd resolution	26 months 07/17/2020	€80 million	-
■ Overall ceiling authorized	05/17/2018 24 th resolution	26 months 07/17/2020	€185 million	-
B. Authorization of share buyback program and share cancellations				
■ Share buybacks	05/17/2018 25 th resolution	14 months 07/17/2019	10% of the capital max. price: €250 per share	-
■ Share cancellations	05/17/2017 21 th resolution	26 months 07/18/2019	10% of the capital per 24-month period	943,943 shares, i.e. 2% of the capital
C. Employee share ownership				
■ Group savings plan	05/17/2018 25 th resolution	14 months 07/17/2019	€150,000	€80,620
■ Stock options (subscription and/or purchase)	05/17/2018 26 th resolution	14 months 07/17/2019	1% of share capital (common ceiling for options and performance shares)	152,744 options
■ Performance shares	05/17/2018 27 th resolution	14 months 07/17/2019	0.5% of capital (this ceiling is applied to the above common ceiling)	130,860 shares

7.6.2 Financial authorizations to be proposed at the Shareholders' Meeting of May 16, 2019

Authorization	Annual Meeting date (resolution no.)	Period and expiration date	Authorized amount (par value) or % of share capital
A. Authorization of share buyback program			
■ Share buybacks	05/16/2019 16 th resolution	14 months 07/16/2020	10% of the capital max. price: €250 per share
■ Cancellation of shares	05/16/2019 17 rd resolution	26 months 07/17/2021	10% of share capital
B. Employee share ownership			
■ Group savings plan	05/16/2019 18 th resolution	14 months 07/16/2020	€150,000
■ Stock options (subscription and/or purchase)	05/16/2019 19 th resolution	14 months 07/16/2020	1% of share capital (common ceiling for options and performance shares)
■ Performance shares	05/16/2019 20 th resolution	14 months 07/16/2020	0.5% of capital (this ceiling is applied to the above common ceiling)

The resolutions submitted to shareholders for approval at the May 16, 2019 shareholders' Meeting will cancel the unused amounts of, and replace, the resolutions with the same purpose that were adopted at the May 17, 2018 shareholders' Meeting.

7.7 Share buybacks

7.7.1 Legal framework

At their meetings of May 18, 2017 (20th resolution) and May 17, 2018 (15th 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 €250.

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 4,709,237 and 4,625,914 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 operations on a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with Autorité des marchés financiers Decision No. 2018-01 of July 2, 2018 and all other provisions referred to therein;
- 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. 3332-1 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.

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, 2018, Oddo Corporate Finance:

- purchased for the account of Wendel 1,004,874 shares for a total value of €124,926,869.30 and an average unit value of €124.32;
- sold for the account of Wendel 1,004,874 shares for a total value of €125,540,102.40 and an average unit value of €124.93.

7.7.3 Implementation of stock-option and performance share plans

Between January 1, 2018 and December 31, 2018, Wendel directly acquired 553,576 of its own shares for delivery in the context of stock option and bonus share plans (254,630 shares) and acquisitions, mergers, spin-offs or asset contributions (298,946 shares).

7.7.4 Delivery of shares in the context of acquisitions, mergers, spin-offs or asset contributions

Between January 1, 2018 and December 31, 2018, Wendel directly acquired 298, 946 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 €36,835,683.90 and an average unit price of €123,219.

7.7.5 Cancellation of shares

Between January 1 and December 31, 2018, Wendel reduced capital through the cancellation of shares.

7.7.6 Summary of transactions on shares held by the Company as of December 31, 2018

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, 2018, Wendel canceled 943,943 shares.

As of December 31, 2018, the Company held 1,013,074 of its own shares, or 2.19% of the capital.

Summary of the Company's transactions on its own shares from January 1 to December 31, 2018

	Cumulative gross amounts in 2018	
	Purchases	Sales/Transfers
Number of shares	1,558,450	1,214,778
Average maximum maturity	-	-
Average transaction price	€123.93	€108.80
Average exercise price	-	-
Amounts	€193,137,685.13	€132,165,662.62

Open positions as of December 31, 2018

Open long positions			Open short positions		
<i>Calls purchased</i>	<i>Puts issued (written)</i>	<i>Forward purchases</i>	<i>Calls issued (written)</i>	<i>Puts purchased</i>	<i>Forward sales</i>
-	-	-	-	-	-
-	-	-	-	-	-

7.7.7 Description of the program to be proposed to shareholders at the May 16, 2019 General Meeting

The 15th resolution to be proposed at the May 16, 2019 General Meeting asks shareholders to approve the creation of a new share buyback program in accordance with Articles L. 225-209 et seq. of the French Commercial Code, Title IV of Book II of the AMF General Regulation, European Regulation No. 596/2014 of the European Parliament and of the Council on Market Abuse and Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 on conditions applicable to buyback programs and stabilization measures.

Under this program, shares can be bought for any of the following purposes:

- to retain them pending a delivery of 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 operations on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Autorité des marchés financiers Decision No. 2018-01 of July 2, 2018 and all other provisions referred to therein;
- 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 thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the General Meeting.

This program is also intended to allow the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force. In such an event, the Company would inform shareholders via a press release.

The number of shares repurchased under the authorization to be granted to the Executive Board may not exceed 10% of the share capital at the time of the buyback. For informational purposes, as of December 31, 2018, this authorization represented 4,628,064 shares, or a maximum theoretical investment of €157,016,000 based on the maximum buyback price of €250 per share (excluding trading fees).

Pursuant to Article L. 225-210 of the French Commercial Code, the Company has made a commitment to keep its holding, both direct and indirect, within the limit of 10% of share capital. As of December 31, 2018, the number of Wendel shares held by the Company was 913,074. In light of the shares already held in treasury, the Company would be able to repurchase 3,714,990 shares, or 8.03% of the share capital, for a maximum amount of €928,747,500, based on the maximum unit purchase price of €250. The Company reserves the right to pursue the program to the full extent of its authorization.

The share buyback authorization will be valid for a period of 14 months from the May 16, 2019 Shareholders' Meeting, i.e. until July 16, 2020.

The 17th resolution to be proposed at the May 16, 2019 General Meeting also asks shareholders to authorize the Executive Board to reduce the share capital of the Company through the cancellation of up to 10% of shares repurchased for a 26-month period, i.e. until July 16, 2021.

7.7.8 2019 share buyback program

On March 26, 2019, Wendel entered into a €200m share buyback agreement.

This buyback agreement started on April 17, 2019 after Wendel - Participations SE obtained, on April 2, 2019, acting in concert with its Chairwoman, a waiver granted by the AMF to launch a tender offer on Wendel.

Under this share buyback agreement, Wendel has acquired €200m of its own shares with the primary objective of canceling them.

On April, 23, 2019, Wendel will receive 1,169,399 ordinary shares at the price of €119.60. The bank designated for the transaction, acting independently, will continue its transactions on the Wendel shares in particular as part of hedging transactions for a period not to exceed December 2019.

At the end of this transaction, Wendel may receive additional ordinary shares, depending in particular on the change in the share price. This additional number of shares will be determined on the basis of the weighted average price by the volume of shares, after applying a discount, during the period for the execution of the share buyback agreement, subject to the potential adjustments.

Once completed and based on the effective buyback price of the shares, this operation should reduce the number of Wendel's outstanding shares by approximately 4% based on the share price as of April 17, 2019 i.e. €119.60.

This buyback agreement is executed as part of the authorization granted to the Executive Board on May 17, 2018 by the Shareholders' Meeting. This authorization renewal will be proposed on the agenda of the Shareholders' Meeting of May 16, 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 2018.

Name and function	Type of security	Type of transaction	Number of shares
André François-Poncet Chairman of the Executive Board	shares	Subscription	3,092
	shares	Donation	77,000
François de Wendel member of the Supervisory Board			
	shares	Subscription	2,195
	shares	Purchases	10,650
	shares	Exercise of stock options	18,774
Bernard Gautier member of the Executive Board and BJPG (related party)	shares	Sale	7,602
	shares	Vested	23,048
	options	Became exercisable	16,948
Fabienne Porquier member of the Supervisory Board representing employees until September 5, 2018	shares	Sale	400
	shares	Exercise of stock options	250
	shares	Subscription	154
	shares	Vested	700
	options	Became exercisable	516
Nicolas ver Hulst member of the Supervisory Board	shares	Purchases	182
Franca Bertagnin Benetton, 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 19, 2012, December 3, 2013, and December 3, 2013, relating to 39.12%, 38.58% and 38.58% of the share capital, respectively, at those dates;
- commitments to hold shares for a period of two years pursuant to Article 787 B of the *French Tax Code*, dated December 23, 2016, November 4, 2017 and December 20, 2018 relating to 38.98%,

39.12% and 35.84% 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, 2018, the Wendel Group was party to several agreements governing its relations with its co-shareholders, whether they are co-investors in its unlisted subsidiaries or holdings (Allied Universal, Constantia Flexibles, Cromology, IHS, PlaYce (whose shareholder agreement became null and void due to the sale by the Group of its stake in PlaYce on February [14], 2019), Stahl and Tsebo) or managers (or former managers) of the subsidiaries who are members of mechanisms that give them a stake in the performance of their company (Allied Universal, Constantia Flexibles, Cromology, 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, Allied Universal and Tsebo 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, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. These commitments have been 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 the 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 disinvestment 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, 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;
- With regard to IHS, the shareholder agreement contains a confidentiality clause barring disclosure.

The agreements with the management teams (managers or former managers) of subsidiaries (Allied Universal, Constantia Flexibles, Cromology, Stahl and Tsebo) also contain provisions relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (between the 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 to the 2018 consolidated financial statements relating to the "participation of subsidiaries' managers in the performance of their companies".

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending of the situation, Wendel's holdings or the investments itself) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Allied Universal, Constantia Flexibles, Cromology, 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 and Tsebo (see note 4-1 in the 2018 consolidated financial statements relating to the "participation of Wendel managers in Group 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 37.71% of the Company's shares and 51.09% of its exercisable voting rights held by Wendel-Participations SE and its related parties as of December 31, 2018;
- 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 would 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;
- Article L. 433-3, III of the French Monetary and Financial Code states that in the event of a takeover bid for an issuer, a takeover bid for its listed subsidiary must also be made; at December 31, 2018 Wendel held 35.33% of the share capital and 51.37% of the theoretical voting rights of Bureau Veritas, which is listed on Euronext Paris and is one of its core assets.

SHAREHOLDERS' MEETING OF MAY 16, 2019

8.1	STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS	418	8.5	STATUTORY AUDITORS' REPORT ON THE FREE ALLOCATION OF EXISTING SHARES OR SHARES TO BE ISSUED	427
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8.1 Statutory Auditors' special report on related-party agreements and commitments

(General Meeting of shareholders for the approval of the financial statements for the year ended December 31, 2018)

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 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 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

We were informed of no agreement or commitment authorized during the year ended to be submitted to the Shareholders' Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code.

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, 2018.

A. With Mr. André François-Poncet, Chairman of your company'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 Mr. André François-Poncet, Chairman of the Executive Board since January 1, 2018:

■ 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.

These termination benefits were approved by the General Meeting of Shareholders on May 17, 2018.

The Supervisory Board of March 20, 2019 deemed it to be in Wendel's best interests to agree to continue this agreement, which is an important component of the Executive Board's commitment to Wendel.

B. With Mr. Bernard Gautier, member of your company's Executive Board.

1. 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)

For acquisitions carried out by Wendel in 2011 and 2012, the members of the Wendel management team invested personally alongside your Group in Oranje-Nassau Développement SA Sicar, which held the Group's investments in the unlisted companies Mecatherm and IHS in 2018.

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 the departure of a member of the management team:

- the person concerned has undertaken to sell to your Group:
 - his or her unvested shares in Oranje-Nassau Développement SA Sicar at their original value, regardless of the reasons for his/her departure from your Group, and
 - his or her vested shares in Oranje-Nassau Développement SA Sicar, at their market value in the event of gross misconduct resulting in dismissal or removal from office or non-renewal of office, (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 Oranje-Nassau Développement SA Sicar at their original value in the event of his/her dismissal, removal from office or non-renewal of term (except in the event of gross/serious misconduct), or in the event of death, and
 - his or her vested shares in Oranje-Nassau Développement SA Sicar at their market value in the event of his/her dismissal, removal from office or non-renewal of term (except in the event of gross/serious misconduct), and at the higher of the original value or the market value in the event of death.

This framework agreement remains in effect and is unchanged. The put and call option agreements concluded with Mr. Bernard Gautier, which outline the rules applicable to his co-investments in the 2011-2012 program in the event that he should leave the Wendel Group, are still in effect

At the end of 2018 the co-investment in Mecatherm was unwound following the sale of that company. The sale resulted in a loss for Wendel and the co-investors; Bernard Gautier, a member of the Executive Board, realized a capital loss of €60,131.

On March 20, 2019, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2011-2012 co-investment program, given that Mr. Bernard Gautier had co-invested on the basis of these terms and was still committed to IHS.

2. 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, SA Sicar and Global Performance 17 SA Sicar, which held the Group's investments in the unlisted companies Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo in 2018.

■ 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 SA Sicar, this period begins with the first investment;
- in the event of the departure of a member of the management team, the commitments made and received by the co-investors and your Group are identical to those under the framework agreement on the co-investments made by the management team relating to acquisitions made by Wendel between 2011 and 2012 (and to the subsequent re-investments made by Wendel in these companies), as described above.

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 (for subscriptions made prior to the end date of his term of office) 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 SA Sicar and Global Performance 17 SA 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 Mr. Bernard Gautier, which outline the rules applicable to his co-investments in the 2013-2017 program in the event that he should leave the Wendel Group, are still in effect.

In 2018, co-investments in Saham, Nippon Oil Pump and CSP Technologies were unwound due to the disposals of those three companies.

With regard to pooled co-investments, (i) for the pari passu portion, the co-investors will receive the repayment of their contributions and their share of the gain in proportion of their equity interest, and (ii) for the carried part, the results of these transfers will be taken into account in calculating, at the end of the program and on the overall investments over the period, the overall return and, where applicable, the capital gain accruing to the co-investors.

Regarding the deal-by-deal co-investment, (i) as the sale of Saham did not achieve the minimum return, the co-investors realized a loss, including €21,624 for Bernard Gautier, (ii) as the sale of Nippon Oil Pump achieved the minimum return, the co-investors will receive, in the second quarter of 2019, an amount of approximately €2 million, including €309,980 for Bernard Gautier, (iii) as the sale of CSP Technologies also achieved the minimum return, the co-investors will receive, after a five-year holding period from the date of their investment, an amount of approximately €3.8 million, including €545,046 for Bernard Gauthier.

In October 2018, Wendel and the co-investors reinvested in Allied Universal to fund its acquisition of U.S. Security Associates. In this context and through SICAR Expansion 17 and Global Performance 17, Bernard Gautier reinvested €22,492 and €22,488 respectively.

On March 20, 2019, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2013-2017 co-investment program, given that Mr. Bernard Gautier had co-invested on the basis of these terms and was still committed to Constantia Flexibles, Allied Universal and Tsebo.

3. 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 20, 2019 the Supervisory Board authorized Wendel to pay Bernard Gautier 82.1% of the maximum amount with respect to his 2018 variable compensation and based on the targets met. Consequently, Bernard Gautier was allocated €793,086 in variable compensation for the 2018 financial year.

4. 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.

On March 20, 2019, the Supervisory Board acknowledged it was in Wendel's best interests to continue this agreement, which is an important component of the Executive Board's commitment to Wendel.

C. With André François-Poncet, Chairman of the Executive Board, and Bernard Gautier, a member of the Executive Board of your company

Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between 2018 and 2021 (and to later re-investments made by Wendel in these companies)

In 2018, Wendel adjusted its guidelines for investments by Wendel Group in new acquisitions between January 2018 and April 2021. They replace the rules previously established for the April 2017-December 2020 period for the members of the Executive Board, which were not implemented, as no investments were made.

The general principles applicable to these co-investments are as follows:

- the amount of the co-investment remains set at 0.5% of the amount invested by Wendel. The pooled portion of the co-investment accounts for 80% of the total co-investment (previously 50%) and the deal-by-deal portion accounts for 20% (previously 50%);
- the minimum 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.

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.

This framework agreement remains in effect and is unchanged. No investment was made in accordance with these principles.

The Supervisory Board of March 20, 2019 noted the advantage of this agreement, which ensures that the interests of the shareholders are aligned with those of the Executive Board.

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 2018.

On March 20, 2019, 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 €43,498 before tax under this agreement in respect of 2018.

On March 20, 2019, the Supervisory Board acknowledged it was in Wendel's best interests to maintain this agreement, insofar as it allows for smooth cooperation between the two companies.

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.

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.

On March 20, 2019, 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.

4. Agreement on the provision of country-by-country reporting (CBCR) and anti-corruption (Sapin 2 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 2 Law) services. The total amount billed for these services with respect to the 2018 financial year was €35,000 before tax.

On March 20, 2019, the Supervisory Board acknowledged it was in Wendel's best interests to maintain these agreements, which allow Wendel-Participations to respect their legal obligations.

Neuilly-sur-Seine and Paris-La Défense, April 15, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit
Françoise Garnier

Ernst & Young Audit
Jacques Pierres

8.2 Statutory Auditors' report on the reduction in capital

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

(Extraordinary general meeting of 16 May 2019 – 17th resolution)

To the Shareholders

In our capacity as statutory auditors of your Company and in compliance with article L.225-209 of the French Commercial Code (*Code de commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions for the proposed reduction in capital.

Your Executive Board requests that it be authorized, for a period of twenty-six months starting on the date of this shareholders' meeting, to proceed with the cancellation of shares the Company was authorised to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of twenty-four months, in compliance with the article mentioned above.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report as to the terms and conditions of the proposed reduction in capital.

Neuilly-sur-Seine and Paris-La Défense, 15 April 2019
The Statutory Auditors

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 members of one or more company savings schemes set up within the Group

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

(Extraordinary general meeting of 16 May 2019 - 18th 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 proposal to authorize your Executive Board to decide whether to proceed with the issue of shares or securities giving access to the Company's capital, for a maximum nominal amount of 150,000 euros, with cancellation of preferential subscription rights, reserved for members of one or more company savings schemes set up within the group, an operation upon which you are called to vote.

This issue is submitted for your approval in accordance with article L. 225-129-6 of the French Commercial Code (*Code de commerce*) and article L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*).

Your Executive Board proposes that, on the basis of its report, it be authorized, with the power to subdelegate under the conditions laid down by law, subject to prior authorization by the Supervisory Board in accordance with article 15-V of the bylaws, for a period of fourteen months to decide whether to proceed with an issue, on one or more occasions, and proposes to cancel your preferential subscription rights relating to the shares or securities to be issued. If applicable, it shall determine the final issue conditions of this operation.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R. 225-113 *et seq.* of the French

Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Executive Board's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price for 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 (*Code de commerce*), we will issue a supplementary report, if necessary, when your Executive Board has exercised this authorization 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, 15 April 2019

The Statutory Auditors

PricewaterhouseCoopers Audit
Françoise Garnier

Ernst & Young Audit
Jacques Pierres

8.4 Statutory auditors' report on the authorization for allocation of stock options and/or share purchase plans

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

(Extraordinary general meeting of 16 May 2019 – 19th 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 for allocation of stock options and/or share purchase plans reserved for 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.

Your Executive Board proposes that on the basis of its report it be authorized for a period of fourteen months to allocate stock options and/or share purchase plans.

The total number of shares to be purchased or subscribed through the exercise of the options allocated in respect of this authorization may not exceed 1% of the Company's share capital on the allocation date, it being specified that this overall common cap will be decreased by the number of performance shares allocated in respect of the 20th resolution put to this meeting.

The total number of shares to be purchased or subscribed by the members of the Executive Board through the exercise of the options allocated in respect of this authorization may not exceed 0.124% of the Company's share capital.

It is the responsibility of the Executive Board to prepare a report on the reasons for the stock options and/or share purchase plans 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 have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the 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 subscription and/or purchase price.

Neuilly-sur-Seine and Paris-La Défense, 15 April 2019

The Statutory Auditors

PricewaterhouseCoopers Audit
Françoise Garnier

Ernst & Young Audit
Jacques Pierres

8.5 Statutory auditors' report on the free allocation of existing shares or shares to be issued

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

(Extraordinary general meeting of 16 May 2019 – 20th resolution)

To the Shareholders

In our capacity as statutory auditors of your Company and in compliance with articles L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorization to allocate free existing shares or shares to be issued to the employees or corporate officers of your Company 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 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.

Your Executive Board proposes that on the basis of its report it be authorized for a period of fourteen months to allocate, for free, existing shares or shares to be issued.

The total number of performance shares existing or to be issued that are allocated in respect of this authorization may not exceed 0.5% of the Company's share capital on the allocation date, it being specified that the total number of performance shares allocated

shall be deducted from the maximum number of shares that may be issued pursuant to the 19th resolution put to this meeting, fixed at 1% of capital.

The total number of performance shares allocated to the members of the Executive Board may not exceed 0.105% of the share 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 regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Executive Board's report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Executive Board's report relating to the proposed free allocation of shares.

Neuilly-sur-Seine and Paris-La Défense, 15 April 2019

The Statutory Auditors

PricewaterhouseCoopers Audit
Françoise Garnier

Ernst & Young Audit
Jacques Pierres

8.6 Supplementary report from the Executive Board on the capital increase reserved for members of the 2018 Wendel Group Savings Plan

Using the power delegated to it by the shareholders at their Combined shareholders' Meeting on May 17, 2018, by virtue of the thirtieth resolution and after obtaining the approval of the Supervisory Board on that same date, the Executive Board decided on June 12, 2018, 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 June 12, 2018, 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 June 27, 2018, the Executive Board noted that 20,155 shares had been subscribed by the close of the subscription period, increasing the Company's share capital by €104,364, of which €80,620 consists of shares issued for the Group savings plan and €23,744 consists of shares issued as a result of the exercise of stock options (5,936 stock options exercised).

The Company's share capital currently stands at €185,117,204 divided into 46,279,301 shares, all of the same class, with a par value of €4.00 per share.

Subscription price:

On June 12, 2018, 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 June 12, 2018, was €118.27;
- the subscription price, set at 80% of the reference price, was €94.62.

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 17, 2018, 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 2018, the matching contribution is 200% of the subscriber's voluntary contribution, up to a limit of 90 Wendel shares. The amount of 90 shares represents the largest whole number of shares that may be subscribed without the employers' contribution exceeding the legal limit of €5,721.41 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 June 13, 2018, to June 25, 2018, inclusive.

The subscription period could have closed at any time before June 25, 2018, 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.

André François-Poncet
Chairman of the Executive Board

June, 27, 2018

Bernard Gautier
Member of the Executive Board

Impact of the capital increase

The Company issued 20,155 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 December 31, 2017.

■ Impact on book value as of December 31, 2017:

After taking into account the 20,155 shares subscribed in connection with the capital increase described in this report, book value per share declined by €0.01 on the basis of a total of 20,155 shares issued, comprising the Company's share capital, and by €0.01 on the basis of a total of 23,390 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 June 12, 2018:

After taking into account the 20,155 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 20,155 shares issued, comprising the Company's share capital, and by €0.01 per share on the basis of a total of 23,390 shares issued or potentially issuable.

8.7 Statutory Auditors' supplementary report on the increase in capital with cancellation of preferential subscription rights

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Executive Board Meeting held on 27 June 2018

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 report dated 9 April 2018, 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 general meeting of 17 May 2018 in its twenty-fourth resolution.

This ordinary and extraordinary general meeting authorized your Executive Board to decide whether to proceed with such an operation within a period of fourteen months and for a maximum nominal amount of 150,000 euros. Exercising this authorization, your Executive Board decided at its meeting on 27 June 2018 to proceed with an increase in capital of 80,620 euros, by issuing 20,155 ordinary shares with a par value of 4 euros each and a unit share premium of 90.62 euros, reserved for employees and corporate officers, with a length of service of at least three months as at the date of the close of the subscription period, who are members of the Group Savings Scheme.

It is the responsibility of the Executive Board to prepare a supplementary report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying:

- the fairness of the financial information taken from the annual accounts approved by your Executive Board. We performed an audit of these accounts in accordance with professional standards applicable in France;
- the compliance with the terms of the operation as authorized by the ordinary and extraordinary 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 the accounts and included in the Executive Board's supplementary report;
- the compliance with the terms of the operation as authorized by your ordinary and extraordinary general meeting on 17 May 2018 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 issue on the financial position of the holders of equity securities as expressed in relation to shareholders' equity, and on the market value of the shares;
- the cancellation of the preferential subscription rights, upon which you have voted.

Neuilly-sur-Seine and Paris-La Défense, 11 July 2018

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,

In 2018, the Supervisory Board continued to perform its control and oversight of the Executive Board with the support of its two Committees, the Audit Committee and the Governance Committee. The Supervisory Board met 18 times in 2018. The Audit Committee and the Governance Committee met six and nine times respectively.

In 2018, the company simplified its portfolio and benefited from a sellers' market by selling CSP Technologies, Mecatherm, Saham Group and NOP in good conditions.

The company also sold just under 5% of Bureau Veritas's capital while remaining its controlling shareholder.

These divestments provide additional leeway for the company to make fresh acquisitions of quality and greater size in Europe, North America and Africa.

At €147.4 per share as of December 31, 2018, NAV was down 16.4% year on year due to the decline in the financial markets, but up 1.6% compared with November 16, 2018.

On March 20, 2019, 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 Supervisory Board has approved the Executive Board's proposal to set the 2018 dividend at €2.80 per share, an increase of 5.7%.

With regard to governance, you are asked to renew the terms of office of Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee and independent member, Gervais Pellissier, Vice-Chairman of the Board, lead member of the Supervisory Board and an independent member, and Humbert de Wendel. Subject to your vote, the Board welcomes their presence for a further four-year term.

In 2018, the Board appointed Gervais Pellissier as lead member of the Board to further improve the governance of the company, particularly in its relations with shareholders.

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 16, 2019

Ordinary General Meeting

2018 financial statements and allocation of income

The purpose of the **first** and **second resolutions** is to approve Wendel's financial statements as of December 31, 2018.

The parent company financial statements show net income of €340.4 million. Shareholders' equity (excluding net income for the year) totaled €5,256.3 million, and is a guarantee of Wendel's financial soundness.

The consolidated financial statements show net income, Group share, of €45.3 million.

The **third resolution** proposes to allocate net income for the year ended December 31, 2018, and distribute a dividend of €2.80 per share, an increase of 5.7% from the ordinary dividend paid in respect of 2017.

	2015	2016	2017
Dividend	€2.15	€2.35	€2.65

The ex-dividend date is May 21, 2019, and the dividend will be paid on May 23, 2019.

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.

Supervisory Board: renewal of the appointments of three members

The purpose of the **fourth, fifth and sixth resolutions** is to renew for four years the terms of office of Jacqueline Tammenoms Bakker, Gervais Pellissier and Humbert de Wendel.

Their biographies are featured in this Registration Document, section 2.1.2.2.

Vote on compensation of corporate officers

The purpose of the **seventh, eighth and ninth resolutions** is to approve the compensation policy for the 2019 financial year for the members of the Executive Board and the Supervisory Board. This policy is presented in sections 2.1.7.1 and 2.1.7.2 of this Registration Document.

The purpose of the **tenth, eleventh, twelfth and thirteenth resolutions** is to approve the compensation elements paid or granted for the year ended December 31, 2018 to André François-Poncet, Chairman of the Executive Board, Bernard Gautier, member of the Executive Board, François de Wendel, Chairman of the Supervisory Board until May 17, 2018 and Nicolas Ver Hulst, Chairman of the Supervisory Board effective 17 May

2018. Details on compensation are presented in Section 2.1.7.11 of this Registration Document. The variable remuneration of André François-Poncet will be paid if you approve it. Your vote is required pursuant to Article L. 225-100-100 of the French Commercial Code.

Appointment of the Statutory Auditors

The purpose of the **fourteenth and fifteenth resolutions** is to approve the appointment of the Statutory Auditors. As the terms of Ernst & Young Audit and PricewaterhouseCoopers Audit expire at the end of the 2019 Shareholders' Meeting, the Audit Committee organized a call for tenders, acting independently, in accordance with the provisions of Articles L. 823-3 and L. 823-19 of the French Commercial Code and Article 16 of EU Regulation No. 537/2014. The Audit Committee has therefore decided to propose to the Board the renewal of the term of Ernst & Young Audit, initially appointed in 1988 (the maximum duration of its term not being reached in accordance with the provisions of Article L. 823-3-1 of the French Commercial Code and Articles 17 and 41 of EU Regulation 537/2014), and the appointment of Deloitte.

The Board approved these proposals.

The appointment of Alternate Statutory Auditors is not on the agenda; an amendment of the by-laws to this effect is subject to your vote and is the subject of the **twenty-second resolution** below.

Share buyback program

The sixteenth 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 maintain a liquid market in the Company's shares, or to serve stock options or performance shares. In 2018, Wendel purchased 852,522 treasury shares directly.

In addition, the Company has announced the implementation of a €200 million share buyback program. This program is implemented pursuant to the 14th resolution approved at the Shareholders' Meeting of May 17, 2018 and, if necessary and subject to your vote, pursuant to this resolution.

Under no circumstances may the Company acquire more than 10% of its capital (e.g., 3,614,990 shares, on the basis of the share capital as of December 31, 2018, 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

Capital reduction

The purpose of the **seventeenth resolution** is to renew, for a period of twenty-six months, the authorization granted by the Shareholders' Meeting of May 18, 2017 to the Executive Board, with the prior authorization of the Supervisory Board, to cancel, for a period of twenty-four months, up to 10% of the shares purchased by the Company under the buyback program authorized in the twentieth resolution.

The Executive Board did not make use in 2018 of the authorization of May 18, 2017. This latter authorization will be used as part of the share buyback program announced on March 21, 2019, to cancel approximately 4% of the share capital.

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 **eighteenth 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 prevailing laws, the issue price of securities will be determined in accordance with the legal provisions in force at the time of the use of this delegation by the Executive Board.

The Executive Board implemented the authorization granted by shareholders at the meeting of May 17, 2018. Employee share ownership through the Group savings plan represented 0.7% of the capital as of December 31, 2018.

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.

Performance conditions for the Executive Board members are set by the Supervisory Board; performance conditions for the beneficiary employees, are set by the Executive Board. These performance conditions are described in the compensation policy for 2019 there before.

The **nineteenth** 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 **twentieth** 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 nineteenth resolution.

In accordance with recommendation 24.3.3 of the Afep-Medef Code, the **nineteenth and twentieth** 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.

Changes to the by-laws

The purpose of the **twenty-first resolution** is to amend Article 15, paragraph V, of the by-laws "Powers of the Supervisory Board." The Sapin 2 law dated December, 9, 2016, has aligned the authorization regime for public limited companies with an Executive Board and a Supervisory Board with that of public limited companies with a Board of Directors. Accordingly, under Article L. 225-68 of the amended French Commercial Code, the sale of property that is immovable by nature, the total or partial sale of investments and the constitution of securities are no longer by law subject to the prior authorization of the Supervisory Board pursuant to the law. It is proposed to continue to subject the sale of immovable property, the sale of investments and the constitution of securities to the prior authorization of the Supervisory Board under the by-laws, above a threshold set by it.

The purpose of the **twenty-second resolution** is to amend Article 24 of the by-laws "Statutory Auditors, Appointment, Engagement and Remuneration" by deleting the appointment of the Alternate Statutory Auditors, as permitted by the Sapin 2 Law, dated December 9, 2016.

Powers

Finally, the **twenty-third resolution** would grant the necessary powers to accomplish legal formalities.

8.10 Shareholders' Meeting of May 16, 2019

Resolutions pertaining to the Ordinary Meeting

1. Approval of the parent company financial statements for the year ended December 31, 2018
2. Approval of the consolidated financial statements for the year ended December 31, 2018
3. Net income allocation, dividend approval and dividend payment
4. Renewal of the appointment of Jacqueline Tammenoms Bakker as Supervisory Board member
5. Renewal of the appointment of Gervais Pellissier as Supervisory Board member
6. Renewal of the appointment of Humbert de Wendel as Supervisory Board member
7. Approval of the compensation policy for the Chairman of the Executive Board
8. Approval of the compensation policy for the member of the Executive Board
9. Approval of the compensation policy for the members of the Supervisory Board
10. Approval of the compensation elements paid or granted to André François-Poncet for the year ended December 31, 2018 in his capacity as Chairman of the Executive Board
11. Approval of the compensation elements paid or granted to Bernard Gautier for the year ended December 31, 2018 in his capacity as member of the Executive Board
12. Approval of the compensation elements paid or granted for the year ended December 31, 2018 to François de Wendel as Chairman of the Supervisory Board until May 17, 2018
13. Approval of the compensation elements paid or granted for the year ended December 31, 2018 to Nicolas ver Hulst as Chairman of the Supervisory Board starting May 17, 2018
14. Renewal of Ernst & Young Audit as Statutory Auditor

15. Appointment of Deloitte Audit as Statutory Auditor

16. Authorization given to the Executive Board to allow the Company to purchase Company shares

Resolutions pertaining to the Extraordinary Meeting

17. Authorization given to the Executive Board to reduce the share capital by canceling shares within a limit of 10% of the capital per twenty-four months period
18. Delegation of power to the Executive Board to increase the 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
19. Authorization given to the Executive Board to grant stock options to executive corporate officers and employees, with preferential subscription rights canceled, up to a maximum limit of 1% of the share capital and a sub-ceiling of 0.124% of the share capital for members of the Executive Board
20. Authorization to the Executive Board to grant performance shares to executive 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 nineteenth resolution, and with 0.105% of share capital reserved for Executive Board members
21. Amendment of Article 15, paragraph V, of the by-laws
22. Amendment of Article 24 of the by-laws

Resolution pertaining to the Ordinary Meeting

23. Powers for legal formalities

A. Resolutions pertaining to the Ordinary Meeting

First resolution

Approval of the parent company financial statements for the year ended December 31, 2018

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 2018 and the observations of the Supervisory Board, and the Statutory Auditors' report on the annual financial statements, hereby approve the individual financial statements for the financial year begun on January 1, 2018 and ended on December 31, 2018, as presented to it by the Executive Board, which show a net profit of 340,382,698.02 euros, as well as the transactions reflected in those financial statements or summarized in those reports.

Second resolution

Approval of the consolidated financial statements for the year ended December 31, 2018

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the management report of the Executive Board on the activity and situation of the Company in 2018 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, 2018, and ending on December 31, 2018, as presented by the Executive Board, with net income, Group share, of €45,340 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 2018 net income totaling €340,382,698.02
- plus retained earnings of €2,648,192,405.86
- comprising distributable income of €2,988,575,103.88

in the following manner:

- to shareholders, the amount of €129,585,794.80
- representing a net dividend €2.80 per share
- to other reserves an amount of €0
- to retained earnings, the remaining amount of €2,858,989,309.08

2. decide that the ex-dividend date shall be May 21, 2019, and that the dividend shall be paid on May 23, 2019;

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. note that, 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
2015	98,727,658	€2.15
2016	110,667,090,65	€2.35
2017	120,533,516.90	€2.65

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

Renewal of the appointment of J. Tammenoms Bakker as Supervisory Board member

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, note that the term of Jacqueline Tammenoms Bakker 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 2023 to approve the financial statements for the fiscal year ending December 31, 2022.

Fifth resolution

Renewal of the appointment of Gervais Pellissier as Supervisory Board member

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, note that the term of Gervais Pellissier 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 2023 to approve the financial statements for the fiscal year ending December 31, 2022.

Sixth resolution

Renewal of the appointment of Humbert de Wendel as Supervisory Board member

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, note that the term of Humbert de Wendel 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 2023 to approve the financial statements for the fiscal year ending December 31, 2022.

Seventh resolution

Approval of 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 Supervisory Board on Corporate governance prepared in accordance with Articles L.225-68 and 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 this 2018 Registration Document).

Eighth resolution

Approval of the compensation policy for the member of the Executive Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Supervisory Board on Corporate governance prepared in accordance with Articles L.225-68 and L.225-82-2 of the French Commercial Code, hereby approves the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of the total compensation and benefits of any kind attributable to Bernard Gautier as a member of the Executive Board, as described in this report (section 2.1.7.1 of the 2018 Registration Document).

Ninth resolution

Approval of the compensation policy for the members of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Supervisory Board on Corporate governance prepared in accordance with Articles L.225-68 and L.225-82-2 of the French Commercial Code, hereby approve the compensation policy for the members of the Supervisory Board as described in this report (Section 2.1.7.2 of this 2018 Registration Document).

Tenth resolution

Approval of the compensation elements paid or granted for the year ended December 31, 2018 to André François-Poncet as 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 elements paid or granted to Executive Board Chairman André François-Poncet for the fiscal year ended December 31, 2018, as detailed in the report on Corporate governance (Section 2.1.7.11 of this 2018 registration document).

Eleventh resolution

Approval of the compensation elements paid or granted for the year ended December 31, 2018 to Bernard Gautier as a 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 elements paid or granted to Bernard Gautier, member of the Executive Board, for the fiscal year ended December 31, 2018, as detailed in the report on Corporate governance (Section 2.1.7.11 of this 2018 registration document).

Twelfth resolution

Approval of the compensation elements paid or granted for the year ended December 31, 2018 to François de Wendel as Chairman of the Supervisory Board until May 17, 2018

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 elements paid or granted on a prorata temporis basis to Supervisory Board Chairman François de Wendel until May 17, 2018 for the fiscal year ended December 31, 2018, as detailed in the report on Corporate governance (Section 2.1.7.11 of this 2018 registration document).

Thirteenth resolution

Approval of the compensation elements paid or granted for the year ended December 31, 2018 to Nicolas ver Hulst as Chairman of the Supervisory Board starting May 17, 2018

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 elements paid or granted on a prorata temporis basis to Supervisory Board Chairman Nicolas ver Hulst starting May 17, 2018 for the fiscal year ended December 31, 2018, as detailed in the report on Corporate governance (Section 2.1.7.11 of this 2018 registration document).

Fourteenth resolution

Renewal of Ernst & Young Audit as Statutory Auditor

The shareholders, voting under the quorum and majority for Ordinary General Meetings, note that the term of Ernst & Young Audit, Tour Ernst & Young, 92037 Paris-La Défense, expires at the end of this Shareholders' Meeting and hereby decide to renew this appointment for a six-year term expiring at the end of the Ordinary Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

Fifteenth resolution

Appointment of Deloitte Audit as Statutory Auditor

The shareholders, voting under the quorum and majority for Ordinary General Meetings, note that the term of PricewaterhouseCoopers Audit expires at the end of this Shareholders' Meeting and hereby decide to appoint Deloitte Audit, Tour Majunga, 6 place de la Pyramide, 92908, Paris-La Défense, for a six-year term expiring at the end of the Ordinary Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending December 31, 2024.

Sixteenth resolution

Authorization given to the Executive Board to purchase Company shares

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 of the by-laws,

- having heard the report of the Executive Board; pursuant to Articles L.225-209 et seq. of the French Commercial Code, regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse, Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 on the conditions applicable to buyback programs and stabilization measures and of the General Regulations of the Autorité des Marchés Financiers, Articles 241-1 et seq.,
 - and any other provisions that may become applicable,
1. authorize the Executive Board, with the power of sub-delegation as provided for by law, to buy back shares of the Company within the following limits:
 - the number of shares purchased by the Company during the term of the buyback program does not exceed 10% of the shares comprising the share capital of the Company at any time, with said percentage applying to share capital adjusted based on the transactions affecting it subsequent to this meeting, i.e., on the basis of the share capital as of December 31, 2018, 4,628,064 shares, it being specified that in accordance with the law, (i) if shares are redeemed to increase liquidity under the conditions defined by the AMF General Regulations, the number of shares taken into account for the calculation of that limit of 10% corresponds to the number of shares purchased, minus the number of shares sold during the term of the authorization, and (ii) if the shares are acquired by the Company for the purpose of the retention thereof and subsequent delivery for payment or exchange during an external growth operation, the number of shares acquired may not exceed 5% of its share capital;

- the number of shares held by the Company at any time shall not exceed 10% of the Company's share capital at the date under consideration;
2. decide that the Company's shares, within the limits defined above, may be purchased for the following purposes:
 - to enable an investment service provider to make operations on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Autorité des Marchés Financiers Decision No. 2018-01 of July 2, 2018 and all other provisions referred to therein;
 - 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 deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date;
 - to retain them pending a delivery of shares (as an exchange, payment, or other consideration) in the context of acquisitions, mergers, spin-offs, or asset contributions, subject to prior authorization by the Supervisory Board;
 - to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, in particular Articles L.3332-1 et seq. and L.3332-1 et seq. of the French Labor Code;
 - to cancel some or all of the shares thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the General Meeting; 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. decides that the acquisition, disposal or transfer of shares may, subject to the applicable legal and regulatory restrictions, be performed at any time and by any means on the regulated market of Euronext Paris or elsewhere, including by:
 - block transfers,
 - public offers (purchase, sale or exchange),
 - use of any financial instruments or derivatives,
 - creation of optional instruments,
 - conversion, exchange, redemption, delivery of shares following the issue of securities granting future access to the share capital of the Company, or in any other way, either directly or indirectly through an investment services provider;
 4. set the maximum purchase price at €250 per share (excluding brokerage fee) representing, on an indicative basis, a total maximum share buyback amount of €1,157,016,000 on the basis of 4,628,064 shares corresponding to 10% of the capital as of December 31, 2018, 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 may not, without the prior authorization of shareholders, use this delegation from the date of the announcement 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 subdelegation, to decide and implement this authorization, to specify, where necessary, the terms and procedures, to carry out the share buyback program, and in particular to trade in the stock market, enter into any agreements, facilitate the recording of purchases and sales in stock market registers, inform the shareholders under the conditions provided for by the laws and regulations in force, make any disclosures including to the Autorité des Marchés Financiers, carry out any formalities, and, generally, do what is required for the application of this authorization;
 7. decide that this authorization, which terminates, for their unused amounts, any previous authorizations of the same nature, shall be valid for a period of fourteen months from the date of this Shareholders' Meeting.

B. Resolutions pertaining to the Extraordinary Meeting

Seventeenth resolution

Authorization given to the Executive Board to reduce the share capital by canceling shares within a limit of 10% of the share capital for periods of twenty-four months

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.225-209 et seq. of the French Commercial Code,
1. authorize the Executive Board, subject to the prior authorization of the Supervisory Board pursuant to Article 15-V of the by-laws, to cancel, in one or more stages, at its sole decision and at the times that it shall determine, some or all of the treasury shares held by the Company, up to a limit of 10% of the share capital for periods of twenty-four months from the date of this meeting, with this limit being adjusted to take into account transactions that would affect it after this meeting;
 2. authorize the Executive Board to correspondingly reduce the share capital by imputing the difference between the buyback value of the canceled shares and their par value to share premiums and the available reserves of its choice, including to the legal reserve;
 3. give all powers to the Executive Board, with the option of sub-delegation, to make the corresponding amendments to the by-laws, perform all acts, formalities or declarations and, generally, to do what is necessary for the application of this authorization;
 4. decide that this authorization, which terminates, for their unused amounts, any previous authorizations of the same nature, shall be valid for a period of twenty-six months from the date of this Shareholders' Meeting.

Eighteenth resolution

Delegation of power to the Executive Board to increase the 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 and the special report of the Statutory Auditors, and 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 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 delegation;
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 delegation;
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 Executive Board decision setting the opening date of the subscription, nor more than 20% lower than this average or less than any other upper limit that may be set by law;
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;
 - record 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 ensure successful completion of the planned transactions;
7. decide that this delegation, which terminates any previous authorizations of the same nature, shall be valid for a period of fourteen months from the date of this Shareholders' Meeting.

Nineteenth resolution

Authorization given to the Executive Board to grant the exercise of stock options for executive corporate officers and employees, with preferential subscription rights canceled, up to a maximum limit of 1% of the share capital and a sub-ceiling of 0.124% of the share capital for members of the Executive Board

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.225-177 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 of the by-laws, and/or stock purchase options in the Company, in favor of individuals that it shall designate – or have designated – from among the 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 twentieth resolution of this Shareholders' Meeting shall be deducted from this common ceiling;
 3. decide that the total number of shares that may be acquired or subscribed by the members of the Executive Board through the exercise of the options granted under this authorization to the members of the Executive Board may not exceed 0.124% of the share capital on the date of the allocation of said options, subject to any adjustments that may be made in accordance with applicable laws and regulations to preserve the rights of the beneficiaries of such options;
 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 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, or, with respect to stock purchase options, the average purchase price of the treasury shares held by the Company;
- 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, for each capital transaction, 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
- 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 terminates any previous authorizations of the same nature, shall be valid for a period of fourteen months from the date of this Shareholders' Meeting.

Twentieth resolution

Authorization to the Executive Board to grant performance shares to executive 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 nineteenth 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 and the special report of the Statutory Auditors,
 - and 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 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-ninth resolution of this Shareholders' Meeting, set at 1% of share capital;
 3. decide that the total number of performance shares that may be awarded to Executive Board members may not exceed 0.105% of the company's capital on the date on which their granting is decided;
 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
 - 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 terminates any previous authorizations of the same nature, shall be valid for a period of fourteen months from the date of this Shareholders' Meeting.

Twenty-first resolution

Amendment of Article 15, Paragraph V, of the by-laws

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings, having heard the report of the Executive Board, hereby decide to amend Article 15, Paragraph V, of the by-laws as follows:

Former text	New text
V. The following transactions are subject to the prior authorization of the Supervisory Board:	
a) pursuant to the laws and regulations in force:	
<ul style="list-style-type: none"> ■ divestment of real property by type ■ divestment of equity interests ■ granting of security interests, guarantees, endorsements and collateral. 	<ul style="list-style-type: none"> ■ any transaction, including an acquisition or disposal performed by the Company (or an intermediate holding company), exceeding €100 million, as well as any decision permanently affecting the future of the Company or its subsidiaries ■ divestment of real property of more than €10 million per transaction ■ granting of security interests, guarantees, endorsements and collateral of more than €100 million per transaction, ■ any proposal to shareholders to change the 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 ■ any contract subject to Articles L.225-86 et seq. of the French Commercial Code
For each of these transactions, the Supervisory Board may set amounts below which its authorization will not be necessary.	
b) pursuant to the by-laws:	
<ul style="list-style-type: none"> ■ any transaction, including an acquisition or disposal performed by the Company (or an intermediate holding company), exceeding €100 million, as well as any decision permanently affecting the future of the Company or its subsidiaries ■ 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 	
c) any contract subject to Article L.225-86 of the French Commercial Code	

Twenty-second resolution

Amendment of Article 24 of the by-laws

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings, having heard the report of the Executive Board, hereby decide to amend Article 24 of the by-laws as follows:

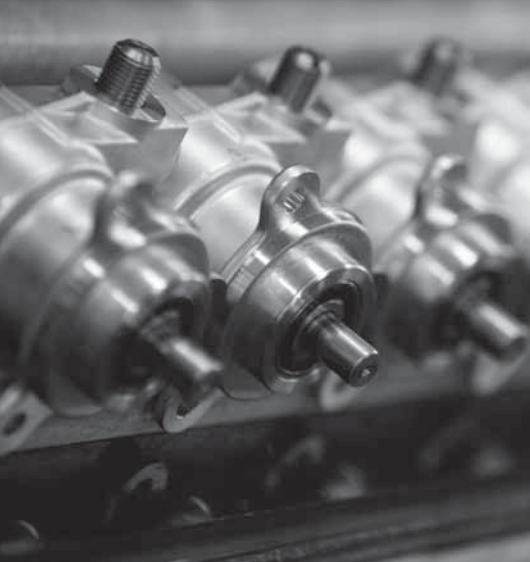
Former text	New text
Two statutory auditors and one or more deputy auditors shall be appointed by the General Meeting on the proposal of the Supervisory Board and perform their duties in accordance with the law.	Two statutory auditors shall be appointed by the General Meeting on the proposal of the Supervisory Board and perform their duties in accordance with the law.
Their fees shall be set by law or the competent body of the company, insofar as the law so allows.	Their fees shall be set by law or the competent body of the company, insofar as the law so allows.

C. Resolution pertaining to the Ordinary Meeting

Twenty-third 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	2018	2017	2016
Eufor	20	20	-
Winvest Conseil	10,882	11,029	11,700
Trief Corporation	419	284	400
Wendel-Participations ⁽¹⁾	92	106	57
Other subsidiaries	21	21	57
TOTAL	11,434	11,460	12,214

(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, 2018, 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 offer received for the sale of around 40% of Wendel's investment in Allied Universal described in Note 37 to the 2018 consolidated financial statements presented in this registration document;
- the sale of PlayYce described in Note 37 to the 2018 consolidated financial statements presented in this registration document;
- the sale of Saint-Gobain stock described in Note 37 to the consolidated financial statements presented in this registration document; and
- the share buyback agreement described in Section 7.7.8 of 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 €4,568 for Wendel in 2018.

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 69 invoices received were past due as of the closing date of the fiscal year and totaled €781 million (incl. VAT), representing 4% of all invoices for purchases (incl. VAT) and that 9 invoices issued were past due as of the closing date of the fiscal

year and totaled €64 million (incl. VAT), representing 1% of total sales (incl. VAT) for the year.

No customer invoices were more than 60 days past due and 31 supplier invoices were more than 60 days past due, representing a total of €30 thousand (incl. VAT).

No supplier or customer invoices were disputed or unrecognized.

9.6 Person responsible for financial information

Jérôme Michiels, Chief Financial Officer

Tel: +33 (0)1 42 85 30 00

E-mail: j.michiels@wendelgroup.com

9.7 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 9.11) 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 16, 2019

André François-Poncet

Group CEO

9.8 Persons responsible for the audit of the financial statements and their fees

9.8.1 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.

9.8.2 Fees paid by the Group to the Statutory Auditors and members of their networks

The fees paid to the Statutory Auditors and members of their networks are presented in note 36 to the 2018 consolidated financial statements presented in this registration document.

9.9 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 person	448
2. Statutory Auditors	449
3. Selected financial information	
Historical financial information	2,3,28,69,70,73,256 to 271, 390
Interim financial information	NA
4. Risk factors	127 to 137, 158 to 164, 303 to 310, 334, 335, 381
5. Information about the issuer	
History and development of the Company	4 to 7, 30, 31, 69 to 74, 256 to 269
Investments	12, 14, 15, 26, 27, 40 to 44 to 68, 297, 298, 404
6. Business overview	
Principal activities	12, 14, 15, 31, 67 to 74, 44 to 68
Principal markets	3, 31, 40 to 43, 44 to 68, 256 to 269
Exceptional events	NA
Issuer's dependence on patents, licenses, or industrial, commercial or financial contracts	133 to 135, 446
Basis for issuer's statements regarding the Company's competitive position	31, 44
7. Organization chart	
Brief description of the Group	3 to 7, 26, 27, 30, 31, 275, 400, 401
List of major subsidiaries	26, 27, 275, 360, 361
8. Real property, manufacturing facilities and equipment	
Significant existing or planned property, plant and equipment	324,
Environmental matters that might have an impact on the use of property, plant and equipment	154, 168 to 249
9. Financial condition and income	
Financial condition	2, 28, 256 to 271
Operating income	2, 28, 44 to 68, 256 to 269
10. Cash, cash equivalents and share capital	
Information on share capital	268, 282, 333, 334, 380, 403
Source and amount of cash flows	266, 283, 284, 373, 350 to 352
Borrowing terms and financing structure	305 to 308, 340, 342
Restrictions on the use of capital that have influenced or could influence the Company's operations	303 to 310
Expected sources of financing necessary to honor investment commitments made by management	NA
11. Research and development, patents and licenses	44 to 68, 344
12. Trends	9, 11, 12, 31, 44 to 68

Category	Pages
13. Projected or estimated earnings	N/A
14. Executive Board and Supervisory Board	
Information regarding the members of the Executive Board and the Supervisory Board	16 to 19, 32, 33, 77 to 96,
Conflicts of interest at the Company's management entities	76, 97, 107
15. Compensation and benefits of corporate officers	
Compensation paid and in-kind benefits	109 to 126, 111
Provisions for retirement, other pensions or other benefits	111 to 113, 163, 336 to 339
16. Management entities	
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18. Principal shareholders	
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Existence of different voting rights	401, 402
Control of the issuer	400 to 402
19. Transactions with related parties	299, 388, 446
20. Assets, financial condition and earnings of the issuer	
Historical financial information	2, 28, 69 to 73, 256 to 271, 390
Pro forma financial information	NA
Financial statements	256 to 269, 278 to 393
Verification of annual, historical financial information	448
Date of most recent financial information	31.12.2018
Interim financial information	NA
Dividend policy	12, 28, 43, 70, 397, 435
Judicial proceedings and arbitration	135, 334, 335, 381
Significant changes in financial condition or business status	360, 388, 447
21. Supplemental information	
Share capital	403
Articles of incorporation and by-laws	396 to 399
22. Significant contracts	446
23. Information from third parties, expert opinions and declarations of interest	NA
24. Documents available to the public	74
25. Subsidiary and associated companies	44 to 68

9.10 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	267 to 269, 370 to 393
Consolidated financial statements of the Group	264 to 266, 278 to 378
Management report	453, 454
Statement by the person responsible for the annual financial report	448
Statutory Auditors' report on the parent company financial statements	391 to 393
Statutory Auditors' report on the consolidated financial statements	362 to 368
Statutory Auditors' fees	359
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	76 to 149

9.11 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, 9, 11, 12, 28, 44 to 68, 256 to 271
2.	Earnings and business activities of the Company, its subsidiaries and the companies it controls	44 to 68, 256 to 269
3.	Key financial performance indicators	2, 28
4.	Analysis of changes in business, earnings and financial condition	9, 11, 12, 256 to 271
5.	Significant events occurring between the balance sheet date and publication of the management report	360, 388, 447
6.	Trends and outlook	12, 14, 15, 40 to 43, 44 to 68
7.	Research and development activities	44 to 68, 344
8.	Changes to the presentation of annual financial statements and valuation methods	272 to 274, 287 to 296, 376, 377
9.	Description of principal risks and uncertainties	127 to 137, 303 to 310, 334, 335, 381
10.	Information on "high threshold" Seveso installations	NA
11.	Information on the use of financial instruments	303 to 310, 383
12.	Investments made in the three previous fiscal years	404
13.	Acquisitions during the year of significant or controlling interests in companies whose registered office is in France	NA
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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	109 to 126
20.	Commitments of any nature made to executive managers	111 to 113, 123 to 125
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26.	Names of controlled companies and the amount of the Company's equity stake	26, 27, 275, 360, 361, 389
27.	Disposal of shares to reduce cross holdings	NA
28.	Amount of dividends and other distributed income paid in the three previous fiscal years	12, 28, 70, 390, 435
29.	Factors likely to have an impact in the event of a takeover offer	415

Management report required by the French Commercial Code		Pages
Other information		
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31.	Breakdown of the Company's supplier and customer payment terms	447
32.	Five-year financial summary	390
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34.	Information on stock subscription options awarded to corporate officers and employees	116 to 118, 357, 358
35.	Information on the granting of bonus shares to corporate officers and employees	119, 120, 357, 358
36.	Summary of valid authorizations to increase capital and their use during the fiscal year	405, 406
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	76 to 149

The original French version of this report was registered with the French stock market regulator (Autorité des marchés financiers - AMF) on April 17, 2019 (No. D. 19-0356), 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
EBIT	EBIT, or operating income, refers to net earnings before interest and taxes.
EBITDA	EBITDA, or gross operating income, refers to net earnings before interest, taxes, depreciation and amortization.
Exercisable voting rights	Real number of voting rights excluding shares without voting rights (treasury shares).
Gross debt	Total Company financial debt.
Internal rate of return on equity	The IRR measures the profitability of capital invested by shareholders in a project.
Investment grade	Category of credit rating that indicates the high quality of the debt issuer. Investment <i>Grade</i> 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.
NAV	See Net Asset Value.
Net Asset Value	The Wendel Group's principal performance indicator. Valuation of the Group's assets (total assets less borrowings and other liabilities) at a specific date. The calculation method for Net Asset Value is presented in section 4.3.2.
Net Asset Value per share	Net Asset Value divided by the total number of shares comprising Wendel's equity at the valuation date.
Net debt	Gross financial debt minus available cash and cash equivalents and short-term financial investments.
Net income from 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 in note 6 to the consolidated financial statements.
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.
Theoretical voting rights	Total number of voting rights.
Total shareholder return	Total <i>shareholder Return</i> 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 <i>Black Economic Empowerment 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.
Crusty bread <i>Mecatherm</i>	Type of crusty baked goods (e.g. baguette).
CSR	Corporate Social Responsibility
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
ETI - <i>Saint-Gobain and Cromology</i>	External thermal insulation
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.
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.
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.
QHSE	Quality, Health, Safety, Environment
REACH	REACH is a European Union regulation adopted to better protect human health and the environment against risks related to chemical substances.
Six-Sigma Quality	Standard of quality with the goal of ensuring very high statistical reliability.
Soft & Pastry <i>Mecatherm</i>	Variety of non-crusty baked goods (buns, soft breads, etc.) and pastries (brioches, viennoiseries, etc.)
Supply chain	Supply chain.
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.
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.
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.
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)

This document is printed in compliance with ISO 14001:2004 for an environmental management system.



W E N D E L

Societas Europaea with an Executive Board and a Supervisory Board with capital of 185,117,204 euros

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