



WENDEL

2020

Universal registration document

including the annual financial report

INVESTING FOR THE LONG TERM

EXTRA-FINANCIAL INFORMATION

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4.1 Wendel

4.1.1 Extra-Financial Performance Declaration: reporting methodology

In the context of Decree No.2017-1265 of August 9, 2017 transposing Directive 2014/95/EU of October 22, 2014 setting out the rules relating to the publication of extra-financial information in the management report provided for in Article L. 225-100 of the French Commercial Code, Wendel has produced the *Extra-financial Performance Declaration* (EFPD) presented in the following pages for the 2020 fiscal year.

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

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

Business model as of December 31, 2020

MISSION

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

VALUES

Engagement
Excellence
Entrepreneurial spirit

GOVERNANCE

SUPERVISORY BOARD ⁽¹⁾

13 members,
including 6 members of the Wendel family and 2 employee representatives
45% independent members ⁽²⁾
45% women ⁽³⁾
Audit, Risks and Compliance Committee
Governance and Sustainability Committee

EXECUTIVE BOARD

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

COMMITTEES

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

ESG STRATEGY

BE A ROLE MODEL
EMPOWER EXCELLENCE &
ENGAGEMENT

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

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

98% of employees trained in business ethics

Carbon footprint assessment and actions to reduce its carbon footprint

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

Signatory of the **France Invest Parity charter**

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

BUILD SUSTAINABLE
COMPANIES

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

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

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

Sponsorships

Partnership with Insead since 1996, with the creation of the Wendel International Center for Family Enterprise
Founding sponsor of the Center Pompidou-Metz since 2010
Wendel Endowment Fund

RESOURCES

PERMANANT
CAPITALFamily
shareholding

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

Employee
shareholding

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

Individual
investors

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

Institutional
investors

37.7% of share capital held, in 37 countries

Bond
investors

accounting for **c. €1.6 billion**

HUMAN CAPITAL

85 employees located in Paris, Luxembourg and New York

54% of staff are women

36.8% of investment team members are women

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

OUR INVESTMENTS

Wendel invests its capital, generally as a majority or lead shareholder, in companies which are leaders in their sectors or have the potential to rise to the top. As it assists these companies, Wendel promotes responsible, sustainable growth for the long term.



BUREAU VERITAS

Certification and verification services
Since 1995



CONSTANTIA FLEXIBLES

Flexible packaging
Since 2015



CRISIS PREVENTION INSTITUTE

Training services
Since 2019



CROMOLOGY

Decorative paints
Since 2006



IHS TOWERS

Telecoms infrastructure
Since 2013



STAHL

High-performance coatings and leather finishing products
Since 2006

WENDEL LAB

Investment in innovation
Since 2013

OTHER ASSETS

VALUE CREATED WITH AND FOR STAKEHOLDERS

MEASUREMENT OF VALUE CREATION

Nearly **€9 billion** of gross assets

Over **€4 billion** in market capitalization

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

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

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

SUPPORT FOR COMPANIES

Active and ongoing assistance, discussions on risk taking, sharing of experiences and pooling of financial and technical expertise

Representation on the companies' boards of directors and key committees

SHAREHOLDER DIALOGUE

Institutional investors: **250 virtual meetings**

Wendel Shareholder Advisory Committee:

3 virtual meetings

Letter to shareholders: **3 letters**

Governance roadshows

Independent lead director

EMPLOYEE DEVELOPMENT AND VALUE SHARING

29.5 hours of non-mandatory training per employee

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

Supplementary pension plan

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

Reimbursement of daycare expenses

Supplemental insurance, contingency benefits

On 12/18/2020, Wendel finalized the sale of the South African company Tsebo to a consortium of investors and to the company's management.

(5) The overall yield is as of 03/31/2021.

4.1.2 Organization of ESG governance

Wendel believes that corporate ESG (Environment, Social, and Governance) issues are a driver of growth and progress for the Company. Through its long-term action, Wendel encourages its companies to implement ESG practices. At the same time, it defines its own ESG policy that is adapted to its role of investor and applied by a core team of professionals. ESG issues are addressed at all levels of governance.

The Sustainable Development department established by Wendel in 2011 coordinates initiatives in this area. It relies on an ESG Steering Committee set up by the Executive Board in 2012 and strengthened in 2020 as part of the ramping up of Wendel's ESG strategy. Its members represent Wendel's different business and support divisions: Internal Audit department, General Secretariat, Communications and Sustainable Development department, Financial Communications department, Human Resources department and Finance and Operational Resources department. The ESG Steering Committee is now chaired by David Darmon, Group Deputy CEO and member of the Executive Board. It meets every six weeks to carry out in-depth monitoring of the Group's ESG ratings, new programs, and progress made on rolling out the ESG roadmap for 2023.

The Communications and Sustainable Development department reports to the Executive Board, which regularly discusses ESG issues during its meetings. The Supervisory Board also carries out regular monitoring of ESG, both at plenary sessions and within the Audit, Risks and Compliance Committee and the Governance and Sustainable Development Committee. Thus, in 2020, the Supervisory Board benefited from dedicated presentations during the year, in particular as part of the roll-out of the Group's new ESG strategy and the publication of the Wendel Extra-Financial Performance Statement (EFPD).

Wendel adopted a Code of Ethics, which was completely revised in 2020, which embodies the values of the Company's employees and shareholders, and supplies the frame of reference for Wendel's role as a long-term investor. With a view to continuous improvement and in order to go further in its commitment to responsible practices, this Code of Ethics now includes new sustainability issues: the Code specifies the Group's commitments to uphold human rights, environmental protection, a good working environment and responsible investment. The Code of Ethics applies to all employees and managers of the Company, its holding companies and its sites. Wendel requires companies in which it invests to adopt similar standards.

4.1.3 Sustaining dialogue with stakeholders

Wendel considers as stakeholders all persons or organizations directly or indirectly involved in the Company's business. The Group endeavors to maintain a regular dialog with each of them. This inclusive approach underpins the Company's strategy in both its economic and societal aspects.

By maintaining such a dialogue, Wendel establishes a lasting relationship in the interests of all. The main methods of interaction with these stakeholders are as follows:

Stakeholder	Dialogue methods
Wendel portfolio companies	<ul style="list-style-type: none"> ■ Attendance and voting at meetings of the Board of Directors ■ Strategic and operational support (investment teams, operating partners, compliance and ESG teams, specialized consultants, etc.)
Financial community (equity and credit)	<ul style="list-style-type: none"> ■ Analyst conferences and regular press updates on the day on which annual results are published ■ Annual Investor Day ■ Conference calls/webcast for half-year results, first and third quarter turnover, and other <i>ad hoc</i> strategic events ■ Credit, equity, Governance and ESG Roadshows ■ Annual General Meeting ■ Publication of communication materials relating to our business (press releases, brochures, letters to shareholders, website, social media...) ■ Individual Shareholder Advisory Committee ■ Perception Studies
Non-executive employees	<ul style="list-style-type: none"> ■ Surveys on quality of life at work ■ Social dialogue with employee representative bodies (if applicable under local regulations) ■ Organization of dedicated discussion times (e.g. Get to know your colleagues) and personnel meetings ■ Annual 360° assessments ■ Corporate seminars
Suppliers and service-providers	<ul style="list-style-type: none"> ■ Third-party assessment process ■ Call for tenders or competition for larger service-providers ■ Assignment meetings and postmortems
Local non-profits and community organizations	<ul style="list-style-type: none"> ■ Philanthropic initiatives via financial donations or skills sponsorship ■ Organization of team seminars
Trade associations	<ul style="list-style-type: none"> ■ Participation in working Groups on the challenges faced by our sector

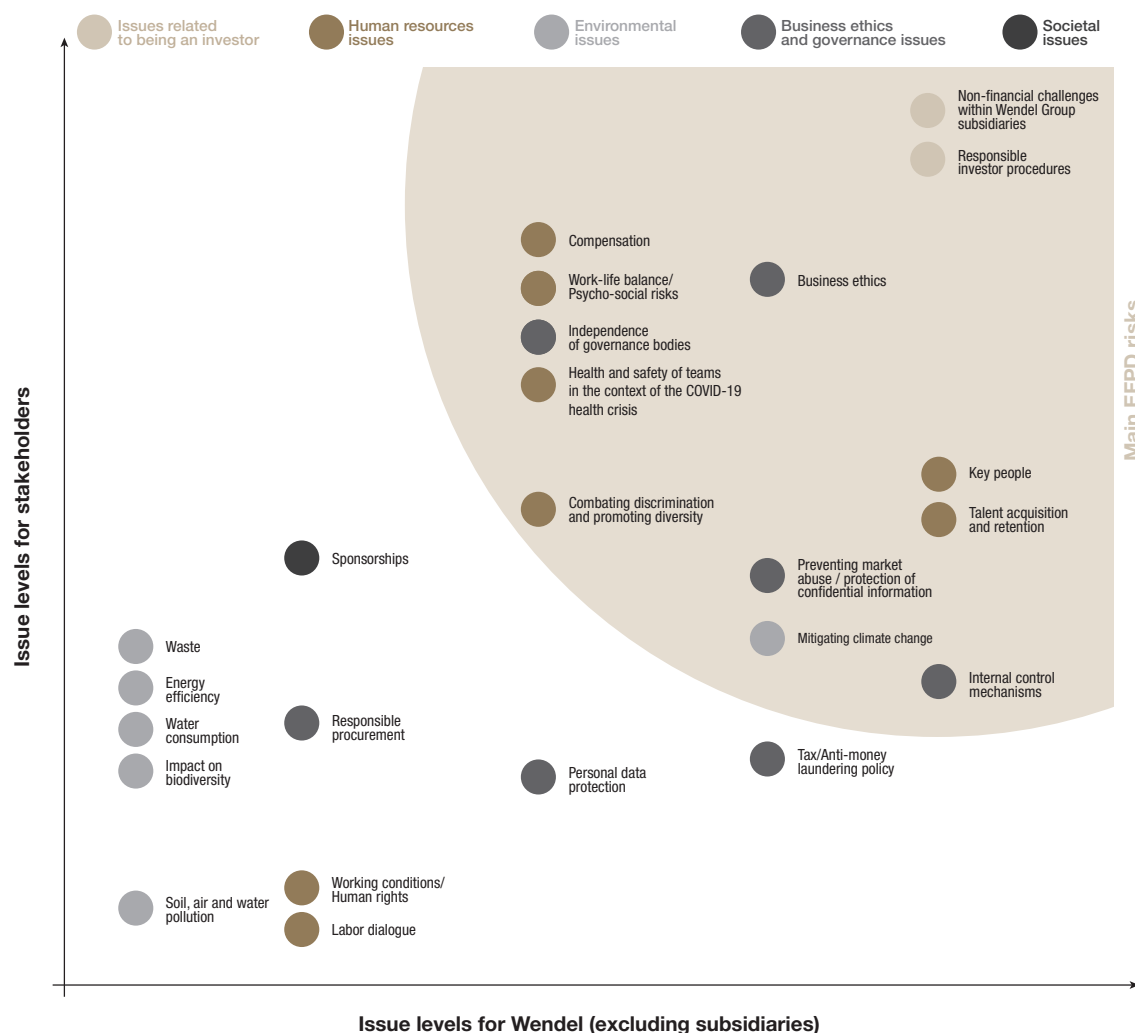
4.1.4 EFPD requirements

At the Wendel level

As part of the development of its first materiality matrix in 2018, Wendel identified the main extra-financial risks relating to its business, based on operational risks, interviews with its various departments, the international SASB reference framework and the reports of extra-financial rating agencies. This risk analysis is updated annually to ensure its relevance, with collaboration by the departments of sustainable development and communication, human resources, internal audit, finance and the General Secretariat. In 2020, this risk matrix underwent two changes, at the initiative of the ESG Steering Committee:

- The challenges related to human resources have been supplemented to include risks related to the health and safety of teams in the health context of COVID-19;
- Risks related to climate change are now considered as priority ESG risks for the Group, as the effects of climate change and the regulatory measures aimed at mitigating them are set to increase in the coming years and impact Wendel's investment activity.

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



In addition to the most material risks for its business, Wendel has identified other non-material ESG risks that are also addressed in this extra-financial performance statement, in order to align it with the Group's ESG strategy rolled out in early 2020 (Presented in section 4.1.7).

These main risks - as defined by the EFPD - as well as their mitigation policies-action plans and tracking indicators are presented in this chapter and are identified in the summary by the following icons:

EFPD

Risk Description

Policies and results

The cross-reference table below links the extra-financial information required in the Extra-financial performance declaration (EFPD) with the other parts of the Wendel Universal Registration Document, when they are relevant to the Company's main risks or policies, in accordance with Article L. 225-102-1 of the French Commercial Code.

Topics	Paragraph
Business model	
Description of the main businesses (business segments and/or divisions), products or services, including key figures (volume of activity, headcount, results) by business/division and/or geographical area	Introductory guide and chapter 1
Interactions within its subsidiaries/business segments (i.e. customer categories, potential partnerships, use of subcontracting, competitive positioning, relations with stakeholders, etc.)	Competitive positioning: section 1.2
Challenges and outlook for the entity and its businesses (i.e. market trends, ongoing transformations, sectoral sustainable development issues, etc.)	Strategic orientations: p. 24 & section 1.3.4
Information relating to value creation and its distribution among stakeholders	Dividends: section 8.1.2 Supporting and strengthening our commitments to civil society - section 4.1.7.1
Vision and objectives of the entity (i.e. values, strategy, transformation or investment plan)	Part 1.3
Main risks related to Wendel's business	
Extra-financial issues within Wendel Group subsidiaries and responsible investment procedures	Section 4.1.7.1.2 - Promoting employability, inclusion, well-being and commitment through concrete actions
Risks related to the human resources of Wendel teams	Section 4.1.7.1.1 - Ensuring exemplary governance
Risk of non-independence of governance bodies and control mechanisms	Section 4.1.7.1.1 - Strengthening and preserving the Group's business ethics
Risks linked to business ethics	Section 4.1.7.1.1 - Measuring and managing our environmental footprint
Risks related to climate change	Section 4.1.7.2 - Assessing and managing the portfolio companies' exposure to transition and physical climate risks
Other information disclosed by Article L. 225-102-1 of the French Commercial Code	
The social consequences of the business, particularly with regard to collective agreements and their impact, the fight against discrimination and the promotion of diversity, societal commitments, disability	Section 4.1.7.1.2
The environmental consequences of the business, in particular with regard to climate change, the circular economy, food waste, the fight against food insecurity, respect for animal welfare and responsible, equitable and sustainable nutrition	The climate challenges of Wendel's business are among the main risks facing the Group The circular economy approach implemented within the Company is presented in section 4.1.7.1.1 - Measuring and managing our environmental footprint Other environmental risks have not been identified as relevant to Wendel's activity as an investor (apart from risks related to the activities of controlled companies)
The impact of the business on respect for human rights	Promotion of and compliance with the provisions of the ILO fundamental conventions and with human rights -4.1.7.1.2- page 189 Vigilance plan -4.1.5
The impact of the business on the fight against corruption	Section 4.1.7.1.1 - Strengthening and preserving the Group's business ethics

At the Wendel Group subsidiary level

Wendel is the majority shareholder of Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI. The financial statements of all of these companies are fully consolidated in the Group's consolidated financial statements and must be included in Wendel's Extra-financial Performance Declaration and its review by an independent verifier (IV), in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code.

As a result, the same exercise was carried out in each of the companies in the consolidated portfolio and was updated for fiscal year 2020. Wendel, assisted by an external consulting firm, provided a methodology for identifying and prioritizing the main extra-financial risks to the companies in the scope in question (excluding Bureau Veritas): Cromology, Constantia Flexibles, Stahl and CPI. The results of this work have been validated by the appropriate governing body of each company in the portfolio and the risk analysis methodology used to obtain them was reviewed by an independent third-party body. The main risks are presented for each of the companies that it controls (section 4.2. - *Wendel subsidiaries reviewed by an independent third party*).

Bureau Veritas, Wendel's largest controlled company, listed on Euronext Paris and included in the Next 20 index (Compartment A, ISIN Code FR0006174348, stock symbol: BVI), publishes its own EFPD. In the section of this chapter about portfolio companies, Wendel publishes a summary of the extra-financial information from Bureau Veritas.

In addition, the data on the companies that it controls published in section 4.1.7.2 - *Wendel, investing for the long term: Building sustainable businesses* concerns the fully consolidated subsidiaries (Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI).

Every Group subsidiary and associated company is expected to develop an ESG policy addressing its specific issues. However, as part of its ESG roadmap, Wendel encourages the companies concerned to take into account the fight against climate change, the safety of employees and consumers, gender parity and the ESG performance of the product offering and services. Each company has therefore established targets and action plans based on its sector's regulatory environment and its individual growth strategy. Group companies operate in very different fields (see section 1.4 "*Subsidiaries and affiliates*") and are at different stages of maturity in implementing dedicated ESG policies and indicators. Wendel therefore does not consider it appropriate to consolidate all indicators used since this information would have no operational significance, but has chosen to publish mainly indicators for monitoring the ESG policies of the companies it controls. However, to provide a comprehensive reading of the portfolio's performance, Wendel publishes consolidated indicators for certain themes where relevant.

4.1.5 Duty of Care

In 2016, in response to the requirements of the law of March 27, 2017 on the Duty of Care, Wendel's CSR Steering Committee set up a working Group to create a vigilance plan applicable to the Group companies affected by this regulation. The principal Group companies affected by the Duty of Care are Bureau Veritas, Constantia Flexibles, Cromology and Stahl. Given the recent acquisition of CPI, this company will be able to present its level of compliance with the law's requirements in the next fiscal year.

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

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

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

On the basis of this questionnaire, vigilance plans were drawn up by the companies within the relevant scope in accordance with applicable regulations and are published in this Universal Registration Document. In 2020, a review of prevention plans and policies was conducted by the independent verifier of the extra-financial information of Wendel and its subsidiaries. The conclusions of this review were communicated to the companies.

As Wendel is a holding company made up of a small management team, its duty of care largely relates to its controlled companies and is thus covered in the EFPD. In fiscal year 2020, Wendel nevertheless took the following steps to reinforce its approach to preventing any potential detriment to human rights, personal health and safety, and the environment:

- overhaul of the Group Code of Ethics to clarify the commitments made in terms of upholding human rights, responsible employment, environmental protection and community engagement. It should be noted that compliance with these commitments also applies to our investment activities. The Code of Ethics applies to all employees and managers of the Company, its holding companies and its sites. Wendel also requires the companies in which it invests to adopt similar standards. In 2020, all of the Group's teams received training to better understand and take on Board the principles of the Code of Ethics;
- adoption of remote working rules in accordance with the regulations applicable to on-site and remote working in the countries where the Group operates. Wendel's teams are also in constant dialogue with the management teams of the companies within its portfolio in order to support and advise them in the management of the various episodes of the COVID-19 pandemic, so that the best measures are taken to protect employees while ensuring business continuity;
- launch of an analysis of the climate risks to which the companies in the Wendel portfolio are exposed, in order to identify and prevent potential business risks caused by the increase in extreme climate events, as well as risks to people and the communities in which the Group's subsidiaries are located;
- a study conducted by an external firm on the nature of the purchases by the Wendel SE holding company, prior to the implementation of a responsible purchasing process to be launched in 2021. The purpose of this study was to identify potential social or environmental risks based on purchases made in 2019. Due to the size of the Company and the nature of the purchases made, no suppliers or sectors likely to be seriously detrimental to human rights or the environment have been identified.

In 2020, Wendel also completed and strengthened its third-party assessment process, notably through the implementation of the Wendel Protect tool. Wendel's internal whistleblowing procedure may also be used to report serious social and environmental breaches, as set out in the Duty of Care regulations. It is available on Wendel's website, in the ESG section: www.wendelgroup.com.

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

4.1.6 Highlights of Wendel's ESG commitment in 2020-2021

February 2020 - Wendel organizes a roadshow dedicated to governance topics for its institutional investors and the main proxy advisors

April 2020 - Wendel's head office (Paris) uses energy from 100% renewable sources.

May 2020 - Wendel is now a signatory of the United Nations Principles for Responsible Investment (PRI).

June 2020 - Revision and publication of the Wendel Code of Ethics, now incorporating commitments on human rights, environmental protection, community engagement and responsible investment.

July 2020 - Wendel ranks 24th in the ranking on the representation of women on SBF120 governing bodies.

July 2020 - Presentation of the ESG strategy at the Group's Annual General Meeting.

August 2020 - Wendel is classified as "Low risk" by the extra-financial rating agency Sustainalytics.

September 2020 - Wendel takes part in European Sustainable Development Week via a dedicated social media campaign.

September 2020 - All Wendel employees receive training on the new Code of Ethics in order to incorporate these new sustainability principles into their activities effectively.

October 2020 - Wendel ranked fourth in the Transparency awards organized by the publisher Labrador, and was awarded the Gold Label.

October 2020 - Launch of a survey on well-being at work for all Wendel employees.

November 2020 - Wendel joins the World and Europe Dow Jones Sustainability Index.

November 2020 - Presentation of the Group's ESG Strategy to the financial community on Investor Day.

December 2020 - Wendel receives a B rating in response to the Carbon Disclosure Project's Climate Change questionnaire.

December 2020 - Wendel becomes the first French issuer to present its ESG strategy to the French Society of Financial Analysts.

January 2021 - Wendel launches an analysis of the risks and opportunities related to climate change in its portfolio.

January 2021 - Wendel scores 69/100 on the extra-financial questionnaire, Gaia Rating.

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

February 2021 - Wendel becomes a member of the United Nations Global Compact.

March 2021 - the Wendel Group announces the inclusion of ESG objectives in the financial conditions of its €750 million undrawn syndicated loan maturing in October 2024.

Summary of Wendel's extra-financial ratings in 2020

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Inclusion in the World and Europe Dow Jones Sustainability Index with a score of 71

MSCI 

Double AA rating, ranked among industry leaders

 **SUSTAINALYTICS**

Classified as "Low Risk", and first among its peers with the same level of market capitalization

 **CDP**
DRIVING SUSTAINABLE ECONOMIES

B rating (first participation in 2020) - marks a sustained consideration of the impacts of climate change on the Group's activities

 **Gaia
RATING**

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

4.1.7 Wendel Group’s ESG strategy

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

These values guide Wendel’s behavior both as a company and as an investor in order to accomplish its mission: partnering with entrepreneurial teams to build sustainable leaders **whose long-term performance will create value for all stakeholders.**

To this end, and as part of the new ESG strategy published in early 2020, Wendel has identified **two main drivers:**

- (1) **its behavior as a company, and its commitment to its employees and communities, the Group aims to become a role model for its peers, by adopting a responsible attitude in all its projects;**
- (2) **its behavior as an investor. As a professional shareholder investing for the long term, Wendel wants to have a positive impact on society and contribute to a sustainable future, by supporting its companies in their transformation to become sustainable leaders.**



In order to successfully carry out its mission, Wendel has made commitments and set clear and measurable goals to develop its ESG performance as a company and that of its portfolio companies. The Group has also deployed the necessary resources to meet these new expectations.

The main extra-financial risks identified by Wendel (extra-financial risks within the subsidiaries, risks related to human resources, governance bodies and control mechanisms, and business ethics) as well as the mitigation procedures in place, are addressed in this presentation of the Group’s strategic approach.

4.1.7.1 Wendel, a Responsible Company: Lead by example - empowering excellence and engagement

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

Ensuring exemplary governance

Independence of governance bodies

EFPD

Risk Description

Wendel has a controlling shareholder, Wendel-Participations SE which, as of December 31, 2020, holds 39.31% of Wendel's share capital and 51.72% of the theoretical voting rights. This could result in a risk of conflict of interest or non-compliance with the principle of equality between shareholders.

Policies and results

Various good governance measures have been taken to avoid this risk. Firstly, the dual structure of Wendel, a company with an Executive Board and a Supervisory Board, makes it possible to clearly separate the management functions performed by an independent Executive Board from the supervisory functions exercised by the Supervisory Board (see section 2.1.7 "Distribution of powers between the Management Board and the Supervisory Board"). Within the Supervisory Board itself, independent members represent 45% of members (excluding employee representatives), which exceeds the recommendations of the Afep-Medef Corporate governance Code (see section 2.1.1 "The Supervisory Board and its operations"). In addition, since 2018, the Chairman of the Wendel Supervisory Board is no longer also the Chairman of the Board of Directors of Wendel-Participations. Lastly, the Supervisory Board's internal rules provide for a procedure for the prevention and management of conflicts of interest, and assigns a specific assignment to the lead member of the Supervisory Board (who is an independent member) in matters of conflicts of interest with the majority shareholder.

Robustness of internal control mechanisms

EFPD

Risk Description

Wendel must ensure the effectiveness of the internal control of its own organization and that of its consolidated subsidiaries, in order to control risks relating to their operational activities.

Policies and results

For internal control procedures, refer to section 3 (see section 3.3 "Risk management and internal control system").

Strengthening and upholding business ethics within the Group

Risk Description

In terms of business ethics, Wendel has identified the following risks as main risks based on EFPD definitions:

- combating corruption;
- preventing market abuse.

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

Anti-corruption

EFPD

Risk Description

The risk mapping produced for Wendel (namely Wendel SE, its holding companies and foreign offices) showed that a corruption risk could arise from some of its activities, particularly its investment arm. For example, this risk could arise in the case of an investment to influence the outcome of a competitive process or to obtain specific authorizations or confidential information.

Corruption distorts competition and normal market conditions. Should it occur, it would be highly damaging to Wendel's reputation and those responsible or who allow it to occur. It would expose Wendel to particularly damaging financial consequences as well as administrative and criminal sanctions. It could disrupt the Wendel Group's operations and destabilize its activities.

Policies and results

At the Wendel level

The Executive Board has identified the prevention and detection of acts of corruption as a priority for the Wendel Group and is committed to a policy of zero tolerance towards corruption. Any use of corrupt practices in the Wendel Group's operations, as well as in its relations with partners or third parties, whether public or private, is strictly prohibited.

To prevent this risk, the Executive Board has put in place a robust anti-corruption and influence peddling program in accordance with the Sapin 2 Law and the recommendations of the French Anti-Corruption Agency (AFA). The Group Compliance department and the Internal Audit department monitor, control and reinforce it.

Wendel's corruption prevention policy was completely overhauled and circulated in 2019 to adapt it to the specific risks associated with Wendel's activities as identified in the risk mapping. This policy has been incorporated in the "Employees Handbook" and failure of Wendel employees to comply with its obligations may result in disciplinary sanctions up to and including dismissal for misconduct. A future update of this policy is planned to take into account changes to the system as well as the new AFA recommendations published in the government gazette on January 12, 2021.

An Anti-Corruption Compliance charter aimed at defining the role and responsibilities of Wendel's compliance function was formalized and circulated to Wendel employees in 2019. This charter is also accessible to employees on the Wendel intranet.

With regard to the effective implementation of anti-corruption policies, a monitoring and control plan specific to Sapin 2 has been designed and implemented. In the course of 2020, a tool dedicated to compliance and internal control – Wendel Protect – was rolled out to streamline and optimize compliance processes and improve their monitoring.

In particular, the processes specific to gifts and entertainment, as well as to conflicts of interest, have been strengthened. Their deployment in Wendel Protect has resulted in the implementation of a system for declaring and authorizing gifts/entertainment and conflicts of interest, thus enabling better traceability.

Concerning the whistleblowing system, the associated policy was distributed to all employees in 2019; a reminder of the system in place was given in 2020 during the "business ethics" training to ensure that everyone is aware of it and understands how to use it and how to submit a report in the system. This policy is available on Wendel's website, in the ESG section, www.wendelgroup.com. No reports were received in 2020 via the whistle-blowing system.

In addition, Wendel regularly conducts a review of corruption-related risk mapping (last full update: end of 2019). The results and associated action plan were presented to Wendel's Executive Board and Audit Committee in early 2020. In the course of 2020, no new risks of corruption were identified which highlighted the need to update the mapping at a later date.

As part of the roll-out of Wendel Protect, Wendel has also strengthened the process for assessing third parties, creating a strong link with the accounting system and preventing any payment to a third party that has not been previously assessed. The process in place ensures different levels of vigilance for its counterparties depending on their risk exposure. In addition, certain categories of expenditure (in particular gifts and donations) are audited.

With regard to its investment activity, Wendel performs the most thorough due diligence possible in terms of corruption prior to any acquisition, merger or partnership.

Several training sessions were provided in 2020 to raise awareness among all employees of the risks of corruption: a general training course on business ethics, as well as training on more specific subjects (in particular assessing third-parties, handling gifts and invitations).

Finally, all of these measures will be audited by Wendel's Internal Audit department in 2021.

Controlled companies in the portfolio

Wendel also ensures the implementation of the measures prescribed by the Sapin 2 law within the controlled companies in its portfolio. Wendel requires the Sapin 2 program to be regularly on the agenda of their Audit Committees and holds regular meetings on this topic with the Compliance Heads of portfolio companies in order to offer them guidance and discuss specific points.

In 2020, Wendel supported its new American subsidiary Crisis Prevention Institute (CPI) – the last company added to its portfolio, acquired at the end of 2019 – to implement the eight pillars of the Sapin 2 law. In addition, in order to continue to monitor the progress made in this area, each of the companies in the portfolio has produced an annual report on the Sapin 2 measures, presenting the main improvements made as well as the action plan planned for 2021.

Finally, each year the companies sign a Statement of Compliance in respect of the obligations regarding corruption under the Sapin 2 law.

Preventing market abuse

EFPD

Risk Description

Given its activity as an investor and its status as a company listed on the Euronext Paris regulated market, there may be inside information about Wendel. Inside information is classed as such if it is information of a precise nature, which has not been made public, relating directly or indirectly to the companies within the Wendel Group or their securities and which could have a significant impact on the price of the securities in question (see Article 7 of Regulation (EU) 596/2014 of the European Parliament and the Council of April 16, 2014 on market abuse – "MAR Regulation"). Under this framework, Wendel has a duty to prevent any market abuse.

Policies and results

Wendel strives to communicate information that is accurate, precise and fairly presented to investors, shareholders and analysts; it also upholds the principle of equal information.

A Market Confidentiality and Ethics Code sets out rules for all Wendel employees and corporate officers to prevent market abuse. The main rules introduced by this Code are presented in section 2.1.8 of the Universal Registration Document. The Code is regularly reviewed and updated. The main provisions applying to Supervisory Board members have been incorporated into the Supervisory Board's rules of procedure.

Wendel complies with the MAR regulations: insider lists are set up whenever necessary and blackout periods – during which all transactions on the Wendel shares are prohibited – have been introduced. A Compliance Committee – made up of the members of the Executive Board, the Ethics Officer and the Chief Financial Officer – oversees compliance with market regulations at Wendel. Moreover, a procedure for classifying inside information has been put in place.

In September 2020, a training course on business ethics was given to Wendel employees, during which the rules and sanctions applicable to market abuse were reviewed.

In January 2021, Wendel implemented a new digital tool to manage insider lists, confidentiality lists and black-out periods. This tool makes it easier to inform the people concerned about these issues and send their confirmations, and allows for better traceability.

Other initiatives supported by Wendel's compliance program

Wendel pays particular attention to the implementation of its compliance program in a constantly changing regulatory environment. Indeed, Wendel intends to behave ethically in all its activities and wishes to prevent the risks of non-compliance. To this end, in addition to the measures already presented above, which represent the measures put in place to manage the most significant regulatory issues with regard to Wendel's business sector and within the meaning of the EFPD), other processes have been defined; these are intended to complement Wendel's compliance approach in order to ensure compliance by all its executives and employees not only with legislative and regulatory standards, but also with all of the Group's values and commitments in terms of compliance, business integrity and ethics.

Consequently, the implementation of this strict compliance program is likely to boost Wendel's reputation, thus benefiting all its stakeholders while respecting its long-term commitments.

In order to promote an overall vision, the other initiatives included in Wendel's compliance program adopted by the Executive Board are described below.

Code of Ethics

Completely revised in 2020 and adopted by the Executive Board with the support of the Supervisory Board, the objective of Wendel's new Code of Ethics is to make the Group's long-term investor activity part of an exemplary approach to doing business. In particular, it illustrates the Company's desire to behave responsibly and be loyal to its employees and stakeholders, going beyond purely legal requirements. The purpose of this new Code is to ensure the permanent compliance of Wendel's activities with laws and regulations, while reinforcing the Group's ethics in terms of

upholding human rights, supporting employees and civic engagement.

The ethical principles and values set out in this Code underpin how we do business. Wendel promotes an approach based on individual responsibility and has a zero tolerance policy.

This Code of Ethics applies to all employees and managers of the Company, its holding companies and its sites. Wendel requires the companies in which it invests to adopt similar standards. This Code can be consulted on Wendel's website in the ESG section, www.wendelgroup.com.

Protection of confidential information

In the context of its activity as a long-term investor, Wendel handles a large amount of confidential information concerning portfolio companies, potential targets and acquisition or divestment projects.

A Market Confidentiality and Ethics Code sets out the rules that apply to all Wendel employees and corporate officers in terms of protecting confidential information. The main rules introduced by this Code are presented in section 2.1.8 of this Universal Registration Document.

Compliance with economic sanctions

Wendel established its policy on international sanctions in 2017. Wendel ensures that neither its holding companies nor its international offices carry out any activity prohibited by the regulations on sanctions and embargoes, nor enter into contact with natural persons or legal entities appearing on sanctions lists. Background checks are carried out whenever necessary on the basis of tools that Wendel has used or, for more complex cases, external surveys.

Anti-money laundering

The Anti-Money Laundering and the Financing of Terrorism (AML-CFT) policy, applicable to Wendel SE, its holding companies and its international operations, has been applied since 2017.

In addition, within the framework of the AIFM regulations to which the Luxembourg fund manager (Winvest Conseil S.A.) and its subsidiaries are subject, a specific AML-CFT policy has been put in place and is reviewed annually. All their employees and directors receive training on the subject every year. The AIFM Compliance Officer, approved by the CSSF, ensures compliance with the rules and the AML-CFT policy. In particular, it determines the extent of the reasonable due diligence to be carried out depending on the risk level allocated to each investor or investment. It reports to the AIFM Board of Directors, which regularly conducts a compliance assessment.

Tax policy

The primary objective of Wendel's tax policy is to ensure legal certainty and sustainability in the long term. Wendel considers that aggressive and artificial planning create long-term financial and reputational risks that are contrary to its interests and values. Wendel is committed not to use structures domiciled in countries considered to be tax havens in order⁽¹⁾ to reduce the amount of taxes due.

Wendel also ensures that its activities comply with applicable tax laws and regulations. In particular, Wendel ensures that its operations do not lead to situations that could be qualified as tax⁽²⁾ evasion and that intragroup transactions comply with the arm's-length principle of OECD transfer pricing guidelines.

Wendel ensures compliance with tax filing and payment obligations in the jurisdictions in which it operates.

Wendel is committed to exchange information with the tax authorities in a cooperative and transparent manner, in particular during tax audits.

Wendel participates, mainly through professional organizations, in consultations initiated by legislators or national and international governmental organizations aimed at improving tax certainty and encouraging sustainable growth.

Each year, Wendel SE files a Country by Country reporting with the French tax authorities on behalf of Wendel-Participations. This report is then shared via an automatic exchange mechanism with the tax authorities of all foreign countries in which the Company or its subsidiaries operate.

The management of uncertain tax positions is fully integrated in the Group's global risk management process. As part of this process, the Tax Director regularly reports to the Audit Committee and the Management Committee on the Group's global tax position, any risks or tax disputes and the main changes anticipated.

Whistle-blowing procedure

As indicated in the section on "Anti-Bribery and Anti-Corruption", the whistleblowing system was updated in 2019 and all employees were reminded of its operation in 2020. Beyond corruption, this whistle-blowing system covers the following areas: financial and accounting, stock market ethics, anti-competitive practices, health, hygiene and safety at work, the fight against discrimination and harassment at work, environmental protection, human rights and fundamental freedoms.

It should be noted that a whistleblowing line is also available for third parties working with Wendel. The terms and conditions of access are defined in the alert procedure available on Wendel's website, in the ESG section, at www.wendelgroup.com.

Personal data protection

Wendel takes privacy and the protection of personal data very seriously. This is why Wendel implements adequate measures to ensure the protection, confidentiality and security of personal data. These data are processed and used in compliance with the applicable provisions, in particular European Regulation 2016/679 of April 27, 2016 (hereinafter the General Data Protection Regulation or "GDPR") and any local laws applicable in this area.

A Personal Data Protection Policy is available on the Wendel website. It describes the measures taken with regard to all personal data processing carried out by Wendel with respect to the various categories of persons whose data is collected and processed by Wendel (for example: website visitors, suppliers, service providers, job applicants, shareholders, co-investors, and executives of companies in which Wendel plans to acquire a stake). In addition, an internal policy dedicated to the protection of employee personal data is accessible to employees on the Wendel intranet.

In 2019, Wendel also defined a GDPR charter describing a certain number of obligations and procedures applying to the Executive Board as well as to all Wendel employees who, in the course of their activities, are involved in the processing of personal data.

In September 2020, during the business ethics training given to Wendel's employees, a reminder of the applicable data protection rules was given. In addition, other actions to raise awareness of the GDPR principles were carried out during interviews conducted with the managers of each function as part of a review and update of Wendel's data processing register (register listing all of its data processed by Wendel).

Distribution to employees

The policies of the compliance program have been disseminated among all Wendel employees, its holding companies, and its international offices. They are periodically submitted for signature to each employee, who is once again made aware of their commitment to respect the principles.

(1) According to the list of non-cooperative states and territories in tax matters issued by ministerial order on February 26, 2021.

(2) Covered by Article 20 of Law No. 2018-898 of October 23, 2018 on the fight against fraud.

Measuring and managing our environmental footprint

Carbon impact and climate change management



Risk Description

The Wendel Group is aware of the climate emergency and the importance of everyone being involved in mitigating its effects. While the Group's limited size (85 employees at December 31, 2020) and its geographical location limit its immediate exposure to the consequences of climate change, the diversified geographical and sectoral distribution of its portfolio of companies, as well as the regulatory environment that aims to place ever greater limits on carbon emissions, lead Wendel to consider the climate issue as part of its long-term investment activity. For the sake of setting an example *vis-à-vis* its peers and portfolio companies, the Group also incorporates the consideration of environmental impact into its routine business activities, in particular through its choice of suppliers.

Policies and results

As part of its ESG strategy and in order to set an example, Wendel has undertaken to assess the carbon footprint of its offices and its activities (excluding subsidiaries) every year. Carried out for the first time in 2019, the Group's carbon assessment made it possible to carry out an initial inventory of significant emission sources and to select priority reduction or offset actions. Since April 2020, the Group's Paris premises have been supplied with energy from 100% renewable sources. Other actions, rolled out in 2021, are planned:

- Changing the energy supply contracts of the offices located in New York and Luxembourg to increase the share of renewable energy in the Group's total energy consumption;
- Publishing and bringing to the attention of all employees an eco-efficiency policy to disseminate best practices that everyone can adopt in their work environment to reduce their consumption of resources;
- Introducing a voluntary compensation scheme for a portion of the Group's emissions. In order to combine this offsetting approach

with a more global reduction effort, 10% of the CO₂ emissions emitted in 2019 will be offset in the course of 2021 (the level of overall emissions for the year 2020 is not representative of a normal business year). This threshold, set for the first year of implementation of the system, may increase in the coming years. In addition, in 2020, the emissions related to the Investor Day, one of the largest events organized by the Group for the financial community, (organized remotely this year), were offset.

- Where possible, reducing business travel and encouraging the use of teleconferencing facilities.

In addition to monitoring its own emissions, Wendel's carbon footprint resides primarily in the activities of its subsidiaries, and this aspect is an integral part of the ESG monitoring of the portfolio companies.

The calculation methodology and reporting format presented below follow the GHG Protocol. The emissions calculated cover Wendel's offices in France and abroad (Paris, Luxembourg, New York) over a period of 12 months, but exclude offices closed during the year (London, Casablanca and Singapore). The emission factors come from the Ademe Carbon Base.

In line with the GHG Protocol methodology, scopes 1+2 include emissions related to energy consumption, refrigerant leaks and fuel consumption. The coverage rate of scopes 1+2 has significantly improved over the year, now standing at between 94% and 100%. This improvement is mainly due to the fact that the Paris, New York and Luxembourg offices have very high levels of availability and reliability in their respective environmental data.

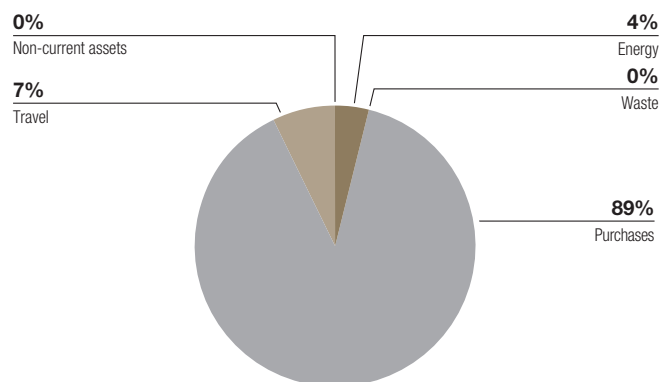
Scope 3 includes emissions related to the purchase of products and services, business travel, visitor travel, employee commuting and waste generation. The main scope 3 emission categories (business travel by plane and train, visitor travel, home-to-work travel, purchase of services) have a 100% coverage rate. The other scope 3 emissions categories have a coverage rate of between 83% and 100%.

Emission categories (in tCO ₂ eq)	2020	2019 ⁽¹⁾
Scope 1	30	18
Scope 2	71	98
Scope 3	2,659	2,438
Total scope 1+2+3	2,760	2,554
Scope 1+2+3 emissions intensity per employee ⁽²⁾	32	32

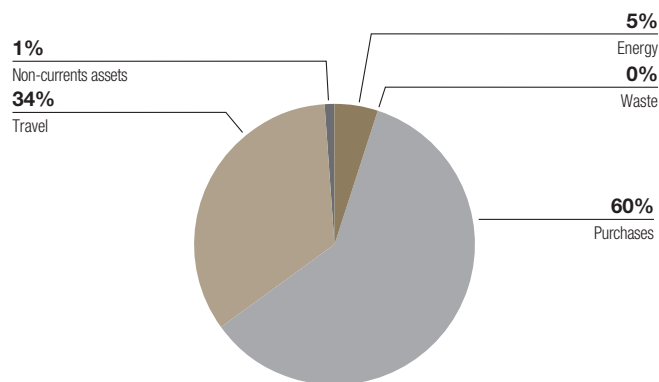
- (1) CO₂ eq emissions of the Carbon Footprint 2019 were corrected in 2020 for the following items: Exclusion of the 3 offices closed in 2020 to allow comparison between 2019 and 2020 on a like-for-like basis, addition of gas consumption for Luxembourg, correction of electricity consumption for Luxembourg (invoice available), addition of vehicle fleets for Paris and Luxembourg, exclusion of Wendel Participations (previously included in energy consumption, waste and visitor travel), correction of the following emissions factors: Electricity emission factor (EF) for Paris (2019 EDF EF available); District heating emission factor for Paris (EF CPCU 2019 available); Electricity emission factor for Luxembourg (EF 2018 available).
- (2) Ratio calculated for the following headcount: 79 employees for 2019 on a like-for-like basis with 2020 (Paris, New York and Luxembourg offices). The headcount for the year 2019 excludes fixed -term contracts. 85 employees for 2020.

The breakdown of Wendel SE's emissions sources between 2019 and 2020 is as follows:

Share of CO₂ eq emissions by emission category 2020



Share of CO₂ eq emissions by emission category 2019 (like-for-like with 2020)



For the year 2020, the Group's total emissions have slightly increased. This is mainly due to the significant increase in purchases of services, particularly intangible assets (insurance, consultancy, expertise, etc.)⁽¹⁾. This increase is offset within scope 3 by the reduction in travel and commuting in an exceptional context linked to COVID-19. In addition, the use of a 100% renewable energy supply contract within the Paris premises contributed to the reduction of emissions related to this item by -57% in absolute value (emissions related to the energy consumption of the Company are measured within scope 2) although energy consumption remains a smaller item (4% in 2020).

The intensity of CO₂ emissions per employee remained stable (32 tCO₂ eq).

Resource and waste management

In addition to the priority placed on reducing the Company's climate footprint, Wendel is committed to a series of initiatives and actions aimed at limiting the consumption of resources related to its activity (paper, plastic, etc.) and of any avoidable waste generation. Thus, in 2020, the following initiatives produced significant results:

- The collection and recycling systems with which the Group's premises are equipped ensure efficient recycling of metal, glass, paper, cardboard and electrical and electronic waste (WEEE). These systems extend the life of the resources used in the manufacture of the products purchased and used by the Group and contribute more broadly to Wendel's circular economy approach. In fiscal year 2020, a total of 6.3 tons of waste was sorted and recycled, representing 0.08t of recycled waste per employee⁽²⁾;

- The launch of the Paperless project, which consists of providing employees with digital tools that limit the use of printing and the use of paper in general (advanced document editing software, electronic signatures, etc.) made it possible to reduce paper consumption by 71% tons this year. This significant saving was also made possible by the limited presence of employees on the Group's premises due to the COVID-19 health crisis.

Adopting a responsible sourcing approach

Wendel adopts the highest ethical standards and respect for environmental and human rights in doing business, and wishes to partner with suppliers and service providers who share similar standards.

The Company relies on a short supply chain and mainly on local service providers (present in the countries where Wendel operates). Its purchases mainly consist of suppliers of office goods and services (IT equipment, maintenance and upkeep of premises, etc.) and intellectual services (consulting, expertise, etc.). Nevertheless, Wendel remains fully committed to the prevention of possible violations of human and environmental rights, as well as the active promotion of these principles. Thus, the Group's Code of Ethics, which sets out the Company's commitments in this area, is brought to the attention of any new supplier subject to the third-party assessment process, upstream of this.

The third-party assessment process mainly covers regulatory compliance and anti-corruption issues. Wendel's ambition is to improve this system by adding an assessment of service providers selected on the basis of environmental, social and governance criteria. This system will be rolled out within the Company in 2021.

(1) In 2020, the emission factors defined by ADEME for spending on services have not been re-evaluated, maintaining the same emission power as in the pre-Covid-19 period.

(2) Calculated using the headcount at December 31, 2020.

In 2020, prior to the implementation of this new approach, Wendel undertook analysis of the purchases it made in 2019 in order to determine whether certain categories of purchases carried social or environmental risks. No risky purchasing category has been detected. As a result, the process of assessing suppliers based on ESG criteria will focus primarily on high-value purchases, in order to maintain the materiality of the approach. Lastly, the analysis conducted in 2020 made it possible to draw up the questionnaire that will be used as part of the ESG assessment process, as well as an explanatory guide to the approach that will be used to train all Wendel employees in this approach.

4.1.7.1.2 Fostering employability, inclusion, well-being, and engagement through concrete actions

Promoting a culture of integration, support and diversity to promote well-being and performance at work

Risks related to the human resources of Wendel teams

EFPD

NB: This section covers all of Wendel's priority human resources risks identified via the risk matrix (Key people, Talent acquisition and retention, Compensation, Work/life balance, Combating discrimination and promoting diversity, Support for teams in the context of a health crisis).

Risk Description

The Wendel Group's primary resource is its human capital.

Wendel operates a service business which demands a high level of skills and commitment from its employees. Employees are key to delivering its mission since they are responsible for the relationship with portfolio companies and must continually engage with them in a constructive manner on all strategic aspects of the Company's activities.

Attracting and retaining talent over time is therefore a key factor in the Group's success.

Policies and results

Risks related to the appeal and talent retention of Wendel's teams are managed primarily through the exemplary nature and behavior of its management bodies. In addition, each year Wendel develops an individual and collective training offering adapted to the expectations and profiles of its employees, continually improves their working conditions to make them more attractive, introduces attractive employee benefits, and actively promotes diversity in the workplace.

The Group also seeks to reduce these risks through a fair compensation policy consistent with the market, while remaining non-discriminatory. In addition to performance, the appraisal of employees carried out each year focuses on criteria such as transparency, progress, personal development and teamwork.

The Human Resources department ensures close monitoring of employees, in France and worldwide, to meet their needs and anticipate any risks that may arise. Moreover, the system for managing human resources data within the Group has been overhauled meaning that data and KPIs can be managed more effectively.

Composition of Wendel teams

As at December 31, 2020, Wendel and its holding companies employed a total of 85 people.

Wendel has foreign offices dedicated to investment research and/or support of the Group's companies in their international expansion. The Luxembourg-based company (established in 1931) also acts as a holding company. Another, more recent establishment was created in the United States in 2013. Offices located in Morocco, the United Kingdom and Singapore closed in the second half of 2020 in order to refocus the Company's activities around three areas of excellence.

In France

Wendel employs 59 people in France divided between the Investment, Management, and Corporate teams (i.e. the support functions: Finance department, Legal department, General Secretariat, Tax department, Sustainable Development and Communication department, Internal Audit department, Human Resources department and Operational Resources department). Among these corporate functions, a team of experts regularly works on investment/divestment operations in France and abroad in support of the investment teams.

In 2020, Wendel employed two employees under fixed-term contracts (an apprenticeship contract and a fixed-term contract, who went on to be hired on a permanent basis the same year) and a temporary employee. For the financial year 2020, fixed-term contracts are included in the Company data presented in this chapter, while temporary employees are excluded.

Employees with an employment contract in France ⁽¹⁾ : headcount and movements	12/31/2020			12/31/2019			12/31/2018		
	Non-executive employees	Executive employees	Total	Non-executive employees	Executive employees	Total	Non-executive employees	Executive employees	Total
Total workforce	7	52	59	6	48	54	4	50	54
of whom Women	3	30	33	3	27	30	1	27	28
Male	4	22	26	3	21	24	3	23	26
New hires ⁽²⁾	0	11	11	2	9	11	-	7	7
of whom Women	0	6	6	2	4	6	-	3	3
Male	0	5	5	0	5	5	-	4	4
Departures ⁽²⁾	0	7	7	0	8	8	-	4	4
of whom Women	0	3	3	0	4	4	-	1	1
Male	0	4	4	0	4	4	-	3	3

(1) France open-ended contracts, fixed-term contracts and apprentices for 2020. For 2018 and 2019, only permanent staff are included.

(2) New hires and departures including internal mobility of 3 employees, from abroad to France and vice versa, having taken place in 2019 (recognized as -1 in the departure country and +1 in the host country) and expatriated employees who are no longer included in the headcount in France. Mobility between offices abroad is not recognized.

In 2020, recruitment includes three internal transfers, from international to France, and the transition from a fixed-term to permanent contract.

Overseas

The holding companies and offices outside of France are located in 5 countries⁽¹⁾ and have 26 employees, almost two-thirds of whom are in the investment teams (investors + office managers and assistants). The rest of the teams work primarily in financial and legal activities at the holding company in Luxembourg.

Employees with a permanent employment contract ⁽¹⁾ abroad: staff numbers and changes	12/31/2020	12/31/2019	12/31/2018
Total workforce	26	36	43
of whom Women	13	17	19
Male	13	19	24
New hires ⁽²⁾	2	5	3
of whom Women	2	4	2
Male	0	1	1
Departures ⁽²⁾	13	12	6
of whom Women	6	6	4
Male	7	6	2

(1) Workforce with an international, permanent or fixed-term employment contract for 2020. For 2018 and 2019, only permanent employees are recognized.

(2) New hires and departures including internal mobility of 3 employees, from abroad to France and vice versa, having taken place in 2019 (recognized as -1 in the departure country and +1 in the host country). Mobility between offices abroad is not recognized. In 2020 departures included three internal transfers (international to France) + a change of contract (Permanent to Corporate Officer). Employees who left in 2020 but who were not counted the previous year are excluded from the calculation.

(1) Offices in London, Singapore, and Casablanca closed on December 31, 2020.

Key people

EFPD

Due to its streamlined workforce, Wendel must ensure that its business is not affected by the departure of key people.

To the extent possible, Wendel takes the necessary steps to ensure that each skill or specific know-how is held by at least two people and provides the necessary training and support to keep their respective skills up to date.

Moreover, the collegial nature of Wendel's processes for making investment and divestment decisions and for monitoring portfolio companies also limits the potential impact of the departure of key personnel.

Talent acquisition and retention

EFPD

In order to maintain its position as a competitive and attractive company, Wendel is committed to hiring excellent talent, creating the best possible working environment for its employees whilst developing their skills.

Training

Wendel considers the development of its employees' employability, skills and knowledge to be a top priority.

The process of 360° feedback introduced in 2018 has helped to improve the standard of personal objectives set for all employees. 100% of permanent employees whose objectives were to be formulated for the year 2021 benefited from it in 2020.

Wendel offers its employees customized training to ensure that they always have the skill level required to perform their jobs and responds favorably to requests.

As such, in line with its global strategy, the Company has introduced a new training catalog divided into various themes (job-related, technical, behavioral etc.) to support the development of teams and the organization. This approach begins with a "Get to Know" approach, which enables everyone to gain a better understanding of the Company's existing business lines and their challenges.

This ambitious training program, although impacted by the COVID-19 health crisis, was nevertheless rolled out to all countries throughout 2020. To mitigate the effects of the pandemic crisis on the development of its teams, Wendel has opened a platform for all its employees, including those on temporary contracts and

interns, providing access to a multitude of online training courses in a wide variety of fields. The Company encourages users to train independently, by putting online a catalog with preselected training courses on a variety of topics, such as inclusion, diversity, communication, resilience development and stress management.

This year, Wendel has placed great emphasis on personal development, which accounts for nearly 70% of total hours. For example, a large majority of employees in the French and Luxembourg offices, as well as corporate officers, have attended a two-day training session on reasoned negotiation. Almost a third of employees have benefited from language courses, particularly in English and French. All employees had the opportunity to attend conferences to better give and receive feedback, particularly as part of the 360° assessment process.

In order to respond as effectively as possible to the needs and expectations of its employees, Wendel has approved any requests for training identified by employees themselves that meets the needs of the Company. In addition, numerous training sessions were provided to enable everyone to develop their core skills. This represents more than 20% of the total number of training hours.

French and Luxembourg employees were also able to follow an online training course to remind them of the measures to be taken to best protect themselves against COVID-19, and continued to receive regular information as the epidemic progressed.

In addition, in order to accelerate the development of training in 2021, with a plan that will be just as ambitious, Wendel also implemented a training management and monitoring platform in 2020.

In total, and despite the circumstances imposed by the pandemic, Wendel continued to implement its training plan and trained 101 employees, including corporate officers, people who joined or left during the year, those on temporary contracts and some trainees attending Group training, amounting to a total of 2,564.5⁽¹⁾ hours in non-mandatory training⁽²⁾.

On average, this represents 29.5 hours of non-mandatory training per employee⁽³⁾, or 2,514.5 hours in total.

In France, there was an average of 25.08 hours of non-mandatory training per employee (1,479.5 hours in total) compared with 14.5 hours per employee in 2019.

(1) Carried out by 101 Group employees, including corporate officers and trainees as well as people who left during the year, excluding mandatory training and Get to Know Your colleagues sessions.

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

(3) Employees with a permanent or temporary employment contract, all offices combined, between 12/31.

KPIs	2020	2019	2018
Percentage of employees trained	97.6% ⁽²⁾ (all countries) 100% (France)	92.6% ⁽¹⁾ (all countries)	100% (France)
Training hours per employee	29.5 (all countries) 25.08 (France only)	16.5 (all countries) 14.5 (France only)	18.3 (France only)

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

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

Work-life balance, working conditions and psycho-social risks

EFPD

As an employer, Wendel must ensure that its employees benefit from working conditions that promote a positive work-life balance. This balance is also a guarantee of their long-term commitment and investment in the Company's goals.

In France

Support for managers, regular meetings with all employees and close dialogue with employee representatives (Works Councils) are intended to optimize working conditions and relations. In this way, Wendel can implement the measures that most closely match staff expectations.

To help employees better reconcile their professional and family responsibilities, since 2010 Wendel has offered free daycare for the children of any employees who request it. In 2020, Wendel financed daycare for four children, for the benefit of four employees.

Furthermore, in addition to the part of the Social and Economic Committee's budget devoted to social and cultural activities (e.g. holiday vouchers, gift vouchers, discounted cinema tickets, etc.), Wendel covers various individual and collective services: sports lessons, Cesu checks (Checks for Universal Employment Services), comprehensive health checks.

The remote working policy, implemented for the first time at Wendel in November 2018, has been completely revised to offer more flexibility to employees who request it. A new charter was signed in May 2020 and immediately implemented.

On the same date, a charter on paid leave, including a restriction on carrying over an excessive number of leave days from one period to another, was also signed. This new charter aims to guarantee all employees the opportunity to take full advantage of the annual leave entitlements which are necessary for their physical and mental well-being.

Overseas

Abroad, Wendel strives to provide similar services in line with local practices (examples: quality health coverage, contribution to the cost of gym membership, etc.).

Surveys on quality of life at work

Wendel wants to introduce a process for continuously improving quality of life at work. With this in mind, at the end of 2019 the Company decided to launch a survey to assess psychosocial risks. Although this is a requirement under French law, the Company has opted to extend it to all international offices. This first international survey ended on January 31, 2020. 83% percent of the employees surveyed responded, and the findings made it possible to highlight the Company's strengths, as perceived from the inside, and to identify potential areas for improvement. Overall, the findings are very positive and reveal a positive working environment, a manageable level of stress and the strong interest that employees have in their work. The findings were circulated and shared internally so that everyone could respond to the suggestions for improvement.

Following this survey on psycho-social risks, an internal consultation tool was set up to further assess quality of life at work in the Group. This platform enables Wendel to gather information on employee perceptions on various topics (recognition, working conditions, relationships with others, well-being, etc.) and for employees to express themselves by sharing ideas anonymously. Regular surveys will be carried out in the future. In this way, Wendel will be able to carry out a qualitative and comparative assessment, identify projects of a high priority, develop associated corrective measures and measure their impacts.

In order to ensure that everyone's personal time is respected and to limit potential requests related to new digital tools and applications, since 2018 Wendel has implemented a charter guaranteeing that everyone has a right to log off outside working hours. In 2020, the Group continued to raise employees' awareness of this charter in order to promote buy-in by all employees.

Finally, Wendel is fully committed to being a socially responsible company and has introduced corporate sponsorship, also known as skills sponsorship, which is used to align employees' commitments to charitable activities and the development of their skills (see section "Supporting and strengthening our commitments to civil society").

All of these measures enhance the appeal of Wendel's employer brand.

Indicators

Wendel's Human Resources department closely monitors all Wendel Employees in France and overseas.

	2020	2019
Absenteeism (scope: France) ⁽¹⁾	3.13%	1.66%

(1) Methodology for calculating absenteeism: (total absenteeism days*)/(218 days* average number of employees).
Absences recognized: illness, commuting accidents, work-related accidents, sick children, part-time working on health grounds/absences
not recognized: family events and parental leave.

Absenteeism, excluding family events, was around 3.13% in 2020. This figure remains below the national average absenteeism rate, which is expected to exceed 5% in 2019⁽¹⁾. At the national level (France), this represents an average of 18.7 days of absence per employee. At Wendel, the average number of days of absence per employee is less than 7.

	2020	2019
Number of accidents (scope: France)	0	0
Number of commuting accidents	2	11
Number of fatal accidents	0	00

There were two commuting accidents (with no lost-time) and no workplace accidents in 2020.

	2020	2019	2018
Average length of service of employees (years)	7.8 ⁽¹⁾	7.5	not available

(1) In 2020: inclusion of employees on permanent and temporary employment contracts. In 2019, only permanent contracts were taken into account.

At the world level the average length of service of employees is 7.8 years.

Combating discrimination and promoting diversity

EFPD

As set out in its Code of Ethics, Wendel strives to promote diversity within the Company and sees it as a major benefit which contributes to the Group's excellence.

Wendel takes steps to ensure that decisions regarding recruitment, career development (training and job promotions) and compensation are made without any form of discrimination. Only the skills and experience of candidates is taken into account.

Gender equality

Wendel aims to provide a welcoming and stimulating work environment for men and women and has implemented several initiatives to achieve this goal.

In particular, Wendel requires women to be equally represented in the applicant pool during each recruitment process.

In equivalent positions, there is no difference in pay for men and women.

Wendel offers flexible working and benefits for parents in order to promote work-life balance as described above (see section on work-life balance).

Wendel is aware that gender equality requires a collective effort, particularly in the area of investment. It is with this in mind that Wendel signed the Gender Equality charter of France Invest published on March 6, 2020.

(1) According to the 12th Ayming France absenteeism and engagement survey.

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

	2020			2019		
	France	International	Group	France	International	Group
Women in the total workforce ⁽¹⁾	56%	50%	54%	56%	47%	52%
Women in employee manager roles ⁽¹⁾	58%	N/A	N/A	56%	N/A	N/A
Women Investors ⁽²⁾	40%	33%	37%	22%	20%	21%
Women in management positions ⁽³⁾	40%	29%	37%	50%	25%	39%
Women on the Investment and Management Committees ⁽⁴⁾	Investment Committee: 33.3%			Investment Committee: 22%		
	Management Committee: 45.5%			Management Committee: 43%		
Women on the Supervisory Board			45%			45%
Women as a percentage of new hires ⁽⁵⁾	62.5%	100%	70%	50%	100%	69%

(1) In 2020: France scope: permanent and fixed-term contract workforce in France/International scope: employees with a permanent or temporary international/In 2019: France scope: permanent contract workforce in France without the three management-level male expatriates/International scope: employees with a permanent international employment contract including three management-level male expatriates (employment contract in France suspended).

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

(3) Line manager of at least 1 employee (excluding the Chairman of the Executive Board).

(4) Including the Chairman of the Executive Board.

(5) Excluding internal mobility, including fixed-term contracts hired on permanent contracts during the year and temporary contracts. In 2019, only permanent employment contracts are taken into account.

The proportion of women on Wendel's Supervisory Board is higher than the average of its peers (according to a study of 28 listed European asset management companies, conducted by HSBC Bank and published on February 1, 2019). Wendel also exceeded the regulatory threshold of 40% (Coppé-Zimmerman Act) before the regulatory requirement was introduced.

In July 2020, Wendel ranked 24th in the ranking of women in the governing bodies of the companies making up the SBF 120, distinguishing the results presented above.

Under the French "Freedom to Choose a Career" law (*loi pour la liberté de choisir son avenir professionnel*) enacted on September 5, 2018, Wendel is required to publish the indicator of the Gender Equality Index. In 2020, Wendel obtained a score of 55/100, up by eight points compared to 2019. All of Wendel's workforce in France falls under the scope of the index.

It is important to highlight that Wendel is committed to a process for implementing the principle of equal pay through a job-based approach which is not covered by the index methodology.

In addition, in 2020 Wendel fully reviewed its action plan on gender equality by incorporating more criteria than required by

French regulations for a company with fewer than 300 employees. The four criteria to which Wendel has committed are hiring, training, balancing work and family responsibilities and actual compensation. Each of these criteria includes numerous measures and indicators used to implement concrete actions in favor of professional equality. This new action plan approved by the CSE enters into force on January 1, 2021.

Disability

Wendel welcomes and recognizes all talents, and undertakes not to discriminate against candidates or employees with disabilities.

The Company employs two (in its permanent workforce) people with disabilities in France and contracts with institutions providing assistance through work, in particular for the purchase of office supplies.

Wendel is also adopting a preventive attitude towards its employees. Thus, the Company made ergonomic equipment available to employees who expressed a need, even if these requests did not come from a doctor.

Wendel builds a work environment that respects each individual by ensuring safe working conditions and respect for everyone.

Youth and senior employment

The breakdown of permanent and temporary staff by age Group is the following:

Under 30	20%
30 to 39 years old	27%
40 to 49 years old	33%
Over 50	20%

- New hires under the age of 30: 5 under-30-year-olds hired worldwide;
- New hires who are seniors (> 50 years old): two over-50s hired.

Compensation**EFPD**

Wendel's salary policy ensures that the interests of employees are aligned with those of shareholders, through several levers: the variable component of compensation, profit-sharing (in France) and the employee shareholding, open to all employees. This convergence of interests is undoubtedly a key component of the corporate culture; thus, everyone shares the Group's ambition for excellence.

Each year, Wendel carefully reviews the level of compensation of its employees according to the nature of their duties, skills and experience. It is also important to note that this level of compensation and its structure are reviewed in view of market levels and practices. Variable compensation is awarded based on the individual and collective performance of teams and the Company.

For France, total compensation in cash (base salary, variable pay and individual job-related bonuses) paid in respect of 2020 was approximately €14.8 million.

Lastly, Wendel offers very comprehensive death & disability insurance to its employees and their families, financed largely by the Company.

Promoting employee shareholding

Wendel believes that employee share ownership is essential for establishing a long-term partnership with employees and has always encouraged it, whether through the Group Savings Plan that has been in place for more than 30 years or grants of performance shares and/or stock options, which most employees have received since 2007.

The Group Savings Plan

The Wendel Group Savings Plan was completely overhauled in 2020 with the introduction of two different regulations, a PEG for

French companies (Wendel and Wendel Participations) and a PEGI (International Group Savings Plan) for the Luxembourg companies. This new PEG allows savers to no longer hold Wendel shares but units in mutual funds (FCPE).

The first capital increase through this new mechanism took place in the second half of September 2020, with 97% of eligible employees subscribed. Once again this year, employees were able to benefit from a discount of 30% and their voluntary payment was increased up to the legal ceilings. At the end of the subscription period, the FCPE Wendel was created and subscribed 36,811 Wendel shares on October 16, 2020. The Wendel mutual fund undertakes to have an investment in Wendel shares of between 95% and 100% and the share value is intended to track the Wendel share price.

During the month of December, all employee and former employee savers holding registered shares in the PEG were asked to transfer their shares into the FCPE Wendel, which 40% of them chose to do.

At December 31, 2020, former employees and employees (excluding members of the Executive Board) held 0.16% of Wendel's share capital in the FCPE Wendel and 0.52% of Wendel's share capital in the pure registered PEG.

Grant of stock options and performance shares

90% of employees present in the workforce at December 31, 2020 were allocated stock options and/or preference shares.

In addition to the two Executive Board members, 79 employees in France and abroad received stock options and/or performance shares by virtue of the authorization granted at the Shareholders' Meeting of July 2, 2020 and the Executive Board's decision on August 5, 2020.

Attached to these grants are a service condition and a performance condition.

A history of stock-option and performance share plans is provided in Tables 8 and 9 of the Afep-Medef Code presented in section 2.2.2.2.

The following table indicates, for the period from January 1 to December 31, 2020:

- the total number of options granted to the ten employees (excluding Executive Board members), who individually were granted the largest numbers of options;
- the total number of options exercised by employees and former employees (excluding members of the Executive Board).

	Total number of options	Strike price weighted average
Options granted during the year to the ten Group employees who were granted the largest number of options	116,600	€82.05
Options exercised during the year by employees and former employees whose number of options thus purchased or subscribed is the highest ⁽¹⁾	12,043	€64.86 ⁽²⁾

- (1) In 2020, as market conditions were not favorable, employees did not wish to exercise their rights to exercise options. Only seven beneficiaries exercised options in 2020.
- (2) In 2020, these options were exercised at a price of €44.32 (W 3 plan), €80.91 (W 4 plan), €54.93 (W 5 plan), €82.90 (W 6 plan) and €94.38 (W 9 plan).

Employees were awarded performance shares through two different plans. The ten largest beneficiaries among the Group's employees (excluding members of the Executive Board) were granted 47,960 shares, a cumulative total for the two performance share plans granted during the year.

Offering additional pension benefits

• "Perco" pension plan

In 2010, a Company pension plan "Perco" was introduced for employees in France. The Company matches certain contributions up to the legal limit.

On December 31, 2020, 50.85% of the employees present had already invested in Perco, compared with 40.67% at the same date of the previous year.

• Supplementary pension plan

In 1947, the Company "Les Petits-Fils de François de Wendel" (now Wendel SE) set up a supplementary pension plan for all employees, regardless of their category, provided they retire while employed by the Company. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and seniority up to a maximum of 65% of this compensation. The pension plan provides for a payout of 60% to a surviving spouse on the date of the employee's retirement, and includes supplements for dependent children.

Benefits financed by the Group under this supplementary plan are calculated by deducting the total amount of pensions financed by Wendel while the employee served in the Group from the guaranteed amount. Since 2005, the Company has transferred the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

As at December 31, 2020, there were 36 retirees and 5 employees of the Company who benefited from the plan.

Promotion and respect of the ILO fundamental conventions and Human Rights

Wendel manages its human resources in accordance with the International Labor Organization's (ILO) fundamental conventions.

France has ratified the eight fundamental ILO conventions on forced labor, the freedom of association and protection of the right to organize, the right to organize and collective bargaining, equal pay, the abolition of forced labor, discrimination, the minimum age for admission to employment and all forms of child labor.

Wendel does not operate in a business segment where there is a risk of violation of workers' rights, and therefore is not faced with the issue of respecting these conventions.

In 2020, Wendel's Code of Ethics was fully reviewed and mandatory training on this subject was provided to 100% of employees who took part. The purpose of this training was to raise employee awareness of Wendel's commitments to upholding individual and human rights.

Wendel insists on the fact that being valued and respected creates a virtuous circle of a positive work culture and thus establishes an environment that respects each individual. Zero tolerance against any form of harassment or discrimination enables Wendel to comply with the various regulations imposed on each of the countries in which an office is located.

Health and safety of the workforce in a global health crisis

EFPD

Wendel pays close attention to the health and safety of its workforce. In the unprecedented health context related to COVID-19, the Group has strictly applied government directives in the countries where it operates, in particular by closing all of the Group's offices during lockdowns. All steps have been taken to enable employees to work remotely in optimal conditions (equipment, IT hotline etc.) in order to maintain operations while promoting well-being for all.

A COVID-19 unit has been set up to answer employees' questions and provide teams with information on specific measures such as telemedicine consultations, psychological support, childcare in the event of illness, etc. The purpose of this unit is also to promote interaction between employees and anticipate any specific support that may be given to teams. When employees returned to the Group's various offices, the unit continued its support activity, monitoring changes in the health situation and supporting the return to work in the classroom under the best possible conditions

according to changes in government announcements in strict compliance with the rules.

The Company also organized time for one-to-one and collective discussions with healthcare professionals, in order to provide everyone with answers on the health protocol to be followed and, more generally, on the implications and status of the pandemic. A psychological assistance unit has been set up with the support of Wendel insurance in the local language of each country, a service provided by professionals and available seven days a week.

As part of the survey on quality of life at work, Wendel also wanted to measure the impact of the health crisis and remote working on the morale and motivation of its employees. Thus, 83% of survey respondents believe that the new working organization is satisfactory, and that the level of stress experienced at work remains moderate.

Regular, even daily, meetings during the first lockdown period were held by Wendel's Executive Board with the Deputy CEOs, the General Secretary, the Director of Human Resources, the Director of Sustainable Development and Communications and the Director of Taxation. All managers have been asked to adapt management practices to combat the effects of isolation and maintain a positive working environment, including through daily meetings by video conference.

The deployment of the training plan has been ramped up with the introduction of an online training service for all employees. Workshops and in-house events are regularly offered to ensure and maintain team cohesion.

Wendel's investment team is working with portfolio companies to monitor their respective situations and, whenever possible, to support them through this unprecedented crisis. Group companies in 2020, which were impacted differently depending on their sectors.

Corporate teams are deeply involved to ensure Wendel's operational continuity.

Supporting and strengthening our commitments to civil society

Wendel's commitment to civil society is in the Group's DNA. It is, in fact, part of its family heritage. This commitment goes hand-in-hand with a long-term vision in line with its business as an investor. Wendel's philanthropic approach is based on two longstanding pillars: education and culture. A third pillar, solidarity, supplements this approach.

The Group's philanthropy policy, which was strengthened in 2018 and again in 2019, was ramped up again in 2020 through two mechanisms: the payment of exceptional donations to organizations affected by the economic and health crisis linked to COVID-19 and the introduction of a skills sponsorship day, offered to all employees (from 2021).

Long-term commitments

Wendel has supported Insead since 1996. In that year, the prestigious business school created a chair and then a center for family-owned businesses (*Le Centre Wendel pour l'entreprise familiale*) and Wendel has been a partner in this initiative from the start.

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

Wendel works actively with partner institutions to further their development projects. The Group is represented on the Centre Pompidou-Metz Board of Directors by Nicolas ver Hulst, Chairman of Wendel's Supervisory Board.

In recognition of its long-standing commitment to the arts, Wendel was awarded the title of *Grand Mécène de la Culture* (*Grand patron of the arts*) by the French Minister of Culture on March 23, 2012.

Commitments in 2020

- Increased commitment in a context of health crisis

True to its values and its long tradition of civil society engagement, Wendel wanted to show its support for and solidarity with the populations and organizations affected by the consequences of the economic and health crisis linked to COVID-19.

As such, on June 5, 2020, Wendel announced the renewal for five years of its sponsorship agreement with the Center Pompidou-Metz, of which Wendel has been the founding sponsor since its creation in 2010. Indeed, Wendel wishes to underline the crucial importance of supporting the cultural sector in this period.

Wendel also renewed all donations made to charitable organizations supported in 2019, namely:

- Casamasanté (Senegal);
- Clubhouse France (France);
- Cycle For Survival (United States);
- Helen Keller Europe (France);
- iMentor (United States);
- The *Fondation de la Maison de la Gendarmerie* (France).

In addition, Wendel's Executive Board and Supervisory Board have agreed to a reduction in their annual variable compensation. The sums resulting from this reduction were donated to the *Restaurants du Cœur* in France and to The Bowery Mission and Empty Bowls in the United States. These organizations are actively involved in tackling the economic disadvantage worsened by the health crisis.

Lastly, through its participation in the Crisis Prevention Institute (CPI), Wendel has initiated a skills sponsorship program for supervisory staff in health and/or education organizations aimed at preventing violence by funding training hours taught by CPI's certified instructors.

In total during 2020, Wendel's philanthropic expenditure amounted to €881,878.

- A day of skills sponsorship offered to all Wendel employees

Since January 2021, as part of the reinforcement of its philanthropy strategy, Wendel has now offered each employee the opportunity to spend one day of working time per year on a charitable initiative. This skills sponsorship day allows everyone to volunteer with the non-profit of their choice, in compliance with the principles of the Wendel Ethics charter, provided that the organization has no political and/or religious leaning. In order to encourage teams to commit to this approach, in collaboration with its partner associations, Wendel offers a certain number of predefined assignments that enable employees to use their time and skills in the public interest.

Lobbying activities

Wendel does not use any lobbying agencies.

Trade associations

As a listed company, Wendel contributes to marketplace discussion by participating in the work of all the major professional and financial market organizations of which it is a member: Afep, Ansa, Medef, France Invest, Paris Europlace, etc. In 2020, professional contributions amounted to approximately €126,000.

Think tanks

Wendel is a partner of: Institut Montaigne, World Economic forum.

4.1.7.2 Wendel, investing for the long term: Building sustainable companies

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

ESG performance is embedded in Wendel's mindset as an investor. It believes that a stringent ESG approach to investment is the most relevant to upholding its responsibility *vis-à-vis* its shareholders and stakeholders. The investment opportunity assessment framework that it uses sets out a prerequisite for any new investment, the alignment of the Company's activity with Wendel's values and corporate purpose and an assessment of long-term resilience.

Its permanent capital and the stability of its shareholder base gives it the time and ability to carefully develop and transform companies in which it invests.

As an investor for the long term, Wendel's key goal is to support and transform companies with the potential to develop in a changing world and to deliver both return on investment to its shareholders and lasting benefits to society. In other words, Wendel believes that taking ESG criteria into account for its investment activity helps to create near-term, medium-term and long-term value, without sacrificing the future for the present. Wendel believes that this balance requires a pragmatic approach and a desire for lasting innovation.

Integration of ESG throughout the Investment Cycle

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

EFPD

Risk Description

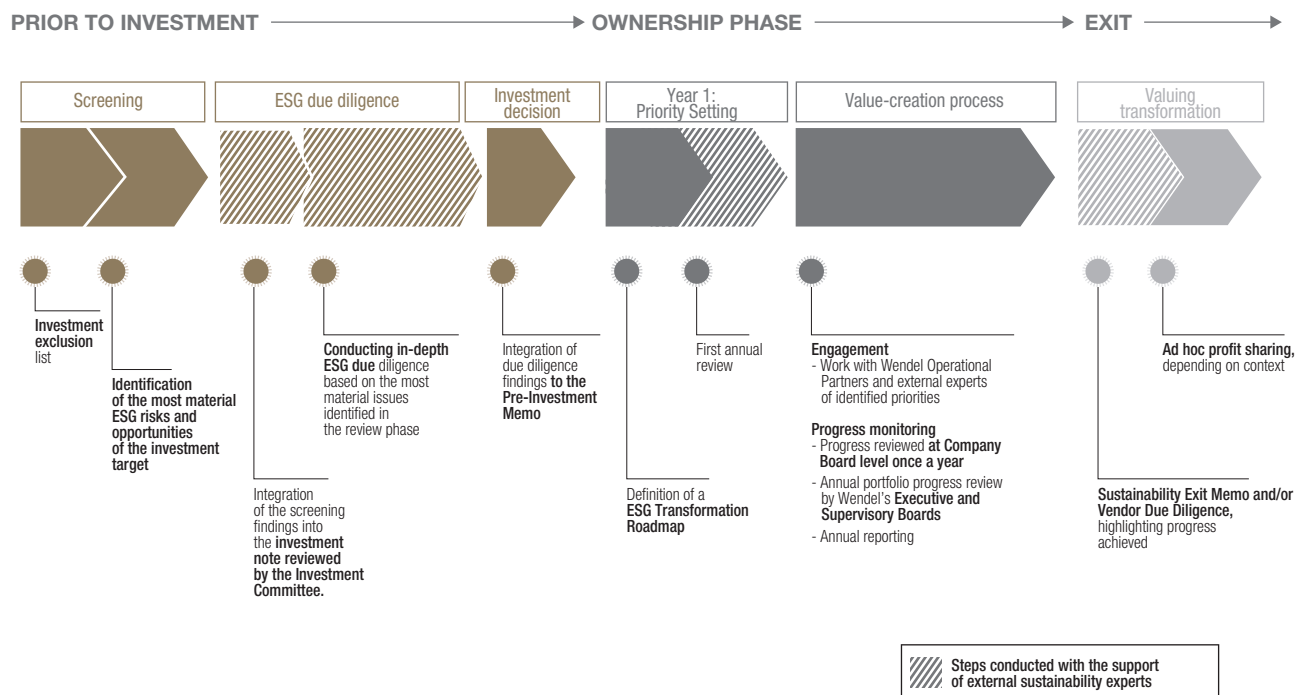
By investing for the long term, Wendel is committed to working with entrepreneurial teams to build sustainable leaders. Wendel believes it is essential for the companies in which it invests to take into account extra-financial issues, both in terms of the risks they may involve and the sustainable value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

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

Policies and results

Beyond the implementation of the regulations referred to in section 4.1.7.1.1 ("Strengthening and upholding business ethics within the Group"), Wendel has a responsible investor strategy and integrates the study of ESG risks and opportunities throughout the life cycle of its investments, in particular.

The main stages of this process are summarized in the following diagram:



- Prior to investment: all investment opportunities are systematically examined with regard to i) a defined exclusion list and ii) due diligence of the ESG issues identified as priorities;

- During the holding period: any new controlled company entering the Company's portfolio receives initial awareness-raising training on ESG topics, as well as a review of its ESG maturity by an external service provider. Based on the findings of this study, an ESG roadmap is drawn up within 18 months of its acquisition. This roadmap systematically includes the four priority ESG themes defined by Wendel (see below).

Investment teams at Wendel and portfolio companies' management teams are also held accountable for progress against this roadmap with an alignment of variable compensation with ESG performance criteria;

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

Exclusion policy

Wendel has formalized an Investment Exclusion Policy which applies to all new investments following the signature of this policy by Wendel's Executive Board on March 11, 2020. This exclusion list will be reviewed in the course of 2021.

In addition to refraining from investing in entities involved in the production, marketing or use of, or trade in, illegal products or activities, Wendel will also not invest in entities directly and significantly involved in the production, distribution, marketing or trading in:

1. Tobacco;
2. Pornography;
3. Controversial weapons, as defined by the following treaties:
 - The Treaty on the Nonproliferation of Nuclear Weapons (1968),
 - The Biological Weapons Convention (1975),
 - The Chemical Weapons Convention (1997),
 - The Ottawa Treaty (1997) on antipersonnel mines,
 - The Convention on Cluster Munitions (2008);

- 4. Gambling facilities or products;
- 5. Coal mining and coal-based power generation;
- 6. Narcotics

In 2020, in order to support the Group’s investment teams in applying these principles, Wendel carried out the following actions:

- Revision of the Code of Ethics to incorporate the Group’s responsible investment principles. In September 2020, as part of the awareness-raising training on the Ethics charter, all Wendel employees received a dedicated presentation and role-playing exercises to encourage them to adopt an approach to investment aligned with the principles laid down;
- Support from the Communication and Sustainable Development department to the investment teams in the identification of ESG topics carrying risks and opportunities for the investment targets studied in the advanced phase;
- Formalization of a standard document, approved by the ESG Steering Committee, making it possible to present and structure the key ESG issues and themes in the presentation notes accompanying the investment targets reviewed by the Investment Committee. In 2020, all the ratings on investment opportunities reviewed by the Investment Committee had a dedicated ESG section;
- Identification and selection of consulting firms with expertise in ESG and likely to support investment teams in their acquisition or divestment transactions, by performing due diligence on the ESG topics of the target company.

All of the above actions led to the following results in 2020:

Number of employees trained in implementing the Ethics charter (including the theme of responsible investment)	93%
Percentage of investment opportunities reviewed under the Group’s exclusion policy	100%
Percentage of investment opportunities studied that have undergone due diligence covering ESG risks and opportunities	100%

Supporting the implementation of ambitious strategic roadmaps

As a shareholder, the Wendel Group is not involved in the operational management of its subsidiaries but does ensure, mainly through close communication with their management and the Boards of Directors, that these companies gradually integrate ESG issues in their risk management and strategies. The controlled companies are already subject to numerous national regulations, and this dialogue is carried out in compliance with local laws.

In 2020, Wendel committed to implementing an ESG roadmap for each of its operating subsidiaries. This roadmap systematically includes the four priority ESG themes defined by Wendel. This target, on which a portion of the Executive Board’s variable compensation for the year 2020 was based, was met for all operating subsidiaries held for more than 18 months. Wendel excluded more recent acquisitions in order to provide them with the necessary time to draw up this roadmap.

Priority themes defined by Wendel



Equality
and diversity



Climate



Health and safety
of employees
and consumers



Sustainable
and/or eco-designed
products
and services

In order to support the structuring of these roadmaps and set Wendel's expectations in terms of expected commitments, the Group has defined the following prerequisites, applied in all the roadmaps drawn up in 2020. The operating partners as well as the Communications and Sustainable Development team are in constant dialogue with the management of the companies in order to support them in addressing these prerequisites:

- integration of the four priority themes defined by Wendel;
- inclusion of the concerns and expectations of each of the Company's main stakeholders, particularly in its offering of sustainable and/or ecodesigned products and services;
- definition of key performance indicators (KPI);
- selection of sustainable development goals (as defined by the United Nations) to which the Company commits to making a positive contribution through responsible business practices.

In fiscal year 2020, the Group significantly strengthened the support mechanisms for its operating subsidiaries as part of their ESG strategy:

- recruitment of a person responsible for overseeing drawing up and implementing ESG roadmaps in the operating subsidiaries;
- ESG maturity review conducted by an external service provider for all operating subsidiaries;
- provision of benchmarks and analyzes relating to the ESG performance indicators selected by the peers and comparable of our portfolio companies.

Wendel closely monitors the quality of the roadmaps drawn up by its operating subsidiaries and any progress made on them. The ESG roadmaps are approved and then reviewed annually by the Board of Directors of each company. All roadmaps were also presented to Wendel's Executive Board.

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

% of the management teams of portfolio companies whose variable compensation is aligned with the ESG performance of their Company	80%
% of variable compensation of Executive Board members which is conditional on overall portfolio progress vis-à-vis ESG transformation roadmaps	9.6%
% of Wendel teams whose variable compensation is contingent on ESG performance criteria	22%

Constantly improving the quality of extra-financial information on Wendel and its portfolio companies

Wendel's responsible investor approach also covers its ability to rigorously measure the extra-financial performance of its business and that of its companies. Wendel is attentive to the quality of the extra-financial information it collects and communicates to all of its internal and external stakeholders, in particular to the financial community (shareholders, investors, analysts, etc.). The attention paid to the quality of extra-financial information makes it possible to:

- address the most material ESG topics for the Group;

- improve the readability for all stakeholders of Wendel's extra-financial performance with regard to the wide range of international ESG reporting standards;
- allow investors to form an opinion on the Wendel Group's ESG strategy.

The table below summarizes all the ESG reporting exercises and standards to which the Group has undertaken to respond by the end of 2023.

Global reporting Initiative 4	Standard complied with in the Group's Extra-Financial Performance Declaration
United Nations Principles for Responsible Investment (PRI)	Voluntary reporting in 2021 - note available in 2022
United Nations Global Compact - Communication on Progress (COP)	Reporting in 2022
Task Force on Climate-related Financial Disclosures (TCFD)	Reporting in 2022 based on the conclusions of the climate risk analysis in progress

- Following the launch of its new ESG strategy, the Group has embarked on an enhanced corporate social responsibility communication strategy since 2020. Thus, the major events organized for shareholders and investors (General Meeting,

Investor Day) included a presentation of the ESG strategy of the Group and portfolio companies. The Group's communication media (brochures, social media, etc.) regularly include information on the ESG performance of Wendel and its companies.

- In addition, in 2020, Wendel took part in two events on the theme of ESG organized by major financial institutions and aimed at institutional investors. It is also the first French company to have presented its ESG strategy at a dedicated event organized by the French Society of Financial Analysts (SFAF).

The extra-financial scores and ratings received by Wendel in 2020 are presented in section 4.1.6.

Assess and address the portfolio companies' exposure to transition and physical climate risks.

Wendel recognizes the urgency of climate change and that is everyone's responsibility to take action. In each of its operating subsidiaries, the Group encourages the implementation of strategies to reduce CO₂ emissions, consistent with the business model of each. This mitigation strategy is integrated into the transformation roadmap developed by each company.

Aware of the risks posed by the increase in the number of climate disturbances observed in recent years, the Group undertook a study in early 2021 to identify and prevent the risks related to climate change to which its portfolio companies are exposed. Conducted by an external environmental consulting firm, this analysis is based on the reference methodology for measuring transition risks defined by the Task Force on Climate-related Financial Disclosures (TCFD), and includes the identification of physical risks (extreme weather conditions, scarcity of resources, etc.) and transition risks (changes in regulations, introduction of a carbon price, etc.). On the basis of these diagnostics action plans will be produced by the companies in question.

With a view to measuring its current performance in terms of integrating climate issues into its business, for the first year Wendel responded to the Carbon Disclosure Project's Climate Change 2020 questionnaire. The Group obtained a B rating, in recognition of its careful consideration of the effects of climate change and the associated risks in its investment activity.

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

The responsibility, management and implementation of extra-financial issues is assumed directly by the management teams of the various companies controlled by the Group. Nevertheless, Wendel monitors and promotes the ESG approaches of its controlled companies so that they create added value and lasting benefits for the Company and society as a whole.

The Group measures the ESG performance of its companies on a consolidated basis around the four priority themes defined (see section "Supporting the implementation of ambitious strategic roadmaps"). For the year 2020:

- in terms of climate change, 60% of the controlled companies in the portfolio have produced carbon reporting on their operations including scope 1, 2 and 3 emissions. Similarly, 60% of companies have set targets for reducing their emissions. In addition, 100% of controlled companies in the portfolio have implemented an environmental management approach, promoting eco-efficiency and the effective management of natural resources, thus contributing to the achievement of their climate objectives;
- in terms of gender diversity, 100% of companies have implemented gender-related objectives in their roadmap;
- 100% of the companies audited have implemented a continuous improvement approach to health and safety at work and/or targets for reducing accidents at work. In 2020, the average frequency rate of workplace accidents across the portfolio is 1.08 and the severity rate was 0.04;
- finally, 100% of controlled companies have developed a range of products or services that include sustainability criteria.

The integration of ESG dimensions into the performance of products and services designed and distributed by the companies is particularly encouraged by Wendel, which considers these dimensions as opportunities. If the portfolio companies did not take them into account, they would risk losing competitiveness and not responding to new consumer demands. As an example:

- 92% of the Bureau Veritas Group's Certification activities have a direct impact on the environment, social issues, safety or product quality. Increases in Social (+1.8%) and Environment (-0.0%) certifications was higher than the average increase in Certification, unlike Quality (-8.7%) and Safety (-13%) certifications;
- in response to increasing regulatory pressure around the manufacture and use of plastic packaging, Constantia Flexibles has committed to ensuring that 100% of its packaging product portfolio will be recyclable by 2025. In 2019, the recyclability rate of its product range was 51%⁽¹⁾;
- in 2020, Cromology paints holding an environmental label (Eco-label Europe, *NF Environnement*, etc.) accounted for almost half of Cromology's revenue (48%). Water-based products account for 91% of the Group's total production;
- finally, to better adapt to the expectations of the main players in the clothing sector, Stahl has committed to greater transparency on the chemical composition of its coating products. In 2020, more than 1,200 Stahl products, listed on the online platform of the industry initiative, Zero Discharge of Hazardous Chemicals, hold the highest level of compliance under the initiative.

(1) The value for 2020 is calculated at the end of year n+1.

In order to measure the effective contribution of its companies to a universal objective of sustainable growth, Wendel uses the United Nations Sustainable Development Goals (SDGs) framework to qualify the sustainability challenges that its activity enables it to meet. This reference framework is also used by controlled companies within the portfolio.

SUSTAINABLE DEVELOPMENT GOALS



Wendel has selected SDGs that are aligned to its business and believes that its ESG performance strategy will make a tangible contribution to achieving the following SDGs:

- 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

- 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

- 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

- 13 Taking urgent action to combat climate change and its impacts.

In 2020, all of the companies that have been in the portfolio for more than 18 months included in their ESG roadmap an explicit reference to the SDG framework and selected the sustainability objectives to which they commit to contributing through responsible business practices.

COMMITMENTS		2023 TARGETS	KPIs	2020 VALUES	COMMENTS AND REPORTING METHODOLOGY
		■ among employees in management positions. among Executive Board and/or Investment Committee and/or Management Committee;	% of women in management positions	37%	
			% of women in investment teams	37%	
			% of women on the Executive Board	0%	
			% of women on the Investment Committee	33%	
			% of women on the Management Committee	45.5%	
			% of women on the Coordination Committee	26%	
		■ at Supervisory Board level.	% of women on Supervisory Board	45%	
		Sign France Invest Diversity charter	France Invest Charter for gender equality signed [Y/N]	Yes	
		Initiatives aimed at sparking conversations and inspiring change	Number of initiatives to strengthen diversity and non-discrimination	7	
		Conducting an annual review of progress on diversity	Number of Equal Opportunity Reviews conducted annually by Wendel's governance bodies (Committees, Executive Board, Supervisory Board)	10	
			Review of salary differences M/F over the year [yes/no]	yes	
			Review of promotion systems & appointment over the year [yes/no]	yes	
			Review of M/F hiring rates over the year [yes/no]	yes	
		Create a Gender and Diversity Taskforce aiming at reducing gender gap and promoting diversity	Number of meetings of Gender and Diversity Taskforce of Wendel annually	In progress	
SOCIAL	Equipping our teams with lasting professional skills by providing all Wendel employees with a personalized career development plan and professional mentorship	100% of employees have formalized a skills development plan	Number of employees with a skills development plan	85	Compliance training hours and mandatory HR training hours
			% of employees with a skills development plan	100%	
		100% of employees receiving non-mandatory training each year, in line with their career development plan objectives	% of employees trained (non-mandatory training)	98%	
			Number of hours of non-mandatory training (soft skills or technical, in alignment with employee career development objectives)	2,514.5	
			Hours of non-mandatory training (soft skills or technical, in alignment with employee career development objectives)	29.5	
	100% of employees receive mandatory training to acquire general or technical skills essential to their performance at Wendel	% of hours of mandatory training (e.g. annual business ethics training, etc.)	455		
		Hours of mandatory training (e.g. annual business ethics training, etc.)	5.4		
	Promoting well-being to enable our employees to reach their full potential	Conducting quality-of-life-at-work surveys every two years, starting in April 2020	Survey on quality of life at work [Yes/No]	Yes	
			Participation rate in the survey on the quality of life at work of employees (%)	60%	
		Formalize and deploy employee wellbeing at work action plans addressing survey findings	Number of employee well-being initiatives in place	6	
SOCIAL & ENVIRONMENT	Enabling our teams to contribute to causes aligned with Wendel's values	Offering the opportunity to contribute one day per employee per year to non-profit organizations operating in communities where Wendel is present	Hours of volunteer work performed by Wendel employees during working hours (per year)	Deployed in early 2021	
		Establish long-term partnerships with at least two organizations	Number of long-term [> 2 years] partnerships formalized with non-profits [with localization]	3	
			Amounts (€) paid to different community/philanthropic projects	€881.8k	

II. Building sustainable businesses

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

COMMITMENTS	2023 TARGETS	KPIs	2020 VALUES	REPORTING METHODOLOGY
GOVERNANCE	Screening all potential investments using an up to date exclusion list reflecting Wendel's values as an investor	100% of investment opportunities reviewed using Wendel's exclusion list and identification of the most material ESG risks and opportunities	% of investment opportunities screened through Wendel's exclusion list	100%
			% of investment opportunities reviewed through identification of material ESG risks and opportunities	100%
		Annual review of Wendel's exclusion list and business model resilience test criteria at Investment Committee and Supervisory Board levels	Annual review of the exclusion list by Investment Committee and Supervisory Board (Yes/No)	No
	Conducting ESG due diligence for all potential investments to confirm that the investment thesis is aligned with long-term trends, as well as full, in-depth ESG and compliance assessments on all new investments	100% of ESG investment opportunities assessed	% of investment opportunities having undergone in-depth ESG and compliance due diligence	100%
		100% of portfolio companies having formalized an ESG transformation roadmap aligned with their global strategy	% of portfolio companies with an ESG roadmap	80%
			Of which companies held for more than 18 months	100%
			% of portfolio companies for which progress vis-à-vis this roadmap is reviewed at Company Board level once a year	80%
	Defining precise ESG roadmaps for all portfolio companies	100% of portfolio companies' progress vis-à-vis this roadmap is reviewed at Company Board level once a year	% of companies that have had a committee or a Board of Directors meeting that has reviewed an ESG-related topic	80%
			Overall portfolio progress vis-à-vis their ESG transformation roadmaps is reviewed at Wendel Executive Board level annually	80%
			Overall portfolio progress vis-à-vis their ESG transformation roadmaps is reviewed at Wendel Supervisory Board level annually	Yes
	Hold Wendel & portfolio companies management teams accountable for progress made against ESG transformation roadmaps	100% of portfolio companies' Executive Management teams' variable compensation is partially conditional on progress vis-à-vis their ESG transformation roadmaps	% of portfolio companies' CEOs whose variable compensation is conditional on progress made vis-à-vis their ESG transformation roadmaps	80%
		Wendel's Executive Board's variable compensation is partially conditional on overall portfolio companies' progress vis-à-vis their ESG transformation roadmaps (including climate change and gender equality)	% of variable compensation of Executive Board members which is conditional on overall portfolio progress vis-à-vis ESG transformation roadmaps	9.6%
		100% of Wendel's Management Teams' variable compensation is partially conditional on overall portfolio companies' progress vis-à-vis their ESG transformation roadmaps	A variable portion of the Coordination Committee's remuneration is contingent upon the progress of all portfolio companies on their ESG transformation roadmaps [yes/no]	Yes
Continuously improving the quality of extra-financial portfolio-level information disclosure	Progressively align Wendel's annual extra-financial reporting with international standards, such as the TaskForce of Climate Disclosure (TCFD) reporting framework	Annual PRI score	First participation in 2021	Analysis of the climate risk in our operating subsidiary - TCFD report available in 2021
		Alignment with TCFD [Yes/No] Communication on progress (COP) of the United Nations Global Compact	No First participation in 2021-2022	

COMMITMENTS		2023 TARGETS	KPIs	2020 VALUES	REPORTING METHODOLOGY
ENVIRONMENT & SOCIAL	Assess and address the portfolio companies' exposure to transition and physical climate risks	100% of portfolio companies have assessed their carbon footprint	% of portfolio companies monitoring their carbon footprint	60%	All controlled companies except Cromology and CPI
			% of companies calculating their carbon emissions in scopes 1 and 2	80%	All controlled companies except CPI
			% of companies having estimated their scope 3 carbon emissions over the last four years	60%	All controlled companies except Cromology and CPI
			CO ₂ eq emissions of scopes 1+2 (k CO ₂ eq)	427,451	All controlled companies except CPI
			CO ₂ eq emissions intensity of scopes 1+2 (defined for each company: kT of production, m ² production, etc.)	Constantia: 56.08 tCO ₂ e/ Million m ² produced Cromology: 32.7 tCO ₂ eq/ kTonne produced Stahl: 108.94 kgCO ₂ e/t produced	Excluding CPI - not available Excluding BV - Reported emission intensity includes scope 3
		100% of portfolio companies have assessed their exposure to physical and transition climate change risks and opportunities	100% of portfolio companies have assessed their exposure to physical and transition climate change risks and opportunities [Yes/No]	Climate risk analysis in progress	
			% of portfolio companies with a Greenhouse Gas (GHG) emissions reduction plan	60%	All controlled companies except Cromology and CPI
			% of companies using renewable energy for more than 10% of their energy consumption	67%	Bureau Veritas: No (1.6%) Constantia: Yes (23%) Stahl: Yes (34%) Information not available for Cromology and CPI
			% of companies that have set and publicly communicated quantitative targets for reducing CO ₂ eq emissions	60%	All controlled companies except Cromology and CPI
			% of companies with a climate change resilience plan that have been identified	Climate risk analysis in progress	
	Promote operational excellence & ESG-driven innovation across the portfolio companies	100% of portfolio companies have implemented actions to improve their eco-efficiency and environmental management	% of companies with an environmental management system (in particular via ISO 14001 certification) of all or part of their scope of activity	100%	Of the four companies for which this indicator is applicable (Bureau Veritas, Constantia, Cromology, Stahl) CPI: not applicable - Reduced environmental footprint
		100% of portfolio companies have adopted a continuous improvement approach to health and safety at work	% of portfolio companies have adopted a continuous improvement approach to health and safety at work	80%	Across all 5 companies Yes for Bureau Veritas, Constantia, Cromology and Stahl (certification) No for CPI (no certification or dedicated system, excluding H&S reporting)
			Lost-time accident frequency rate (per 1,000,000 hours worked)	1.08	Across all 5 companies Includes only employees for all companies except Constantia (temporary workers/ subcontractors also included) Hours worked are theoretical hours, with the exception of Constantia, which records hours actually worked

COMMITMENTS	2023 TARGETS	KPIs	2020 VALUES	REPORTING METHODOLOGY	
ENVIRONMENT & SOCIAL	Promote operational excellence & ESG-driven innovation across the portfolio companies	100% of portfolio companies have adopted a continuous improvement approach to health and safety at work	Workplace accident severity rate (per 1,000 hours worked)	0.04	Across all 5 companies Includes only employees for all companies except Constantia Flexibles. (temporary workers/ subcontractors are also included)
			% of companies with a health and safety management system (including OHSAS 18001/ISO 45001) for all or part of their scope of activity	80%	For all five companies Yes for Bureau Veritas, Constantia, Cromology and Stahl (certification) No for CPI (no certification)
			% of companies organizing health and safety training	100%	For all five controlled companies
	100% of companies have committed to a better gender balance on their workforce	100% of companies have committed to a better gender balance on their workforce	80%	CPI roadmap being formalized	
		% of women in the total headcount	29%	Across all 5 companies	
		% of women in management positions	24%	Across all 5 companies	
		% of women in shareholder governance bodies (Board of Directors or Supervisory Board as appropriate)	23%	Across all 5 companies	
		% of women in operational governance bodies (Management Committee or Executive Committee as appropriate)	22%	Across all 5 companies	
	100% of portfolio companies have identified priorities for offering sustainable products and services and having defined related action plans	% of portfolio companies have identified priorities for offering sustainable products and services and have defined related action plans	100%	Across all 5 companies	
		% of net sales associated with sustainable products and services	28%	Across 3 companies ■ Bureau Veritas (Green Line, see section 4.2.1.2) ■ CPI (sustainable services = digital training) ■ Cromology (sustainable products = eco-labeled products) Not available for Constantia and Stahl	
		Share of ESG-focused R&D projects (as a share of expenses)	37%	Across 3 companies Including Bureau Veritas, CPI and Stahl Not available for Constantia and Cromology	

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

4.2.1 Bureau Veritas

4.2.1.1 Mission of Bureau Veritas

Since 1928, Bureau Veritas has acted as a creator of trust between businesses, governments and society, and as an independent and impartial guarantor of its customers' word.

Identity

Bureau Veritas is a world leader in testing, inspection and certification. Created in 1828, the Group employs 75,000 people in more than 1,600 offices and laboratories worldwide. Bureau Veritas helps its customers improve their performance by offering services and innovative solutions to ensure that their assets, products, infrastructure and processes meet the standards and regulations relating to quality, health, safety, environmental protection and social responsibility.

As a Business to Business to Society services company, Bureau Veritas is helping to transform the world in which we live. It works closely with its customers to meet the crucial challenges they face, by aligning them with the new societal aspirations that are emerging. The Group plays a central role in building and protecting the companies' reputations, and supports them in building foundations of lasting trust.

Manifesto

Relationships between citizens, public authorities and companies are built on trust. In a rapidly changing world, this essential link is no longer a given.

Citizens and consumers are looking for verified and verifiable information on how companies develop, produce and deliver their goods and services. Decision-makers in all organizations need to demonstrate their CSR commitments to remain competitive and sustainable.

The work of Bureau Veritas enables organizations to operate and innovate in complete safety and to perform well. With its unrivalled expertise, technical knowledge and global presence, Bureau Veritas supports its customers in managing risks related to quality, safety, health and sustainable development for the benefit of society as a whole.

The company provides more than testing, inspection and certification services, and its work goes beyond compliance verification and has a much broader impact.

Bureau Veritas plays a central role in building and protecting companies' reputations, and supports them in building foundations of lasting trust.

Its mission: to build a world of trust by ensuring responsible progress.

Vision

A "Business to Business to Society" services company.

Bureau Veritas employees are at the service of its customers and are inspired by society: they make Bureau Veritas a Business to Business to Society services company, which contributes to positively transforming the world in which we live.

Purpose

Building a world of trust by ensuring responsible progress.

With its unrivalled expertise, technical knowledge and global presence, Bureau Veritas supports its customers in managing risks related to quality, safety, health and sustainable development for the benefit of society as a whole.

4.2.1.2 BV green line: services & solutions dedicated to sustainability

As a "Business to Business to Society" company, Bureau Veritas is dedicated to building trust between businesses, public authorities and consumers.

As a world leader in audit and certification services, Bureau Veritas helps its 400,000 clients to be more efficient, more methodical and more trustworthy in their journey towards a more sustainable business and a more sustainable world.

Sustainability is embedded into the Group's strategy, its entire organization, and across all its businesses.

With its expertise, Bureau Veritas partners its clients, helping them to meet the challenges of product and service quality, health and safety, environmental protection and social responsibility all along the value chain.

- Supporting its clients' efforts to reduce their carbon footprint, achieve net zero emission targets, use resources sustainably and manage the energy transition;
- Offering its expertise at every point in the supply chain, from raw materials sourcing to product use, ensuring fair, responsible procurement with full traceability;
- Supporting its Buildings & Infrastructure clients throughout all project phases: from planning and design to construction, operation, and refurbishment; and finally;
- Playing a vital role in the field of New Mobility, with services including battery testing, as well as a comprehensive range of services for electric vehicle charging stations.

Bureau Veritas strives to accompany all clients in delivering their sustainability strategy, and meeting the expectations of their employees and stakeholders.

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



4.2.1.3 Bureau Veritas' CSR commitment

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

Owing to the nature of its services, Bureau Veritas has a direct and indirect impact on CSR issues:

- directly, in each of its businesses, entities, subsidiaries and regions;
- indirectly, Bureau Veritas offers a broad range of services aimed at improving the impact its clients have in terms of health and safety, security, environment and sustainable development.

The Group firmly believes that its actions in this respect are helping to prepare for the future in the best interests of its stakeholders.

This view is echoed in the commitment to social and environmental issues expressed by the Chairman of Bureau Veritas' Board of Directors and the Group's Chief Executive Officer, as set out below.

Bureau Veritas corporate social responsibility commitment

Bureau Veritas is firmly committed to Corporate Social Responsibility (CSR). It rounds out our "absolutes" and our fundamental values.

CSR is embedded in our purpose – being a responsible and sustainable business is part of our very DNA. Given the nature of our businesses, our mission as a company is to build trust between businesses, governments and citizens/consumers, while improving health, safety and quality, and protecting the environment.

As a leader of our market, we want to lead by example. In 2020, four key actions were initiated to accelerate the Group's CSR program. These involved:

- Supporting our clients across the world when they restarted business following the COVID-19 lockdowns by defining and putting in place health protocols to enable them to resume operations while also protecting their employees, users and clients;
- Launching our GREEN LINE of services and solutions dedicated to sustainability to support our clients in their transition to a more environmentally and socially sustainable economy;
- Updating our 2025 CSR STRATEGY by refining our priorities and objectives, along with our ambition of becoming the CSR leader in our business sector;
- Preparing a CLIMATE PLAN according to Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which we have integrated into our strategy.

More than ever, Bureau Veritas and each of its employees remain dedicated to further improving the Group's footprint, particularly by protecting the environment, preserving biodiversity, defending human rights, acting ethically, and reinforcing safety and security.

Through our support for the United Nations' Sustainable Development Goals and the principles of the Global Compact, we want Bureau Veritas to remain a model company, responsible and committed towards the Society.













Aldo Cardoso: Chairman of the Board of Directors

Didier Michaud-Daniel: CEO

Further details on the Group's ESG commitments and policies can be found on the CSR pages of the Bureau Veritas website by clicking on the following link: <https://group.bureauveritas.com/fr/groupe/batir-un-monde-meilleur/politiques>.

4.2.1.4 Key achievements in 2020

2020 was the last year in the 2015-2020 period for which Bureau Veritas had set targets for performance improvements to CSR indicators. Most of the 2020 CSR targets have been achieved – or even exceeded – as shown in the following table.

Indicator	2015 Results	2019 Results	2020 Results	2020 Target	Target achieved
Safety indicators					
Total Accident Rate (TAR)	0.67	0.38	0.26	0.40	
Lost Time Rate (LTR)	0.30	0.23	0.17	0.20	
Accident Severity Rate (ASR)	0.027	0.029	0.022	0.015	
ISO 45001 certification rate*	85%	86%	87%	85%	
Labor-related impacts					
Proportion of women in leadership positions	11%	19.5%	19.8%	25%	
Voluntary attrition rate	11.5%	11.6%	9.8%	<15%	
Absenteeism rate	1.14%	1.1%	1.4%	<2%	
Proportion of employees having taken at least one training course	N/A	100%	100%	100%	
Environmental indicators					
CO ₂ emissions per employee (decrease expressed as a % versus 2015)	N/A	11%	23%	10%	
ISO 14001 certification rate*	77%	76%	83%	75%	
Quality indicator					
ISO 9001 certification rate*	85%	87%	91%	85%	
Ethics indicator					
Employees having signed the Code of Ethics	N/A	100%	100%	100%	









* Percentage of the Bureau Veritas Group workforce connected to certified entities.

In 2020, seven major initiatives were launched to accelerate the Group's CSR program:

- Work with the **External CSR Focus Committee** to adjust CSR strategy and priorities;
- Publication of **new CSR policies** for the following topics:
 - Anti-harassment,
 - Employee representation,
 - Employment flexibility,
 - CSR due diligence process for acquisitions,
 - Well-being at work;
- Creation of the **Green Line** of services & solutions to support businesses on their CSR projects;
- Development of the **Clarity** solution for managing the CSR program and tracking CSR indicators;
- Release of a **climate plan** in line with TCFD recommendations;
- Preparation of reporting compliant with the European **Taxonomy** Regulation;
- Continued action on:
 - Being a **fairer, more inclusive company**,
 - Improving **employee safety**,
 - Reducing our **environmental** impact.

4.2.1.5 Ratings and rewards

Bureau Veritas' ratings by rating agencies improved across the Board in 2020:

	Rated 84/100 , above industry average (35/100) Listed in Europe and World indexes "Gold Class" and "Industry Mover" in S&P Global Sustainability Yearbook 2021
	Rated AA
	Gold CSR rating for France
	Rated B , above sector average (B-)
	Rated "Robust" Ranked #9/102 of its market sector
	Rated Low Risk Ranked #2 in Research and Consulting category
	Rated 83/100 , above sector average (51/100)
	Rated Prime

4.2.1.6 CSR strategy by 2025

Governance

The CSR strategy of Bureau Veritas is prepared by the Group's CSR Department with the active participation of the College of CSR experts representing each of the support functions responsible for one or more ESG topics.

The CSR strategy was developed in conjunction with the Group's Strategy Department to ensure its alignment with the overall strategy of Bureau Veritas. It was presented in succession to the Chief Executive Officer of Bureau Veritas, then to the Strategy Committee of the Board of Directors, and finally to the Group's Executive Committee.

The presentation and deployment of the CSR strategy within the operational groups was completed in January 2021. For this, an action plan was drawn up with each operational group, or even for each region, whenever this was justified. The action plans were built on the basis of three key data points:

- the level of maturity of the local CSR management system. This indicator is the result of a self-assessment by each entity on the basis of a sustainability index covering all of Bureau Veritas' CSR policies;
- the level of performance of the local CSR management system. This indicator is expressed by 17 key indicators that the Group uses to monitor the implementation of its CSR strategy and the achievement of its objectives;
- the local cultural and regulatory characteristics in terms of CSR.

The CSR strategy is monitored:

- monthly, by each manager using the Clarity solution, which monitors the 17 key indicators and the progress of action plans;
- quarterly, as part of the Operating Reviews of each operational group;
- annually, by the Chief Executive Officer as part of the CSR management review organized during the first quarter.

At least annually, the Board of Directors and, more regularly, the Strategy Committee, are informed of the implementation of the Group's CSR strategy. They monitor the proper execution of the strategy and assess whether it needs to adjust to new regulatory requirements and any new stakeholder expectations (investors, shareholders, customers, employees, partners, etc.)

Priorities

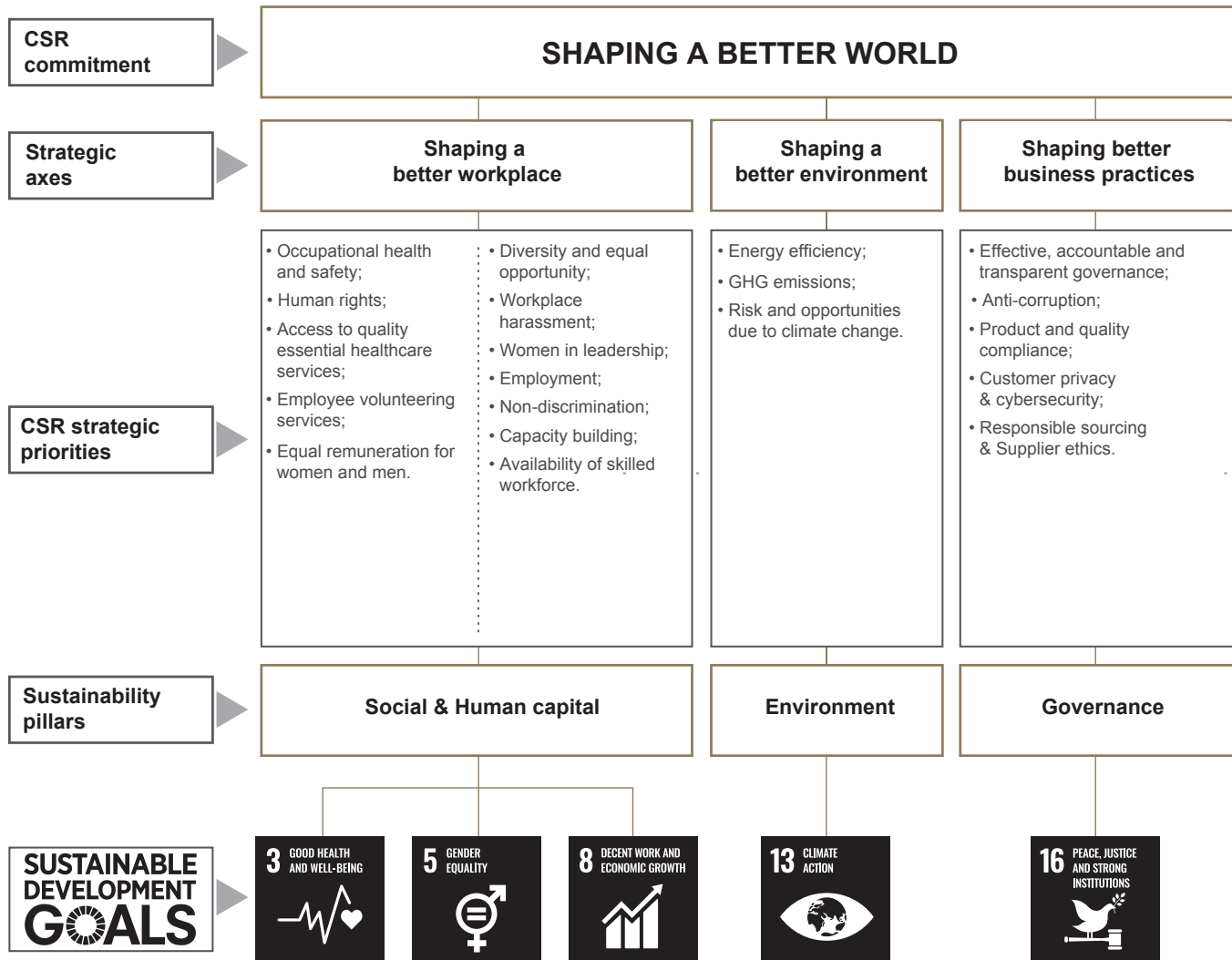
Bureau Veritas' sustainable development strategy is based on two main pillars:

- the development of Bureau Veritas' service offering to meet the new needs of its customers and society in the context of environmental and social transitions.
- corporate social and environmental responsibility, which reflects Bureau Veritas' commitment to implementing sustainable policies to meet stakeholders' expectations.

Through its mission and its business lines, Bureau Veritas contributes to "Building a world of trust". The Group's CSR strategy is fully in line with this objective and aims to "build a better world". It is based on three strategic areas:

- "Building a better working environment";
- "Contributing to better protection of the environment";
- "Promoting Best Business Practices".

This strategy focuses on five United Nations Sustainable Development Goals. It is built on three pillars of sustainability: "social and human capital", "the environment" and "governance". The CSR strategy focuses on the following twenty priority themes:



BUREAU VERITAS – OUR VALUE

MEGATRENDS

Our approach to social and environmental challenges

ECONOMIC GROWTH, DEMOGRAPHIC GROWTH AND EMERGENCE OF MIDDLE CLASSES:

- Growing demand for safety, security, quality, and standards
- Increasing investment in infrastructure

USE OF MORE COMPLEX TECHNOLOGIES (IOT, AI, ETC.), ACCELERATION OF THE DIGITAL TRANSFORMATION, SHORTER PRODUCT LIFECYCLES:

- Increase in and subcontracting of testing
- Greater oversight of the supply chain and the number of subcontractors to be managed
- Greater investment in digital infrastructure and new technologies
- Critical challenge of ensuring the security of systems and communications, and data protection

SUPPLY CHAIN STRUCTURES INCREASINGLY COMPLEX:

- Need for support in making supply chains more transparent and resilient
- Need for comprehensive solutions across the value chain

ACCELERATION OF SUSTAINABLE DEVELOPMENT:

- Commitment by States to social and environmental issues, with stricter regulation and substantial investments
- *Sine qua non* for businesses to ensure viability and improve economic and financial performance in the long term

PROTECTION OF GLOBAL BRANDS INCREASINGLY DIFFICULT:

- Importance of being recognized as a responsible corporate citizen going beyond regulatory requirements
- Proactive worldwide management of CSR and QHSE issues

SPECIALIST PLAYERS MANDATED BY PUBLIC AUTHORITIES TO CONDUCT INSPECTIONS:

- Greater responsiveness to adapt to market imperatives
- Significant reduction in public spending

OUR RESOURCES



ECONOMIC CAPITAL

- A long-standing controlling shareholder and a widely-held free float
- A robust, balanced financial model underpinned by a long-term vision
- **€1,286 million** in equity



HUMAN CAPITAL

- **75,000** employees
- Qualified, highly-trained personnel in a supportive environment
- An inclusive culture: **20%** of executive-level managers are women; **34%** of employees are in the 25-34 year age bracket and **50%** in the 35-54 year bracket
- 155 nationalities represented within the Group
- An entrepreneurial culture
- A global network of subcontractors



INDUSTRIAL CAPITAL

- A network spanning almost **140 countries**
- **More than 1,600** offices and laboratories



INTELLECTUAL CAPITAL

- A strong brand with a **190-year** track record
- **3,500** accreditations, approvals and authorizations
- Numerous alliances and partnerships with leading players
- Group-wide digital transformation



SOCIETAL AND ENVIRONMENTAL CAPITAL

- Structured growth based on sustainable practices
- An idea of shared value creation at the heart of the growth strategy
- “Lean” management to develop a culture of ongoing performance improvement and a reduced carbon footprint
- Dedicated services and solutions to support organizations in confidently and transparently delivering their sustainability strategy
- With our contribution, businesses can measurably demonstrate the impact of their ESG actions by making them traceable, visible and reliable

OUR PURPOSE

- Since 1828, we have acted as trust makers between companies, governments and society, independent, impartial guarantors of our clients' word.

VISION

- Our employees serve our clients and are inspired by society; they make Bureau Veritas a *Business to Business to Society* service company that contributes to positively transforming the world we live in.

OUR SERVICES

Verification of conformity with regulations or self-imposed standards (assets, products, systems)

Certification

Reference frameworks: international standards (e.g., ISO), regulations, self-imposed standards prepared with clients.

Technical assistance and regulatory support services (assets, products, systems)

Performance improvement

(1) Proposed dividend, subject to Shareholders' Meeting approval.

CREATION MODEL

MISSION

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

OUR ACHIEVEMENTS AND RESULTS



ECONOMIC CAPITAL

- Organic revenue decline was limited to **6.0%**, despite the Covid-19 pandemic
- Free cash flow of **€634 million**
- **€0.36** dividend per share ⁽¹⁾



HUMAN CAPITAL

- Bureau Veritas ranked as a diversity leader by the *Financial Times*
- **23.9 training hours** given per employee
- **10,880** hires under permanent (or similar) contracts
- Employee engagement rate of **69%**
- Total accident rate down **66%** since 2014
- **98.5%** of employees trained on the Code of Ethics



INDUSTRIAL CAPITAL

- New sites opened, especially laboratories in the Asia Pacific region and the Americas (e.g., 5G labs in China, Taiwan and South Korea)
- Disposal of non-strategic businesses and assets in targeted markets and geographies



INTELLECTUAL CAPITAL

- Significant capacity for innovation with the launch of new services and global solutions
- Global deployment of digital solutions (3D, IoT, robotics, AI, e-commerce)
- Worldwide partnerships with leading technology players



SOCIETAL AND ENVIRONMENTAL CAPITAL

- Contributing to a safer, more trusting world
- **84%** of activities ISO 14001- certified
- Signatory of Act4Nature commitments to protecting biodiversity
- Ecovadis "Gold" rating for environmental practices
- **DJSI score of 84/100**, compared with the industry average of 35/100
- **"B" rating** from the CDP, above the industry average (B-)
- **€387 million** in payroll charges
- Adjusted effective tax rate of **36.6%**

VALUE CREATED FOR OUR CLIENTS

- **Improving risk management**
 - Managing QHSE risks
 - Managing reputation risks
- **Facilitating trade**
 - Compliance with national and international standards and regulations
 - Verification of quantity and quality of goods traded
- **Enhancing performance**
 - Operating, business, social and environmental performance
 - Improving product and service quality
- **Verifying implementation of commitments (sustainability, emissions reduction, etc.)**

SHARING THE VALUE CREATED WITH OUR STAKEHOLDERS

€4.6 bn
in 2020 revenue

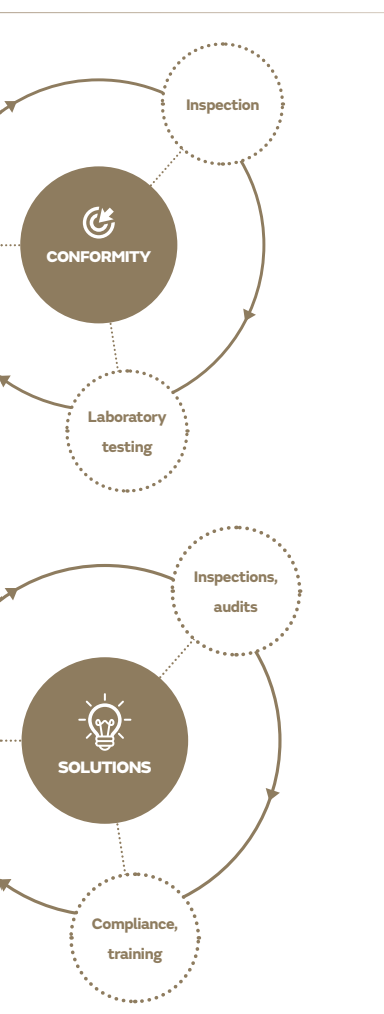
€1.4 bn
due to suppliers (purchases of goods and services) and subcontractors (engagements)

€1.9 bn
in wages, salaries and bonuses due to employees

€176 m
in taxes

€88 m
in net capex to support the development of our businesses for and with our clients

€0.36 ⁽¹⁾
due to shareholders (dividend per share)



4.2.2 Constantia Flexibles

4.2.2.1 Presentation of the Company's activity

Founded by Herbert Turnauer in the 1960s, the Constantia Flexibles Group, headquartered in Vienna, produces flexible packaging, primarily for the agri-food and pharmaceutical industries, through two divisions: Consumer and Pharma. The Wendel Group is the majority shareholder of Constantia Flexibles, with a ~61% equity holding. Other shareholders are the Arepo Foundation, with a ~27% holding, and Maxburg Capital Partners, with ~11%.

Constantia Flexibles is the world's third largest producer of flexible packaging, with sales of roughly €1.5 billion in 2020. The Group generated 66% of total turnover in Europe, 17% in the Americas, 6% in the Middle East, Africa, Australia and 11% in Asia. Based on the guiding principle, some 8,275 employees located in 19 countries - including Headquarters and other offices - produce

tailor-made packaging solutions at 37 productions sites in 16 countries. Moreover, Constantia Flexibles has successfully developed its activity outside Europe and, over the last years, has become a global leader in flexible packaging. Constantia Flexibles' innovative products, with their focus on preservation, promotion and protection, attract and convince global players and local market leaders of the food- and pharma-industries the same way.

The product variety manufactured at Constantia Flexibles' operating locations is based on aluminum- and plastic-foils, for which patents are registered. The company is the global market-leader in die-cut lids for dairy products, flexible packaging of confectionery products and deep-drawn aluminum-containers for food and pet food. Moreover, Constantia Flexibles is also a global leader for blister- and coldform-foils supplied to the pharma-industry.

Constantia Flexibles works with the following goal in mind:

"We envision a world in which packaging provides people with the highest benefit at the lowest impact on the environment."

Integrating Corporate Social Responsibility (CSR) commitments in respect for the environment into its business activities, Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. Already in 2018, Constantia Flexibles pledged that 100% of its packaging solutions would be recyclable by 2025 and set an absolute Greenhouse Gas (GHG) emission reduction target. Constantia Flexibles closely monitors the possible impact of its products on the environment, in particular by performing life cycle assessments.

The opening of a newly built production facility in India in 2019, 100% dedicated to produce the recyclable product-family "EcoLam", which is based on monopolymer laminates from Polyethylene (PE), bookmarks in particular one of the milestones of Constantia Flexibles' way of business to grow by following the vision and mission and in particular its commitment to developing all packaging to be recyclable by 2025.

Constantia Flexibles prioritizes the health and safety of everybody who works with and for Constantia Flexibles and takes proactive measures to achieve its vision of "Zero Loss - No Harm" which is underpinned by the duty to create and maintain a safe and sustainable work environment.



2020 REVENUE

€1.5bn

VISION

We envision a world in which packaging provides people with the highest benefit at the lowest impact on the environment.

MISSION

We rethink packaging every day to make a positive, sustainable and meaningful contribution to our customers and the environment.

We are driven by passion and our aspiration for know-how and competence to make people's lives healthier, better and safer.

VALUES

PEOPLE,
PASSION,
PACKAGING

ENVIRONMENTAL
PERFORMANCE

TARGETS:

100%
of packaging
recyclable by 2025

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

24% by 2030
49% by 2050
(reference year 2015)

2020 PERFORMANCE:

51%
of packaging sold is
recyclable*

-17%
reduction
of GHG -emissions
(scope 1, 2⁽¹⁾, 3⁽²⁾)
(1) Scope 2 location based
(2) Peer-reviewed Scope 3
value 2019

CDP Climate
Score: **A-**

EcoVadis Score:
Gold Level

* 2019 value. The 2020 value will be available
at the end of year n+1



SHAREHOLDER GOVERNANCE

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

SUPERVISORY
BOARD :

8
members

25%
of independent

HUMAN CAPITAL

~8,275

employees

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

INTELLECTUAL
CAPITAL

57

active patent families,
thereof:

RESOURCES



PROCUREMENT

Main raw materials	Aluminium	Plastic	Chemicals (inks & solvents)	Paper
Share in supplies (per volume purchased)	~35%	~31%	~23%	~7%
Supplier country	Europe, China, Russia, Turkey	Europe, India, Mexico, Turkey	Europe, India, Mexico, Turkey	Europe, India, South Africa

USE OF
RESOURCES

Integrated production

Material sourcing, Rolling

Lacquering, Lamination, Extrusion

Printing, Cutting

Finishing, Customer Service

PRODUCTS

CONSUMER MARKET

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

PHARMA MARKET

- Blister lidding foils
- Coldform foils

OUTPUT

REVENUE BREAKDOWN

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

~74% in CONSUMER-Division

~26% in PHARMA-Division

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



OPERATIONAL GOVERNANCE

EXECUTIVE BOARD :

8
members

- 43 issued (split into Foil: 23, Film: 16, Paper: 1 and 3 general patent-families),
- 14 in application-status (split into Foil: 4, Film: 6, Paper: 2 and 2 general patent-families).

R & D

5
research centers
(Consumer, Pharma)

81
experts

CERTIFICATIONS / MANAGEMENT SYSTEMS

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

12 production plants **certified on ISO14001**

6 production plants **certified on ISO45001**

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

PRODUCTION

37 manufacturing sites **IN** **16** countries



#3
GLOBALLY*



#2
IN EUROPE*

Value creation for External Stakeholders

Innovative and safe products with minimal impact on the environment

- A Circular Economy for Flexible Packaging (CEFLEX)
- New Plastics Economy (NPEC)

- Vision and goal for Health & Safety: **ZERO LOSS - NO HARM**
- Evolution of Lost Time Injury Frequency Rate: -61% from 2018 to 2020

SOURCING & SUPPLIERS

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

SECTORIAL PARTNERSHIPS

PEOPLE & LOCAL IMPACT

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

KEY

Key partners

External resources

Internal resources

4.2.2.2 Materiality Matrix

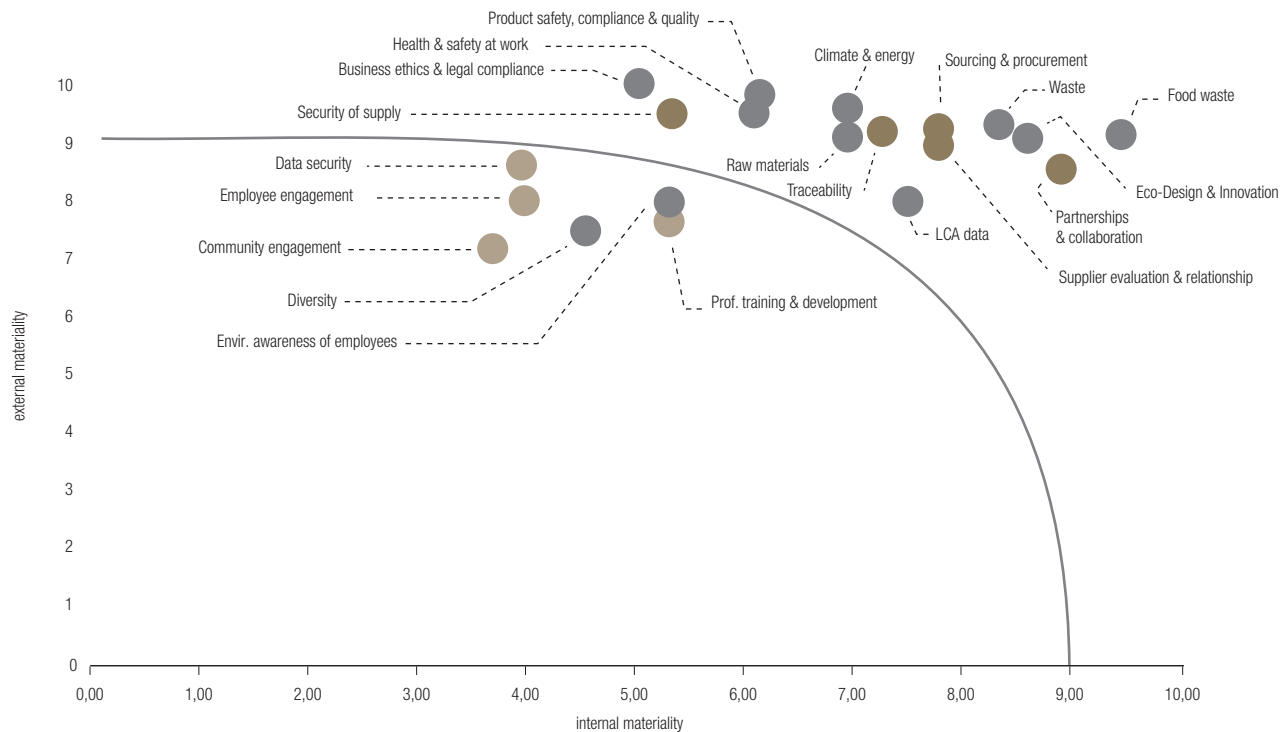
In accordance with the Global reporting Initiative (GRI) Constantia Flexibles assesses the materiality of its ESG issues. With respect to relations with its stakeholders, Constantia Flexibles combined an internal impact assessment with a broad stakeholder analysis in accordance with the AA1000 stakeholder engagement Standard. Stakeholders were requested to share their view (external materiality) on Constantia Flexibles' sustainability topics (internal materiality) and to rate Constantia Flexibles' engagement in these areas using an online questionnaire developed together with specialized external experts.

The result of this assessment shows that Constantia Flexibles' internal view on the materiality of the Company's sustainability

topics is largely in line with the external assessment by its stakeholders. Qualitative responses were focused on environmental issues, providing a qualitative indication of importance. Many remarks and stakeholder expectations stressed topics with regard to eco-design, recyclability, barrier function, environmental impact of packaging materials and the communication of features to the broad public. Regarding Constantia Flexibles' engagement, topics such as product safety and compliance, business ethics, packaging and design, traceability as well as health and safety at work were rated as high, demonstrating the Company's areas of strength.

Constantia Flexibles is already working on all topics with highest materiality and will continue to focus on these areas and to further pursue an intensive dialogue with its stakeholders.

Constantia Flexibles materiality matrix



4.2.2.3 Overview of main risks

Constantia Flexibles has defined the following material risks as being key for sustainable non financial performance correlated with economic performance. The following main risks are based on the comprehensive assessment of materiality and on the established internal risk and opportunity management system.

As a manufacturer of flexible packaging for agri-food and pharmaceutical industries, Constantia Flexibles considered that the topic of "Fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food" does not represent a main extra-financial risk and does not need to be developed in this declaration.

Overview of Constantia Flexibles main extra-financial risks, policies and KPIs

CSR Topics	Extra-financial risk	Description	Mitigation policies and actions	KPIs	Related paragraph
HEALTH & SAFETY (Wendel priority)	Hazardous working conditions	Several manufacturing processes (technology, machinery) and hazardous substances (e.g. solvents, inks) used to produce flexible packaging have the potential to harm people's health & safety	Group Policy for HSSE plus annexure "Group HSSE Policy" stating its vision of ZERO LOSS-NO HARM Other underlying Group standards for Health & Safety HSSE-related aspects to be considered in continuous improvement process-schemes (CIP) at plant level	Lost Time Injuries Frequency Rate (LTIFR) Number of Occupational Diseases	4.2.2.6.2.4
	Consumer H&S	Constantia Flexibles transforms this requirement into strong business opportunities by developing new packaging solutions to satisfy the need of (end-) customers' Health & Safety for its direct clients (food- and pharma-industry)	Register of regulatory requirements and further internal regulations on Food Safety/Food defense plan (incl. HACCP) and for GMP and hygiene-aspects in production	% of production sites holding at least one product safety and quality related certification	4.2.2.6.2.5
ESG PERFORMANCE OF PRODUCTS (Wendel priority)	Increasing demand and regulation for sustainable packaging	Current and emerging regulations regarding packaging and the circular economy	Active collaboration in supply chain spanning initiatives and projects (e.g. New Plastics Economy, CEFLEX, Stop Waste Save Food Initiative, Sustainable Packaging Coalition, UN Save Food Initiative, European Commission's PEF initiative) Signatory to the New Plastics Economy Global Commitment, pledging that 100% of packaging will be recyclable by 2025 Opening of Ecoflex Ahmedabad in 2019, the first plant on the planet designed to produce recyclable flexible packaging only (EcoLam product family) Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model	Recyclability of product portfolio (%)	4.2.2.6.1.2

CSR Topics	Extra-financial risk	Description	Mitigation policies and actions	KPIs	Related paragraph
ENVIRONMENT	Climate change	The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having severe and costly consequences for ecosystems and communities	Sustainability Policy in place. Measurement and reporting of direct and indirect GHG emissions (Scope 1, 2 & 3) of all plants worldwide Absolute and relative GHG-emissions reduction targets in place Plant certifications (ISO 14001 and ISO 50001)	Renewable electricity (% total electricity consumption) GHG intensity - Scope 1 & 2. (ktCO ₂ eq/Mio.m ² produced) Total absolute emissions (1+2+3) - kt CO ₂ eq	4.2.2.6.1.1
	Air pollution	Constantia Flexibles is aware of the risk of air pollution and the impact of volatile organic compounds (VOC) emissions on the environment. These emissions originate in plants through the use of solvents	Sustainability Policy in place Regenerative Thermal Oxidizers installed in several plants	VOC emissions intensity (t/Mio.m ² produced) Consumer division Pharma division	4.2.2.6.1.4
LABOR	Shortage of skilled workers	Motivated and well-trained employees are key to the success of Constantia Flexibles. However, finding skilled workers, especially on shopfloor level, is becoming increasingly difficult and in some areas is a major issue Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of not filling crucial positions, whether at blue collar, specialist or management level	Policies are implemented at site level as per local needs and requirements	Hire rate Turnover rate	4.2.2.6.2.1
	Lack of training and development activities	As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Insufficient training and development activities can lead to a decrease in motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage	Group Training Policy in place that governs minimum requirements, roles and responsibilities as well as documentation, evaluation and reporting requirements at a global level	Training hours per FTE (Full-time Equivalent) Share of employees trained for at least 1 day	4.2.2.6.2.3
SUPPLY CHAIN	Environmental, social and ethical risks in raw material sourcing	Risks in relation to Constantia Flexibles' raw material sourcing (aluminum, plastics, paper, and chemicals like inks and solvents)	Supplier Code of Conduct in place. Ethical Sourcing Policy in place Aluminium Stewardship Initiative certification of C. Teich Supplier audits and CSR evaluation	Number of suppliers audits carried out CSR questionnaire coverage of suppliers (in Scope 3 emissions and procurement spend)	4.2.2.6.1.3

4.2.2.4 Highlights 2020

Constantia Flexibles understands the value of initiatives that support the sustainable improvement of its products and of required manufacturing processes as an opportunity for value creation fueled by relationships with key stakeholders based on operational excellence.

Initiatives which go far beyond legal requirements underpin its global commitment to achieve its bold ambition of providing superior solutions of flexible packaging that improve people's daily lives and respect society and the environment.

The highlights in terms of sustainable development in 2020 are as follows:

- **Environment:**
 - Constantia Flexibles formalized and published an Responsible Sourcing Policy, outlining the expectations the Company has towards suppliers in regards to human rights, labor rights and the environment,
 - Constantia Flexibles is among the companies that achieved the CDP Climate Change Leadership level (A-), awarded for the above average scores the Company obtained in relation to climate change reporting and climate protection efforts. In addition, Constantia Flexibles has been identified as a global leader for engaging with its suppliers on climate change, being awarded a position on the 2020 Supplier Engagement Leaderboard by CDP,
 - for the fourth time in a row, Constantia Flexibles has been awarded the EcoVadis gold medal in recognition of its CSR achievements. This result places Constantia Flexibles among the top 2% of companies assessed by EcoVadis in this industry on their respect for the environment, human rights and labor law, ethics and responsible purchasing,
 - audit of the Group's largest plant, Constantia Teich, located in Austria, according to the Aluminium Stewardship Initiative's Chain of Custody Standard in 2019, including the implementation of a biodiversity assessment of all plants, officially receiving the ASI Chain of Custody certification at the beginning of 2020,
 - Constantia Flexibles has been selected as one of 50 global companies uniting in an international sustainability and climate initiative supported by the United Nations and Bloomberg. This initiative includes videos of companies that are pioneers in the field of sustainability,
 - publication of the results of the "Stop Waste - Save Food" project, in which Constantia Flexibles with other stakeholders investigated the impact of food packaging in terms of improving the quality and protection of products and their shelf life allowing thereby the reduction of food waste,
 - Constantia Flexibles is part of the HolyGrail 2.0 initiative, a pilot project with the objective to prove the viability of digital watermarking technologies for accurate sorting and consequently higher-quality recycling in the EU;
- **Health & Safety:**
 - for the third year HSSE Award (Health, Safety, Security & Environment) was granted to the best-performing plant in this area. The jury analyzes various safety initiatives, which exceed the legal requirements and show a remarkable involvement of the shop floor personnel. For such solid long-term (safety) performance, the team of Parikh Packaging in India received the HSSE Award 2020,
 - Constantia Flexibles manages the Covid-19 pandemic with Group- and local crisis teams. Highest standards of even more stringent hygiene-equipment and rules including required information and training campaigns to employees and leased personnel as well as for contractors and visitors still ensure to minimize the spread of the virus,
 - in 2019, the topic of Fire Safety got ranked as top-priority. In 2020 Constantia has carried out the following actions: installation of sprinklers, setting up of training courses, etc.. Constantia Flexibles continuously strengthens its capabilities to effectively protect all people exposed to manufacturing-processes with combustible materials;

■ Social:

- Constantia Cooking – Employees of Rivergate headquarters cook monthly for the homeless at VinziRast in Vienna since 2009,
- START Austria – Constantia Flexibles is supporting “START” students in Austria. Young people from countries such as Afghanistan or Syria, are encouraged and supported to get the maximum out of their talents. This is achieved, notably by language support and training,
- during the “Toy Day” at Aluprint in Mexico, employees donated toys, clothes and food to support families in need,
- the team of the Constantia Teichplant in Austria is supporting a long-term initiative where underprivileged children from local schools obtain financial support for extracurricular activities such as English lessons and sports activities,
- in Turkey, the team at Constantia Flexibles’ plant ASAŞ supported a charity campaign aimed at helping people affected by the earthquake in Izmir. As part of the campaign, food, hygiene products and clothing were collected and handed over to people in need,
- in Russia, the team at Constantia Flexibles’ Kuban plant donated to hospitals for the purchase of protective suits and masks during the Corona pandemic.

4.2.2.5 Protection of health and safety and business continuity in the context of Covid-19

Constantia Flexibles as a global manufacturer and system-relevant supplier of essential flexible packaging for agri-food and pharmaceutical industries elaborated stringent preventive measures contributing to the highest standards of behavior and hygiene.

The measures also include the group-wide dissemination of internal information and training material for all teams, hired personnel as well as for contractors essentially working on site and also for visitors to defeat the virus. These awareness-campaigns contribute to the people's health and safety throughout the group and ensure the continuing production of flexible packaging within the system-relevant supply-chain.

From the start of the pandemic, the local crisis teams have been monitoring the relevant development of infections within their region and have been reporting the occurrence of infections from their site to the Group Crisis Team. Monitoring these numbers allowed this team to publish detailed reviews and implement business-continuity management plans (BCM) adapted to the health context.

The Executive Management Team has been informed on an on-going basis about the status of suspicious cases and also of positively tested infections within Constantia Flexibles to decide on further adoptions of existing measures.

During March 2020, several shutdowns of industrial plants not concerning Constantia Flexibles took place in the tremendously affected areas of Central Europe. Those closures were determined by local authorities especially in the Northern part of Italy, - close to two Constantia Flexibles-production sites. After being informed of their temporary closure, the CEO with the team of the Executive Committee decided to reinforce security and to centrally purchase masks for Constantia Flexibles-sites as one of the key preventive and proactive measures for ensuring ongoing production under increasingly stricter requirements. About 100,000 masks of type FFP2 (filtering face piece, class 2) and another 120,000 pieces of standard protection were split into delivery for a potential consumption at European plants for an minimum of 6 weeks, until further amounts of masks could have been procured locally. Moreover, two other key-production sites of Constantia Flexibles were assigned to keep a certain amount of those masks as internal safety-stock to cope with the impossibility of future additional deliveries from abroad or the European Union.

As part of the actions to preserve the health and safety of the people as described above, Constantia Flexibles strongly recommended teleworking to all those who were able to do so. Thus, the employees of the Vienna headquarters have made extensive use of it. Constantia has accompanied this process by allowing, for example reasonable IT-equipment like additional screens for laptop-users to be taken home.

Due to the successful rollout according the IT-strategy of Constantia Flexibles, certain upgrades and extensions allowed collaborative work to continue with good connectivity and high availability - with an option to share securely stored data. The upgrade to Microsoft 365 including features like the internet-meeting tool Teams and the shift to Cloud-based solutions for data-storage have accelerated the digital setup within the group, which contributed to the successful shift to homeoffice technology-wise.

In addition, an online shop was established for customers. The advantages of decreasing formal efforts while raising efficiency created a win-win situation for buyer and Constantia Flexibles as supplier.

The health context allowed Constantia to accelerate health and safety, IT deployment, and to test the effectiveness of its global business continuity plans. Economically and socially, the pandemic has highlighted the central role of players such as Constantia Flexibles in the food and pharmaceutical supply chain. The Group has demonstrated its reliability and ability to meet customers' needs in an unprecedented context.

4.2.2.6 ESG Approach and Roadmap

As a company specialized in the field of flexible packaging, Constantia Flexibles is fully aware of its economic, social and environmental responsibility.

Constantia Flexibles imagines a world in which packaging offers the best features with the lowest environmental impact. With a global presence, the Group measures its environmental and social impacts.

Constantia Flexibles is rethinking packaging day after day to make a positive, sustainable and significant contribution to its customers with the least negative environmental impact while respecting its teams' health and safety. The ESG roadmap below presents the main commitments of Constantia Flexibles and the key indicators to measure its performance. The following chapters explore each of these topics in greater depth. As part of the extra-financial performance statement (EFPD), other extra-financial indicators and risks, not included in the roadmap, are also published in this document.

ESG Governance

The Board of Directors oversees ESG issues and all Constantia Flexibles employees, across all departments, are committed to implementing the strategy.

ESG Roadmap

	Theme	Commitment	Targets	KPIs	2020	Unit
ENVIRONMENT	Climate Change: GHG emissions	We are committed to minimize our impact on the environment and to continuously improve our sustainability performance, especially in relation to greenhouse gas (GHG) emissions.	We commit to reduce absolute scope 1, 2 and 3 greenhouse gas emissions 24% by 2030 and 49% by 2050 from a 2015 base-year (approved by the Science Based Targets initiative).	GHG-emissions Scope 1, 2 (market based), 3	1,646 ⁽¹⁾	kt CO ₂ e
	Circular Economy: Recyclability of products	We aim to design our products based on sustainability criteria – applying a holistic life cycle approach – and to meet the challenges of the circular economy.	We pledge that 100% of our packaging will be recyclable by 2025.	Recyclability of product portfolio	51*	%
	Sustainability and collaboration along the value chain	We commit to consider social and environmental responsibility, as well as fair and ethical business principles throughout the supply chain.	We strive to continuously increase the number of suppliers audited, covering ESG topics.	Number of supplier audits	20	
			We commit to continuously train our procurement personnel on sustainable procurement issues.	% of strategic buyers across all locations who have received training on sustainable procurement	90	%
SOCIAL	Health & Safety at work	We promote the constant development of health & safety at work with the aim of continuous and sustainable improvement of the work environment.	We strive for achieving our goal of "ZERO LOSS – NO HARM"	Lost Time Injury Frequency Rate (LTIFR)	2.6	
				Number of occupational diseases	0	
	Health & Safety of consumers: safe products	We consider legal compliance and safety of our products to be a top priority and commit to keeping the highest standards with regards to product safety and quality.	We strive for all production sites having at least one relevant product safety or quality certification.	% of production sites with at least one certification in relation to product safety and quality	100	%
	Diversity & equal opportunity	Our employees make the difference, therefore we foster diversity at the workplace: Constantia Flexibles is made up of people of various origins, cultures, religious affiliations, genders and ages.	We target to be a company where female employees are supported to advance their careers at any managerial level. The goal is to develop our female employees' leadership skills as well as to increase our focus on hiring female employees in management positions.	% of female managers in top management (Constantia Grade 1-6)	9.8	%
	Talent attraction, development and retention	Motivated and well-trained employees are key to our success. We commit to continuously support the development of our workforce.	We target to increase the number of employees being trained for at least one day p.a. to reach a broad coverage across all employee groups.	% of employees trained for min 1 day	49.36	%
GOVERNANCE	Business ethics	We commit to fair, ethical and sustainable principles of action and conduct throughout the group and our supply chain, as stated in the Code of Conduct and Code of Conduct for Suppliers.	We commit to continuously audit our plants on business ethics issues.	Internal corruption risk assessment conducted	yes	yes / no

⁽¹⁾ Scope 2 location based value, Scope 3 peer-reviewed value of 2019.

*Value for 2019. The value for the year 2020 is available at the end of year N+1.

4.2.2.6.1 Environment

4.2.2.6.1.1 Climate Change (including the monitoring of Greenhouse Gas (GHG) Emissions)

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having severe and costly consequences for ecosystems and communities	Sustainability Policy in place	Renewable electricity (% total electricity consumption)	15%	50%
	Measurement and reporting of direct and indirect GHG emissions (Scope 1, 2 & 3) of all plants worldwide	GHG intensity - Scope 1 & 2 (ktCO ₂ eq/Mio.m ² produced)	0.060	0.056
	Absolute and relative GHG- emissions reduction targets in place	Total absolute emissions (1+2 ⁽¹⁾ +3) - kt CO ₂ eq	1,660 ⁽²⁾	1,646 ⁽³⁾
	Plant certifications (ISO 14001 and ISO 50001)			

(1) Scope 2 location based.

(2) Changed retrospectively with peer-reviewed 2019 Scope 3 value.

(3) Peer-reviewed Scope 3 value of 2019.

The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having very severe consequences for ecosystems and communities.

Constantia Flexibles is committed to prevent potential and minimize existing negative impacts on the environment:

- Constantia Flexibles strives to continuously improve the environmental performance of its operations regarding raw materials, emissions, energy and waste;
- Constantia Flexibles aims to design its products based on sustainability criteria - applying a holistic life cycle approach - and to meet the challenges of the circular economy;
- Constantia Flexibles seeks collaboration to reduce environmental impacts along the value chain.

Relevant policies (such as the Sustainability Policy & its annex) are in place and applied throughout the company, making environmental sustainability an integral part of all entrepreneurial activities.

Among other tasks relating to corporate responsibility, Constantia Flexibles collects and monitors key data on its internal performance throughout the group. The company has been measuring its direct and indirect emissions (Scope 1 and Scope 2) since 2005 and is quantifying as well the indirect emissions (Scope 3) coming from value chain activities. Direct and indirect Greenhouse Gas (GHG) emissions are generated by Constantia Flexibles' plants by production processes consuming electricity, gas, steam and hot water, as well as indirectly by purchased goods and services and fuel-and energy related activities.

Energy

Constantia Flexibles had a total energy consumption of 596,772 MWh in 2020, which is a 1% decrease compared to 2019. The table below shows the split of energy consumption by source.

Energy source	[%]
Electricity	47.94%
Natural gas	41.40%
LPG	3.28%
Steam	3.29%
Hot water	0.76%
Fuel oils (Diesel, Petrol)	3.28%
Heating oil	0.05%

In 2020, 18 plants had technologies for the recovery of solvents and/or for the avoidance of solvent emissions in place (13 plants were using RTOs, 13 plants had the possibility to recover solvents at their facilities). In addition, Constantia Flexibles works for a continuous improvement related to energy efficiency, for example through the heat recovery from RTOs at some plants. The amount of energy recovered from RTOs (e.g. through a thermal oil system) is not included in the energy reporting.

Moreover, several of the plants in Europe are verified against the ISO 50001 standard and therefore place special emphasis on reducing energy consumption.

Corporate Value Chain Accounting

Constantia Flexibles measures and reports Greenhouse Gas (GHG) emissions according to the internationally recognized Greenhouse Gas Protocol and is verified annually by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology.

The table below shows the overall Scope 1, 2 and 3 GHG emissions of Constantia Flexibles for 2019 and 2020. Total Scope 1 & Scope 2 emissions decreased by 5% compared to the previous year.

	2019	2020	Variation [%]
Scope 1 (kt CO ₂ eq)	118.40	118.39	0%
Scope 2 (kt CO ₂ eq)	160.83 ⁽¹⁾	146.49	-9%
GHG intensity (Scope 1+2) (in kt CO ₂ eq/Mio.m ² produced)	0.060	0.056	-6%
Scope 3 (kt CO ₂ eq)	1,381.14 ⁽²⁾	1,381.14 ⁽²⁾	-

(1) Changed retrospectively due to updated emission factors after 2019 publication.

(2) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2019. As Constantia Flexibles is a respondent to the CDP (Carbon Disclosure Project), Scope 3-emissions data are externally audited and published on the CDP platform on an annual basis. As this process takes place in the second quarter of each year, the Scope 3 value for 2020 is not published yet in this document. However, it can be observed that Scope 3 emissions decreased by 10% between 2018 and 2019, mainly due to refined supplier data.

Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the group wide data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all production sites located in countries around the world.

More than half of the company's emissions are occurring as a result of the electricity consumption (Scope 2). To address these emissions, Constantia Flexibles continuously increases the purchase of electricity coming from renewable resources. In 2016 Constantia Flexibles has taken the step to switch to green electricity (produced 100% from renewable resources - backed by certificates) in several plants, already covering 50% of the total electricity consumption in 2020, which supports the company to reach its absolute greenhouse gas emission reduction target.

Most of the remaining emissions still occur due to the solvent and natural gas consumption, which are Scope 1 emissions. For this reason, Constantia Flexibles is reducing its Scope 1 emissions by using more solvent free inks and water based lacquers.

In addition to the assessment of direct and indirect emissions occurring due to the activities of the Constantia Flexibles group, the indirect emissions caused by processes up-and downstream of the supply chain (Scope 3 emissions) are evaluated. Following a first analysis on Scope 3 emission sources, Constantia Flexibles set up an evaluation method on a group-wide scale for significant emissions sources - purchased goods used to manufacture Constantia Flexibles' products are the most important element of Scope 3 emissions of the company. Aluminum and plastic raw material purchases represent almost 80% of the company's Scope 3 emissions (as measured in 2019). For Constantia Flexibles the

total material Scope 3 emissions are a key factor in terms of achieving its corporate target. Since 2015 material Scope 3 emissions are thus tracked for each of Constantia Flexibles' plants. This enables the group to identify and analyze hotspots to initiate projects in direct contact with its suppliers, such as the Aluminium Stewardship Initiative, to decrease Scope 3 emissions deriving from purchased raw materials. Constantia Flexibles therefore also engages with its suppliers to evaluate these emissions.

Knowledge of site-specific challenges on corporate, product and raw material level helps Constantia Flexibles to tackle similar problems throughout the Group. Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials - which are essentially aluminum, plastics, paper, and chemicals like inks and solvents - e.g. by actively engaging with key suppliers on carbon emissions. Potential environmental impacts on the level of product sustainability are made quantifiable through comprehensive investigations (for example by conducting life cycle assessments).

To promote opportunities for reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in Greenhouse Gas (GHG) emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as reference year). Furthermore, in 2017 Constantia Flexibles developed a group-wide absolute emissions reductions target, which was approved by the Science Based Targets initiative (SBTi) in 2018. The Science Based Targets initiative is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments.

Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 24% by 2030 and 49% by 2050 from a 2015 base-year. Targets adopted by companies to reduce GHG emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to

pre-industrial temperatures. Setting this ambitious target in line with climate science demonstrates to customers and other stakeholders Constantia Flexibles' dedication to play its part in international efforts to limit global temperature rise and to continuously improve sustainability performance across the value chain.

The table below shows the progress of Constantia Flexibles' absolute and relative targets:

Indicator	2015 baseline CO ₂ eq kt	2020 performance ⁽¹⁾	2030 objective
Reducing absolute GHG emissions by 24% until 2030 and 49% until 2050 (Scope 1, 2 and 3)	1,974	1,646	-24%

(1) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2019. As Constantia Flexibles is a respondent to the CDP (Carbon Disclosure Project), Scope 3-emissions data are externally audited and published on the CDP platform on an annual basis. As this process takes place in the second quarter of each year, the Scope 3 value for 2020 is not published yet in this document. However, it can be observed that Scope 3 emissions decreased by 10% between 2018 and 2019. Scope 2 location based value.

Indicator	2015 baseline CO ₂ eq kt/Mio. m ²	2020 performance	2023 objective
Reducing GHG emissions 40% by 2023 (Scope 1 and 2 per m ² produced output)	0.08	0.06	-40%

To better reflect the importance of sustainability also more clearly in the written company principles, Constantia Flexibles revised its environmental policy to a more comprehensive sustainability policy, including an annex which details actions and measures in place to meet the Group's commitments. Both documents are available on Constantia Flexibles' website. This sustainability policy clearly outlines Constantia Flexibles' core values and targets to employees and external stakeholders. In addition, the Group's Code of Conduct and Code of Conduct for Suppliers were updated in 2019, including more comprehensive clauses on environment and responsible sourcing. Furthermore, Constantia Flexibles formalized and published an Responsible Sourcing Policy in 2020, outlining the expectations the company has towards suppliers in regards to human rights, labor rights and environment

Constantia Flexibles shares key environmental data throughout the supply chain and collaborates with selected platforms/projects, such as CDP (Carbon Disclosure Project) and EcoVadis. In 2020, Constantia Flexibles was among those companies that made it to the CDP Climate Change Leadership level (A-), being awarded with above average scores for the company's climate change reporting and climate protection efforts. In addition, Constantia

Flexibles has been identified as a global leader for engaging with its suppliers on climate change, being awarded the highest position on the 2020 Supplier Engagement Leader Board by CDP. CDP evaluates strategies, goals, and actual reductions in emissions annually, along with the transparency and verification of reported data. This above average score demonstrates Constantia Flexibles' high level of environmental stewardship, and the company's actions and approaches in managing climate change.

The company is also well-rated by EcoVadis, an organization, which aims at improving environmental and social practices of companies by leveraging global supply chains. In 2020, Constantia Flexibles received the gold CSR recognition level of EcoVadis for the fourth time in a row, placing the company among the top 2% of all suppliers evaluated by EcoVadis in this industry.

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



4.2.2.6.1.2 Circular Economy

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Current and emerging regulations regarding packaging and the circular economy	<p>Active collaboration in supply chain spanning initiatives and projects (e.g. New Plastics Economy, CEFLEX, Stop Waste Save Food Initiative, Sustainable Packaging Coalition, UN Save Food Initiative, European Commission's PEF initiative)</p> <p>Signatory to the New Plastics Economy Global Commitment, pledging that 100% of packaging will be recyclable by 2025</p> <p>Opening of Ecoflex Ahmedabad in 2019, the first plant on the planet designed to produce recyclable flexible packaging only (EcoLam product family)</p> <p>Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model</p>	Recyclability of product portfolio (%)	51%	Not available 2019 value to date*

* 2020 evaluation still in progress at date of publication.

Trends in the packaging industry mainly revolve around circular economy and current and emerging regulations focus on plastics and packaging recyclability - including ambitious targets - lower demand for non-recyclable packaging and stigmatization of packaging by consumers.

Before its end of life, packaging plays an essential role as it protects the valuable content throughout the supply chain and enables a proper and safe delivery to the end-consumer. Flexible packaging is designed to minimize the use of packaging materials.

Flexible packaging generally requires fewer resources to manufacture than rigid packaging solutions. It plays a minor part of a (e.g. food) product's total environmental footprint over its life cycle and a major role in preservation. The circularity of packaging is becoming increasingly important, as the European Union calls for a greater reduction in the use of resources, the reuse of products, significantly higher recycling rates and the use of recycled materials as a secondary raw material within the framework of the European Circular Economy Package.

It is fundamental to ensure that packaging is being collected and recycled and does not end up in landfills or the environment. In this context, it is important that products are harmonized with existing collection, sorting and recycling infrastructure and

processes in order to increase the circularity of packaging. That is why Constantia Flexibles continuously works on the recyclability of its flexible packaging solutions. However, it is crucial to take a full life cycle approach, taking into account economic viability and environmental benefits. Comparisons between different products can lead to configurations in which a higher ecological benefit is associated with a lower degree of recyclability, for example, when much fewer resources are used to produce a product at the expense of its recyclability.

As an active member participating in several innovative projects Constantia Flexibles understands the importance of plastic packaging design. It thus joined the New Plastics Economy initiative led by the Ellen MacArthur Foundation that seeks to build a system in which plastic never becomes waste or pollution. The ambitious vision underlying the initiative is part of the circular economy and has inspired several firms throughout the value chain, philanthropic organizations, cities and governments to take part. The initiative focuses on three actions required to make the Foundation's vision a reality and create a circular economy for plastics: Eliminate problematic and unnecessary plastic items, innovate to ensure that the plastics needed are reusable, recyclable, or compostable and circulate all the plastic items used to keep them in the economy and out of the environment.

Recyclability

As a global flexible packaging producer for the consumer and pharma-industry and a company being committed to sustainability from the very beginning, Constantia Flexibles recognizes the importance of supporting the development towards a circular economy for plastics. In 2018 Constantia Flexibles therefore pledged that 100% of its consumer and pharma packaging will be recyclable by 2025. Future product innovations will focus on the implementation of design guidelines to develop specifications which are recyclable - in practice and on a commercial scale. This pledge is part of Constantia Flexibles' commitment to the New Plastics Economy "Global Commitment", which unites many of the world's largest packaging producers, brands, retailers, recyclers, governments and NGOs. These actors share a certain number of ambitions, definitions and the same degree of transparency, working on solutions to plastic waste and pollution. Constantia Flexibles believes that working side-by-side, businesses and governments can tackle plastic pollution at its source and is therefore proud to be among the more than 450 companies that have signed the Global Commitment. Signatories include companies representing 20% of all plastic packaging produced globally. The Global Commitment and its vision for a circular economy for plastic are supported by the World Wide Fund for Nature (WWF), and have been endorsed by the World Economic Forum, The Consumer Goods Forum as well as universities, institutions and academics. As Constantia Flexibles is committed to play its part to contribute to the transition from a linear to a circular economy, the company extended its participation in the New Plastics Economy initiative for the next period, until 2022.

As part of the CEFLEX project (A Circular Economy for Flexible Packaging), Constantia Flexibles as a founding member also intensively works on further enhancing the performance of flexible packaging in the circular economy by advancing better system design solutions *via* collaboration. CEFLEX is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them. CEFLEX stakeholders are working together in seven workstreams to identify and develop the best solutions: 1. Design guidelines, 2. Understand the European flexible packaging market, 3. Identify and develop sustainable end markets for secondary materials, 4. Develop a sustainable business case, 5. Proof of principle in a pilot region, 6. Facilitating technologies, 7. Communication. Constantia Flexibles is an active member in six of these working groups and continuously works on increasing the recyclability of flexible packaging⁽¹⁾.

To manage and achieve recyclability of all products until 2025, Constantia Flexibles will continuously evaluate the status in terms of recyclability of its product portfolio and track progress towards the goal. To provide internal stakeholders with the necessary background information to discuss product options and to work towards the achievement of Constantia Flexibles' recyclability target, Constantia Flexibles developed a comprehensive recyclability guidance document in 2019. This document addresses essential knowledge with regard to flexible packaging recycling, provides details on the regulatory context, data on the packaging recycling market, available sorting technologies and common criteria of standards/guidelines on designing packaging to be recyclable. Based on these criteria, Constantia Flexibles completed the detailed assessment of its entire product portfolio in 2019 to identify non-recyclable structures and is in the process of developing a roadmap to address each of these. Currently (data available only for year N-1, i.e. 2019), about 51% of the product portfolio is recyclable. (% recyclable output [m²] of sold output [m²] in 2019). According to the Ellen MacArthur Foundation's New Plastics Economy definition: A packaging is recyclable if its successful post-consumer collection, sorting and recycling is proven to work in practice and at scale.

As the European Strategy for Plastics in a Circular Economy stipulates that all plastic packaging has to be recyclable by 2030, Constantia Flexibles supports the food industry to meet legal requirements by developing "Constantia ecolutions". And in doing so, the company also helps to create products appealing to an ever increasing share of consumers caring for sustainability. As pledged in 2018 to offer recyclable solutions for the whole product portfolio until 2025, first projects were already realized with EcoLam (a pure PE (polyethylene) based solution which allows recycling in the PE waste/sorting stream). In November 2019, Constantia Flexibles celebrated the opening of Ecoflex Ahmedabad, the first plant on the planet designed to produce recyclable flexible packaging only.

In 2019 the full Ecolutions product family was launched in order to market more sustainable options for flexible packaging. With various products offered already today (EcoLam, EcoCover, EcoPouch, EcoTainerAlu) Constantia Flexibles is about to enter into a new era of packaging. The products of the EcoLam family are recyclable mono-polyethylene laminates, ideally suited to replace non-recyclable multi-polymer structures, even where high barriers are needed. EcoLam is compatible with existing recycling streams and therefore contributes to the transition towards a circular economy. With a view to expanding the Group's capacities and continued transformation of its product portfolio, EcoLam is a key element of the recyclability approach.

(1) 2019 value. The value for 2020 is only available at the end of the year N+1.

Contribution to the life span of packaged products

Constantia Flexibles also collaborates with stakeholders along the whole supply chain raising the awareness that without the protection that packaging provides for products during their lifetime, the targeted provision of goods would be impossible. Within the industry research project "Stop Waste-Save Food" Constantia Flexibles, together with other stakeholders, investigated how food packaging and processing solutions can contribute to improved product quality, product protection and increased shelf-life and thereby reduce food waste. The results of this work include a guidance document which was presented in 2020. Moreover, Constantia Flexibles is also working to reduce food waste as a member of the UN Save Food Initiative. The Save Food Initiative was introduced 2011 to put the issue of the fight against food losses onto the global political and economic agenda. As the global population continues to rise, it is imperative to find ways to reduce food waste (whether due to food being thrown away or allowed to spoil) and packaging solutions have an important role to play in ensuring sustainability. For this reason, the focus of Constantia Flexibles' current efforts is on minimizing environmental impact, reducing material consumption (e.g. by downgauging of material thickness) and optimizing recyclability – while still maintaining the other top-quality product features – of the packaging solutions it provides to customers around the world.

To proactively address risks driven by regulatory change, Constantia Flexibles concerns itself intensively with the topic of sustainability at the association level as a participant in international task forces. In addition to being a permanent member and chair of Flexible Packaging Europe's Sustainability Committee, Constantia Flexibles participates in the European Aluminium Foil Association's Foil Sustainability Action Group, working constantly toward making its voice heard in terms of current affairs, initiating projects and encouraging intercompany cooperation in defense of common interests.

Likewise, Constantia Flexibles' membership in the Sustainable Packaging Coalition (SPC) strengthens its ties to key accounts and increases shared understanding of the sustainability issues affecting the packaging industry. The SPC is a task force dedicated to the vision of more environmentally friendly packaging. As a committed member of the multi-material flexible packaging recovery initiative, Constantia Flexibles understands the increasing importance of finding solutions for collecting, sorting and recovering multi-material packaging. Constantia Flexibles understands that sharing efforts on a global level to develop recycling solutions advances collective understanding, and shared

best practices, to create a sustainable solution for the management of multi-material flexible packaging at their end of life.

Constantia Flexibles also takes an active interest in legislation regarding the European Commission's initiative on the development of Product Environmental Footprint Category Rules (PEFCR). Constantia Flexibles is helping to map the entire value chain for the purposes of these studies, allowing the categories of environmental impact put forward by the European Commission to be reviewed and evaluated.

Life Cycle Assessments

Constantia Flexibles is conscious of its role and responsibility as part of the value chain and strives constantly toward making further improvements to its processes and products with regard to sustainability. To this end, support for internal (e.g. sales and product management teams) and external stakeholders is another of Constantia Flexibles' key endeavors. The life cycle assessment (LCA) studies led by Constantia Flexibles are fundamental to the improvement of its ecological footprint. Life cycle assessments at Constantia Flexibles have been conducted since mid-2015 via a semi-automated approach, in order to meet the range of inquiries from customers and those which come up in the course of life cycle design more efficiently. This peer-reviewed innovative LCA-meta-model enables Constantia Flexibles to provide customers and other stakeholders with information on the environmental footprint of products by allowing to flexibly evaluate any combination of production processes, raw material input, waste handling possibilities and country specific settings by offering them precise visibility on the various impacts.

By being able to make credible claims on product sustainability, Constantia Flexibles will be seen as a reliable partner for its customers, facing transparency expectations from end consumers and legislators. In addition, there is the possibility to gain a competitive advantage and to discover potential cost savings through product optimization.

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



4.2.2.6.1.3. Sustainability along the value chain

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Risks in relation with Constantia Flexibles' raw material sourcing (aluminum, plastics, paper, and chemicals like inks and solvents)	Supplier Code of Conduct in place Responsible Sourcing Local Policy in place	Number of suppliers audits carried out	40	20
	Aluminium Stewardship Initiative certification of C. Teich Supplier audits and CSR evaluation	CSR questionnaire coverage of suppliers (in Scope 3 emissions and procurement spend)	Not available ⁽¹⁾	Not available ⁽¹⁾

(1) Comprehensive supplier assessment every 2-4 years.

Constantia Flexibles understands the main risk associated with its consumption of raw materials to be the environmental impact of sourcing these materials. Mainly aluminum, plastics, paper and chemicals like inks and solvents carry risks of inefficiency, reputational damage, compliance costs, operational disruptions and resource depletion.

Therefore, Constantia Flexibles sees sustained collaboration throughout the value chain (e.g. in order to implement responsible sourcing certifications) as an important component of a comprehensive approach to sustainability. Constantia Flexibles is a founding member of the Aluminium Stewardship Initiative (ASI), which was established to promote sustainability performance and transparency across the entire aluminum value chain. Introduced by several businesses, ASI, as a non-profit initiative, aims to mobilize a broad base of players in the value chain toward implementing responsible business ethics and environmental and social performance practices and toward establishing corresponding standards. In 2018, Constantia Flexibles' largest plant C. Teich has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. In 2019, Constantia Teich successfully completed the audit in accordance with ASI's Chain of Custody Standard (and received the official certification in 2020), which complements the ASI Performance Standard and sets out requirements for the creation of a Chain of Custody for CoC material, including ASI aluminum. ASI Certification of the Teich facility signifies that Constantia Flexibles' practices meet the industry's highest

standards. Aluminum makes up 35% of the company's raw materials and Constantia Flexibles sources 93% of it in Europe.

Within the CEFLEX and NPEC (New Plastics Economy) projects, Constantia Flexibles intensively works together with the whole value chain on further enhancing the performance of flexible packaging in the circular economy (see section Circular Economy).

The "Code of Conduct for Suppliers and Subcontractors" published on the website, defines the basic requirements that Constantia Flexibles places on its suppliers of goods and services and subcontractors concerning their responsibility towards their stakeholders and the environment. The principles described in this Code of Conduct are based, to a large extent, on the principles of the Universal Declaration of Human Rights of the United Nations, on the Conventions of the International Labour Organization (ILO), and on the UN Conventions on the Elimination of all Forms of Discrimination against Women and on the Rights of the Child. Of course the fair trade practices, integrity *vis-à-vis* all stakeholders and environmental protection are also part of the Code of Conduct for suppliers. Based on the values described in this Code of Conduct, Constantia Flexibles strives for a close partnership with its suppliers and subcontractors with the aim of jointly creating added value for all stakeholders (e.g. through business to business R&D projects in particular). In 2019, the Code of Conduct was updated in order to reflect the importance of sustainability in the written principles. The Code of Conduct for suppliers is part of the purchasing conditions set by Constantia Flexibles.

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

Due to the COVID-19 pandemic, Constantia Flexibles performed only ~20 virtual supplier audits in 2020, which represent 5% of total spend. At the beginning of each calendar year, category managers (CM) select suppliers, which should be audited based on various risk assessments and enter those in a central list. This long list is then reviewed together with plant procurement, assigning audit teams, agreeing preliminary dates, and additional suppliers might be added or others might be removed. The short list is then the year's official audit plan. Any completed audit, including the result, is recorded in this list and audit reports are uploaded onto the same folder. This approach covers the entire group. As part of supplier audits, the supplier's acceptance of Constantia Flexibles' Code of Conduct is confirmed.

Additionally, a comprehensive supplier questionnaire was developed together with an external consultant, which was rolled out to all main suppliers end of 2018. The two questionnaires covered general and environmental topics to understand the current profile of suppliers in terms of environmental topics and to carry out a supplier evaluation to identify top performers and weak spots. The questionnaires were sent to main suppliers, covering more than 80% of Scope 3 emissions and procurement spend. Generated supplier scorecards indicate the maturity level of suppliers and help Constantia Flexibles to inform suppliers on recommended climate related actions to improve their score.

Furthermore, Constantia Flexibles takes appropriate measures to train procurement personnel on these important topics.

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



4.2.2.6.1.4 Air Pollution

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Constantia Flexibles is aware of the risk of air pollution and the impact of volatile organic compounds (VOCs) emissions on the environment. These emissions are originated in plants from the usage of solvents	Sustainability Policy in place	VOC emissions intensity (ton/Mio.m ² produced)		
	Regenerative	Consumer division	3.57	3.46
	Thermal Oxidizers installed in several plants	Pharma division	3.08	2.89

Constantia Flexibles is aware of the risk of air pollution and the impact of volatile organic compound (VOC) emissions on the environment. These emissions are originated in plants from the usage of solvents. With this topic being mainly a compliance topic and as Constantia Flexibles is acting in accordance with applicable laws on volatile organic compound (VOC) emissions, no additional policy is required for this risk. However, Constantia Flexibles updated its environmental policy to a more comprehensive ESG policy including an annex – covering topics, such as technologies and reducing emissions.

Constantia Flexibles works for a continuous improvement related to these emissions. Some of the approaches are:

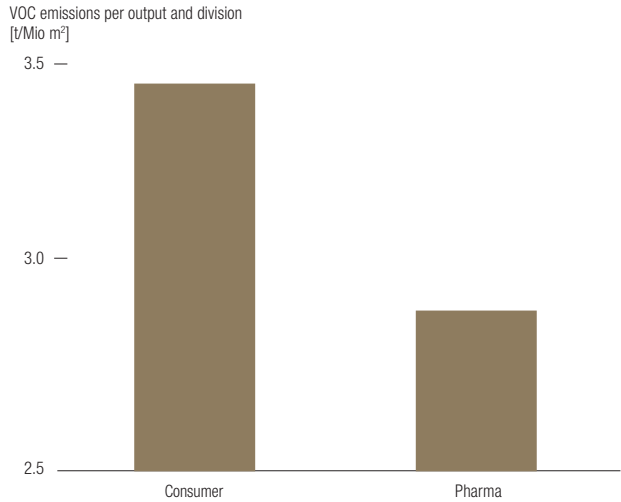
- solvent recovery;
- Regenerative Thermal Oxidizers (RTO);
- organic solvent-free technologies.

In this context the company has installed RTO facilities in several plants, consequently reducing VOC emissions. In 2020, 18 plants had technologies for the recovery of solvents and/or for the avoidance of solvent emissions in place (13 plants were using RTOs, 13 plants had the possibility to recover solvents at their facilities).

Constantia Flexibles also aims to decrease the overall solvent consumption, e.g. by investing in new solvent-free printing technologies in several plants. In 2017 Constantia Flexibles has invested nearly €3 million in the implementation of these technologies at its manufacturing site in Wangen, Germany. The old machines are no longer used and solvent use was completely eliminated from 2018 onwards.

The following graph shows the breakdown of VOC emissions per product output and division. Absolute VOC emissions decreased 3%, while VOC emissions per output decreased by 4% compared to 2019.

VOC Emissions per output and division in 2020
[t/Mio m²]



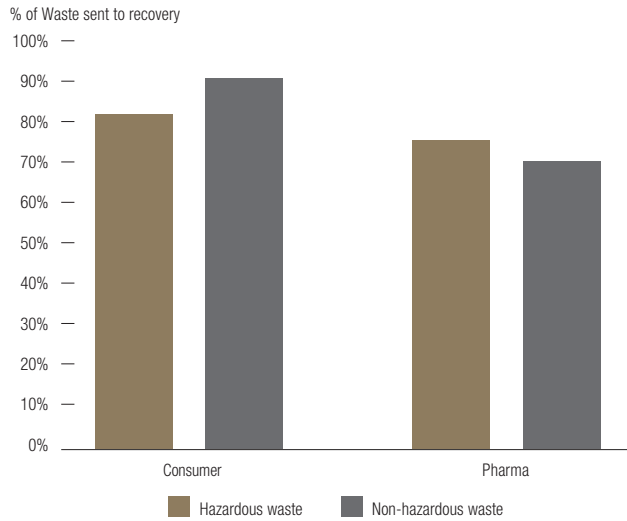
4.2.2.6.1.5 Additional environmental indicators not related to main risks (voluntary)

Waste management

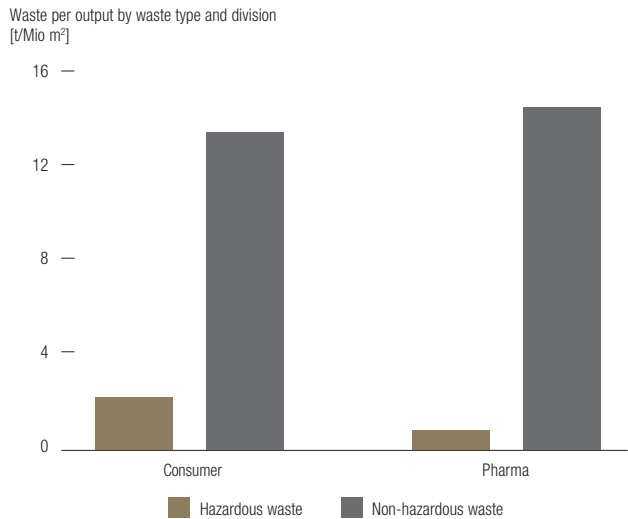
Constantia Flexibles continuously monitors the achievement of implemented waste targets with waste management plans on plant level. The total amount of waste at Constantia Flexibles' sites was 70,478t in 2020, which is a 3% increase compared to 2019. The graphic below shows Constantia Flexibles' waste production intensity ratio by division and category of waste in 2020.

In 2020, Constantia Flexibles sent 84% of the hazardous waste and 89% of the non-hazardous waste to recovery (recycling, composting and incineration with energy recovery). Compared to the previous year the recovery rates slightly improved – in 2019 83% of the hazardous waste and 87% of the non-hazardous waste was sent to recovery. The chart below shows the breakdown of waste sent to recovery by waste type and division.

Waste sent to recovery 2020 [%]



Waste per output by waste type and division in 2020



4.2.2.6.2 Social

4.2.2.6.2.1 Fight against shortage of Skilled Labor Workers

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Motivated and well-trained employees are key to success for Constantia Flexibles. However, finding skilled labor workers, especially on shopfloor level, becomes more and more difficult and in some areas is even a major issue.	Policies are implemented on site level as per local needs and requirements	Hire rate	17.5	14.7
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		Turnover rate	15.1	16.8

Motivated and well-trained employees are key to success for Constantia Flexibles. However, it is becoming increasingly difficult to find skilled labor workers, especially on shopfloor level.

Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of non-filling crucial positions, regardless if this may occur for blue collar, specialist or management level.

The number of employees (HC) at the end of the fiscal year 2020 was 8,275 with the majority (78%) of employees working in Constantia Flexibles Consumer division. Overall, the total number of employees stayed quite stable, when comparing 2020 to the previous year.

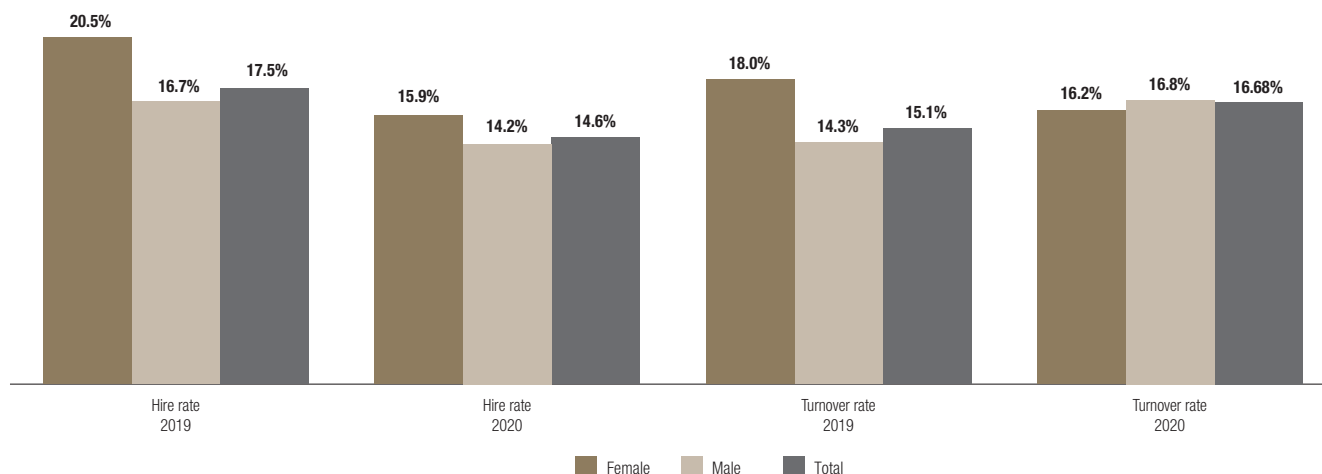
Headcount split per division at yearend 2019 and 2020

Division	2019		2020	
	Headcount	Headcount in %	Headcount	Headcount in %
Consumer	6,593	79%	6,482	78.3%
Pharma	1,385	16%	1,413	17.1%
HQ	389	5%	380	4.6%
TOTAL	8,367	100%	8,275	100%

The risk of a lack of skilled labor workers is monitored by tracking the hire and turnover rate in Constantia Flexibles on a monthly basis. In 2020, a total of 289 female and 918 male employees was hired in Constantia Flexibles entities. In the previous year Constantia Flexibles hired a total of 1,465 employees. During the reporting period, 1,380 employees left Constantia Flexibles, whereas in the previous reporting period 1,263 employees left the

company. In total, the hire rate for Constantia Flexibles in 2020 sums up to 14.6%, whereas the turnover rate amounts to 16.7%. In 2019, the hire rate was 17.5% and the turnover rate was 15.1%. 2021 onwards the trainees/interns/apprentices will also be included as a part of hiring and turnover count. All sites were impacted by the COVID-19 pandemic, resulting in hiring and turnover variances worldwide.

Hire and Turnover rate by gender



Constantia Flexibles undertook to formalize a policy to address the risk of skilled labor shortages at Group level and will be published in 2021. Considering the current situation, this risk is diminishing. Keeping a coherent global approach, internal workshops were conducted in Constantia Flexibles to gather the inputs from Group HR specialists and local HR managers during the process of finalization of the policy. Though Constantia Flexibles has identified and implemented the local as well as global initiatives (see below and others, e.g. succession management plans for key positions) to address this risk.

At group level, Constantia Flexibles is fostering the exchange of employees between different entities and supporting the development of employees. Moreover, job postings are published on the intranet and shared within the company's HR community. For improving the recruiting process for both Constantia Flexibles HR staff and external applicants, the web-based GRS (Global recruitment solution) has been successfully implemented for all European and South African sites. Currently, this solution is further rolled out to all Constantia Flexibles entities worldwide. This tool helps to publish all vacant positions online and to set up a global

talent pool. The training of the company's current and future talent on local level, is the strong focus on apprentice- and traineeships, especially in Austrian and German Constantia Flexibles sites. At yearend 2020, a total of 150 apprentices/interns/trainees were employed at Constantia Flexibles worldwide.

4.2.2.6.2.2 Promoting diversity and equal opportunities

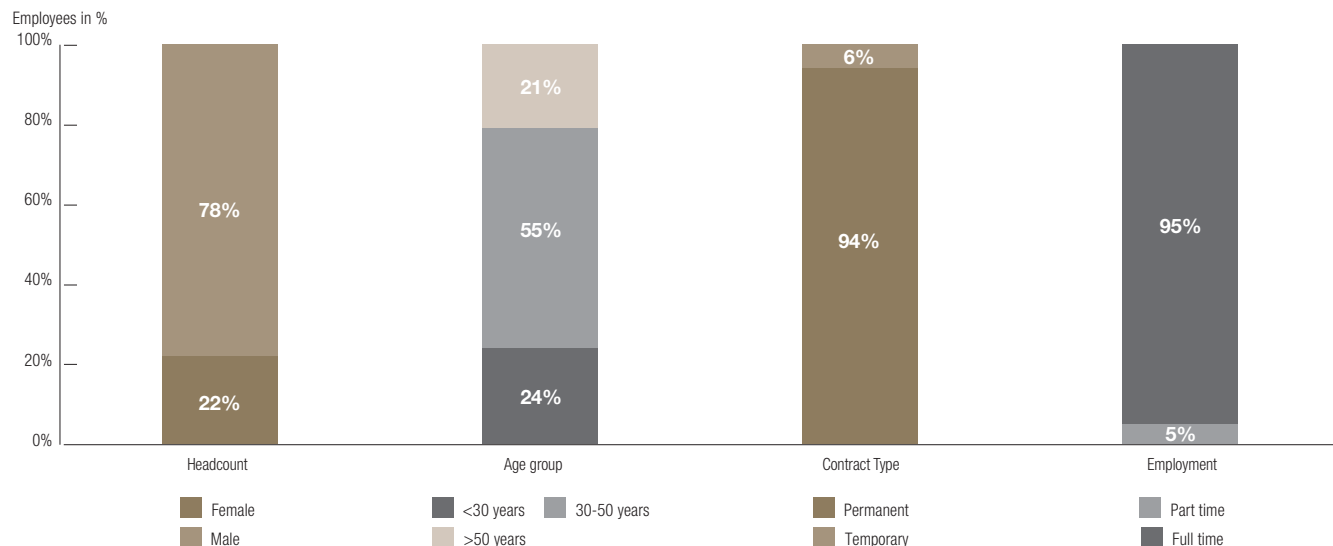
At Constantia Flexibles, employees are a key success factor, which is why the company encourages diversity in the workplace.

Equal opportunities form an important component of the HR strategy. The Constantia Flexibles group is made up of people of various origins, cultures, religious affiliations, genders and ages. This results in a range of different ways of thinking and viewing the world, of competencies and experiences, all of which contribute to the lasting competitiveness of the Company.

The Group encourages women to advance their careers at all levels of management.

The aim of the company is to develop the leadership skills of its employees and focus on recruiting female staff.

Breakdown of employees by gender, age group, contract type and employment type 2020



55% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 22% female and 78% male. 95% of the employees of Constantia Flexibles are full-time employees and 94% have permanent employment contracts. Compared to 2019, there is almost no variation in these proportions. By comparison, in 2019, 55% out of all Constantia Flexibles' employees were between 30 and 50 years old, 21% of the total headcount were female and 79% were male employees. 95% of all employments were full-time and 94% of all employees had a permanent employment contract.

Lastly, in 2020, around 2.26% of Constantia Flexibles' workforce are employees with disabilities.

Constantia Flexibles is an equal opportunity employer with all employment decisions made without regard to race, color, religion, sex, sexual orientation, gender identity, age, disability, national origin, and citizenship status.

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



4.2.2.6.2.3 Talent attraction, development and retention

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success	Group Training Policy in place that governs minimum requirements, roles and responsibilities as well as documentation, evaluation and reporting requirements on a global level	Training hours per FTE (Full-time Equivalent)	18.52	14.45
Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage		Share of employees trained for minimum 1 day	58.46%	49.36%

As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage.

In order to address this risk, Constantia Flexibles is offering a large variety of development and training activities, based on a tailored Constantia Flexibles competency model for senior and middle management as well as professionals. In order to take into account the changing environment in which Constantia Flexibles operates and to prepare its talents for it, the competency model has been updated and will be launched in 2021. A global training policy was implemented that acts as a framework for existing and future local as well as global training and development initiatives and tools. This policy also sets the minimum requirements for Constantia Flexibles training initiatives and training reporting.

Over the past years, the investment in people development programs, with a strong focus on senior and middle management development, has been gradually increased. Already before the pandemic Constantia Flexibles increasingly offered interactive online modules in order to reach employees. In 2020 all training programs got transformed into online ones. Constantia Flexibles refreshes its range of training with focus on communication, efficiency at work and leadership skills to support employees in their career development and employability on an annual basis. The structured annual talks for all employees along with succession planning at senior managerial level are also integrated in the training plan.

To support these efforts the "Constantia University", a dynamic and interactive web-based learning management platform was set up.

The platform integrates new learning pathways, utilizing online training opportunities, video-based learning materials as well as virtual training. The Constantia University is also the platform for the ongoing development initiatives such as "Global Training Toolbox" and "Constantia Flexibles Sales Academy". These initiatives aim to train Constantia Flexibles employees on the Constantia Flexibles Leadership and Sales approach as well as on further internal and external tools. Moreover, additional development initiatives such as, "Operational Excellence Center" and "Finance Academy" are offered.

On top of the abovementioned initiatives that are managed by Group Organizational and People Development, local training is conducted at the plant level. These include for example language training, individual development plans and - among others - regular health and safety, hygiene and technical trainings for employees working in production areas.

To enhance employer attractiveness a new Global Employer Brand will be launched by Constantia Flexibles in 2021 focusing on improving the company's image and value proposition to support attracting and motivating future and current employees. For this Constantia Flexibles has included elements of its corporate mission and brand strategy (for Consumer and Pharma as well as Group) and created one brand model. Employer Branding is an essential step on the way to success in attracting and fostering retention for internal and external talents.

The following table shows the most relevant KPIs (Key Performance Indicators) that allows Constantia Flexibles to track the development of training initiatives on a global level:

	Total number of annual training hours	Average annual training hours per FTE	Number of employees trained for min. 1 day	Share of employees trained for min. 1 day
2019	146,597	18.52	4,891	58.5%
2020	112,361	14.45	4,046	49.4%

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



4.2.2.6.2.4 Health & Safety at work

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Several manufacturing processes (technology, machinery) and hazardous substances (e.g. solvents, inks) used to produce flexible packaging have the potential to harm people's health & safety	Group Policy for HSSE plus annexure "group HSSE Policy" stating its vision of ZERO LOSS-NO HARM	Lost Time Injuries Frequency Rate (LTIFR)	3.9	2.6
	Other underlying group standards for Health & Safety HSSE-related aspects to be considered in continuous improvement process-schemes (CIP) at the plant level	Number of Occupational Diseases	1	0

Constantia Flexibles applies best practices in its operations and rigorous security practices for machinery and other production-equipment. However, inherent operational risks related to the occupational health and safety of all people are understood to be properly managed as, for example, solvents and inks used to be printed on film and foils are flammable liquids with the potential to harm people and the environment. The successful and sustainable implementation of appropriate measures to address this risk is ensured throughout Constantia Flexibles with the respective educated personnel in safety, engineering and operations.

Still the safety of people at work could be put at risk by certain factors. Reducing or even eliminating the risk of non-compliances with procedures or not following the trained work-instructions is achieved by sufficient and completed instruction-trainings and Safety Walks performed by the local management. Such awareness-raising and transfer of knowledge to employees and leased personnel/temporary workers exposed to those risks contribute to the improvements achieved within the last years. Constantia Flexibles takes also into account the risks at work related to distraction and psychological and physical stress. As a logic consequence, the broad range of counter-measures and tools have been prolonged especially for operations-personnel on the shop floor with appropriate behavioral-based trainings and awareness-campaigns.

Thus, the Corporate Risk & Opportunity Management-tool considers H & S-related risks based on the group HSSE Policy (Health, Safety, Security and Environment), which has been established and rolled out within the last 3 years. Also considering major potentials harming people like undesired weather conditions like floods for manufacturing premises close to rivers, several types of counter-measures to mitigate the risks got described by applying the internationally excepted guiding principle of eliminating these risks in best case rather than only minimizing them.

For ensuring constant improvements related to safety at workplaces, Constantia Flexibles has increased the focus of investments in new machines, additional equipment like for lifting or hoisting of material to feed machines and also for the reduction of risks related to workplace ergonomics, e.g. by exposure to solvents and their vapors, facing noise (>80 dB(A)) or repetitive motion which finally could result in occupational diseases by long-term exposures of work-force. Longterm-impact like cases of occupational disease - authorized by competent authorities locally - needs to be reported to the respective Group-function. Those reporting-requirements are clearly set Group-wide as indicator for determining the effectiveness of implemented measures in the long run. Thus, globally no case of occupational disease occurred during 2020.

Constantia Flexibles compiles several data and figures from all global production sites at Group-level for deeper analysis of potential correlations between accidents occurred and their specific circumstances and results. Those figures – handed in on monthly basis according to the scope of reporting to Group HSSE – are subsequently summarized, verified and checked. These reports reflect the safety performance per division and the cascaded figures of divisional clusters on monthly basis. Moreover, sharing those key learnings from certain Lost Time Injuries or so-called High-Potential incidents occurred, for which corrective and preventive measures are described, ensure to minimize the risk of potential re-occurrence at other similar workplaces in Constantia Flexibles group. Learnings from such events are seen as being crucial for avoiding injury to other people and get immediately translated into preventive measures rather than to wait for corrective measures would be required.

Subsequently, the acceleration of engagement and contribution expected from local personnel is steered by the local plant-management teams, as they are tasked with taking on-site measures demonstrating their personal leadership skills. Effective examples carried out are, for example, chairing safety meetings, undertaking safety walks at the shop-floor and by discussing the latest incidents occurred in meetings.

Constantia Flexibles collects via a centralized tool the number and kind of initiatives for health and safety on annual basis. Those initiatives accordingly selected on production site's needs go beyond legal requirements and contribute to the Safety of personnel as well as to improve the status of people's health. Any individual idea could be posted locally by everybody to participate in existing continuous improvement process (CIP) and management consults with the experts to decide upon budgets to be released for the successful implementation of the proposal. Although especially the Group's production plants had to focus onto the effective implementation of the Group-requirements and measures against the COVID-19 pandemic, the number of such safety-initiatives throughout Constantia Flexibles globally could have been increased to 6 on average per operating plant. This positive result highlights again the pursuing efforts of Constantia Flexibles to improve safety at work.

Certain kinds of resources to be spent, for example like trainings, workplace-introductions as well as purchase of additional equipment or machinery-upgrades contribute to the sustainably improvement of the safety performance of Constantia Flexibles. Although the "return on investment" could hardly be directly measured, the further reduction of the Lost Time Injury Frequency Rate (LTIFR) as shown below underpins the commitment and importance of sustained investments for further improvements undertaken worldwide within the group.

Constantia Flexibles' Vision for HSSE

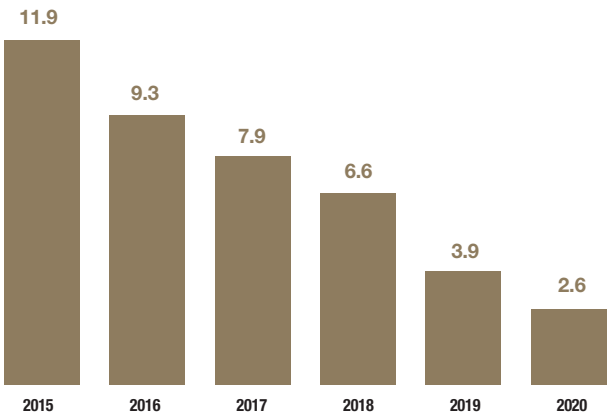


We believe in our vision of

ZERO LOSS - NO HARM

as key priority!

The Lost Time Injury Frequency Rate (per 1 million hours worked)



Why Constantia Flexibles tracks the Lost Time Injury Frequency Rate

Constantia Flexibles' duty to create and maintain a safe and sustainable work environment for everybody who works with and for this international company is stated in the Group HSSE Policy, which is signed by the CEO. The reporting of performance in terms of Lost Time Injuries (LTI) includes all people exposed to the hazards attached to operations employees or external contributors: Thus, the Lost Time Injury Frequency Rate represents the number of accidents resulting in at least one full day off-work due to the injuries the person suffered per 1 million hours worked, which includes employees and leased personnel/temporary workers.

2020 Performance

The Lost Time Injury Frequency Rate (LTIFR), which is clearly a key performance indicator is monitored within the group on monthly base. This benchmark indicator is independent of any sector and allows benchmarks against major customers as well as against competitors, who are also reflected in the industry-specific safety benchmark of the interest-group named FPE - Flexible Packaging Europe, Brussels⁽¹⁾. With significant efforts Constantia Flexibles could have improved its safety performance again sustainably, which leads to further strengthening of its reputation within the sector and locally as preferred employer for taking care of peoples health & safety.

Occupational health and safety Data	2019	2020
Number of Lost Time Injuries	69	45
Division Consumer	55	41
Division Pharma	14	4
Offices	0	0
Lost Time Injury Frequency Rate (LTIFR)*	3.9	2.6
Division Consumer	3.8	2.9
Division Pharma	5.6	1.6
Offices	0.0	0.0

* LTIFR = number of Lost Time Injuries (LTI) per 1 million hours worked.

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



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

4.2.2.6.2.5 Health & Safety of Consumers: Safe products

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Constantia Flexibles transforms this requirement into strong business opportunities by developing new packaging solutions to satisfy the need of (end-)customers' Health & Safety for its direct clients (food and pharma industry)	Register of regulatory requirements and further internal regulations on Food Safety/Food defense plan (incl. HACCP) and for GMP and hygiene-aspects in production	% of production sites holding at least one product safety and quality-related certification	Not applicable	100%

Constantia Flexibles develops new packaging solutions to satisfy the need of end-customers' health and safety for the company's direct clients (food- and pharma-industry). Constantia Flexibles chose to be innovative to include long term tendencies in its offer such as Urbanization, Health, Premium Products and Sustainability. Constantia Flexibles recognizes and applies further options to improve packaging by meeting customer's needs.

Constantia Flexibles implemented the following internal procedures and policies:

- register of regulatory requirements and further internal regulations;
- Group quality & product safety policy;
- migration & compliance testing;
- product safety related risk assessment covering all relevant processes of production facilities (HARM or HACCP risk management concept);
- certified standards for quality and product safety (e.g. ISO 9001, FSSC 22000, BRC, etc.).

In addition to the company's efforts to offer customers attractive solutions based on innovative products, Constantia Flexibles also considers the legal compliance of its products to be a top priority. Constantia Flexibles guarantees this by constantly following the developments of legal requirements that apply to its flexible packaging products. To ensure consumer health and safety, Constantia Flexibles complies with all food and pharma packaging regulations applicable in the respective jurisdictions in which it has a presence. In the two competence centers of the Group, analytical Research & Development experts are supported by state of the art analytics and laboratory tests to investigate the safety and compliance of products and set harmonized requirements and procedures to ensure compliance. In particular, these tests related

to the supplementation of chemical-analytical capacity with a focus on food contact laws and regulations (e.g. migration & compliance testing) can be performed in-house or as requested by the respective regulation or by the food-processing customer at accredited laboratories. After final approval (by the customer) and confirmed acceptance tests, these products are manufactured following industry standards for GMP (Good Manufacturing Practices) and other standards according the respective needs. These standards are certified by accredited certification agencies and cover quality as well as product safety requirements.

Constantia Flexibles also implemented far more detailed global policies to ensure the appropriate setup and monitoring of local-/plant-related internal processes: Beside certificates for Quality Management (i.e. ISO 9001) available for each manufacturing plant. In a systematic approach using HACCP-assessments (hazard analysis and critical control points), Constantia Flexibles preventively manages food safety-aspects from biological, chemical, physical hazards and more recently radiological hazards in production processes which may cause an impact to the end consumers' health and safety via the finished product. The results of these assessments are used to design quality control activities to secure manufacturing of a safe and high-quality product. Quality control systems follow a three-pillar model: sampling and testing in quality control laboratories, in-line operating measurement and sorting equipment, worker self-inspections/in-process controls of operators. Non-conforming products/waste can be identified, sorted out and counter-measures can be defined. Besides that all obligatory preventive programs like processes in place, training, maintenance of equipment help to keep high standards in all operations.

All internal obligations were implemented throughout all plants and are regularly monitored as well as internally audited regarding their effectiveness based on an annual internal audit plan.

In 2019, Constantia Flexibles launched its new pharma brand campaign "Let's Save Lives Today", that includes an online brand book and a company video providing useful first aid tips. Constantia Flexibles' clients in the pharmaceutical industry invest considerable resources in developing products to safeguard their customers' health and well-being. Constantia Flexibles works closely with them – as partners – to ensure that product quality is not impaired on the way to the patient – therefore protecting the integrity of the medicine that helps save patients' lives. As proliferation of counterfeit drugs is a growing problem worldwide, Constantia Flexibles is tackling this issue head-on with its "Stop Fake Drugs" public awareness campaign and anti-counterfeiting packaging solutions. Anti-fraud elements such as security graphics, holograms and high-level special effects such as security pigments and inks all produce complex optical markers that are extremely difficult to reproduce. Applied properly, they effectively protect people and brands from irreparable damage.

Constantia Flexibles meets the requirements of creating a balance between child safety and easy of access for seniors by developing a child resistant blister lidding foil. Constantia Child Resistant is available in four different applications: Peel & Push, Peelable, Bend & Tear, and Push Through. All four options provide comprehensive protection against moisture, oxygen, and light. They can be customized to meet country-specific regulations.

Furthermore, with its Constantia Interactive App, Constantia Flexibles offers a unique comprehensive solution for interactive packaging in the food and pharmaceutical industries that opens up a multitude of digital communications and marketing opportunities. Using a smartphone app developed specifically for each brand, the consumer scans the packaging for a variety of identifying features such as image analysis, digital watermark, radio frequency identification (RFID) tags, and the like which then appear in augmented reality. The unique character of Constantia Interactive is in its combination of digitally readable packaging material with a digital platform for data management and a smartphone app customizable to a wide range of customer needs. The digital features span from purely informative, such as instructions for use, through videos and games, to contests that can be individually selected by the customer. For medical packaging, the app offers patients direct access to additional information about pharmaceutical products at any time, making it safer to take medication. A chat bot allows patients to submit questions. In combination with a digital anti-counterfeiting identification, Constantia Interactive is also an effective means of identifying counterfeit products.

Beside the stringent fulfillment of regulatory and preventive obligations, Constantia Flexibles has a sizeable number of patents and patent applications, illustrating its strong competitive technological status to ensure and protect consumer health and safety.

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



4.2.2.6.3 Governance

Anti-Corruption and Compliance Program implemented at Constantia Flexibles

A compliance department, consisting of a compliance officer and his deputy was established in 2013 at the headquarters of Constantia Flexibles in Vienna, responsible for all compliance matters in the group. Due to the decentralized structure of Constantia Flexibles, at each production site, administration personnel were entrusted with certain duties to help implement and ensure the effectiveness of the company's compliance program. The Head of Finance - in accordance with the internal organizational structure - is responsible for all local affairs under all compliance policies and acts as preferential contract person for any kind of inquiry or the granting of approval unless the contrary is explicitly stated.

Constantia Flexibles' compliance framework consists of the following key elements.

Code of Conduct (and Supplier Code of Conduct)

The Constantia Flexibles Code of Conduct is a code intended to emphasize the interest of Constantia Flexibles and its employees (and suppliers) in implementing its social responsibility and fair, ethical and sustainable principles of action and conduct. The Code of Conduct provides a framework for action applicable to all employees and suppliers, and supplements in a fundamental manner the other compliance rules of Constantia Flexibles. According to the Code of Conduct, each employee will be held responsible for ensuring that his/her behavior in a business context complies with this Code of Conduct. Violations of the Code of Conduct may have employment/contractual consequences and may also, depending on the circumstances of the case, trigger criminal or civil liability. The principles constitute basic standards intended to prevent situations that could call into question the sense of responsibility and the integrity of the Constantia Flexibles Group and its employees.

Anti-Corruption and Compliance Policy/Whistleblowing Hotline

Constantia Flexibles strictly prohibits engaging in, or tolerating bribery or any other form of corruption. The Compliance Department therefore drafted and released an Anti-Corruption and Compliance policy, explaining what constitutes corruption and setting out the standards of Constantia Flexibles in complying with applicable anti-corruption laws wherever it operates and identifies legal and compliance personnel from whom certain approvals must be obtained and with whom questions about this policy may be raised. The policy is intended to serve as a basis for all business relationships.

Also, the Constantia Flexibles Anti-Corruption and Compliance Policy provide a mandatory due-Diligence procedure with respect to consultants and agents ("Handelsvertreter") of Constantia Flexibles and future employees of the company. The policy also addresses the avoidance of conflicts of interest and implemented the company's whistleblowing system (Whistleblowing Hotline), which - again due to the decentralized structure of Constantia Flexibles - is outsourced at a Vienna based law firm. The policy also provides for an approval procedure regarding the giving/accepting of gifts or other benefits by Constantia Flexibles' employees and to do sponsoring.

Through the Anti-Corruption and Compliance Policy a Third-Party Due Diligence Procedure is introduced according to which, all new business partners of Constantia Flexibles (inter alia customers, suppliers, agents, consultant, M&A targets, etc.), need to go through a mandatory third-party due diligence process.

Antitrust Policy

Constantia Flexibles fully recognizes the principle of free and fair competition and commits itself to comply with all relevant antitrust provisions applicable in the jurisdictions the Group is active in. This commitment is also expected from the Group's business partners. Constantia Flexibles pursues a zero-tolerance policy with respect to anti-competitive practices. Therefore the Compliance Department drafted and released the Constantia Flexibles Antitrust Policy, which shall ensure compliance with the relevant competition law provisions. The policy sets out the rules of conduct applicable to the first and second pillar of competition law (prohibition of cartels and abuse of dominant position) as well as the legal consequences if said rules are broken. The policy also provides for a Guidance Paper for "Dawn Raids" by competition authorities.

Deterrent Sanction Policy

Constantia Flexibles has a zero tolerance policy when it comes to violations of its policies and procedures, in particular its Code of Conduct, its Anti-Corruption Policy and its Antitrust Policy. Also employees are expected to comply with the relevant law, any generally recognized customs that conform thereto and its internal policies and procedures. In particular, business partners must be treated fairly and contracts must be adhered to.

The Constantia Flexibles Deterrent Sanctions Policy provides a framework for sanctions applicable to all employees of the company - no matter their status or job title - should they violate the Constantia Flexibles' policies and procedures.

According to this policy, non-compliance with the abovementioned can result in disciplinary consequences for the violating employee, such as:

- additional mandatory compliance trainings;
- formal warning;
- four-eye meeting/personal discussions with the CEO;
- termination of employment/in severe cases immediate dismissal;
- bonus payments may be revoked.

Sanctions and Trade Controls Compliance Policy

This policy provides for the principle that Constantia Flexibles will not sell any goods or services directly or indirectly through sales agents, distributors or other third parties, to sanctioned persons, entities, countries, or otherwise engage in business activities that would be prohibited under European Union or United States sanctions. It is Constantia Flexibles' policy to end any business relationships which would be prohibited under applicable sanctions.

This policy further states that it is the responsibility of each employee of Constantia Flexibles to understand and follow the principles of this policy - a due diligence procedure however was not established by this policy.

Online Trainings

For the employee ethics and compliance training, Constantia Flexibles decided to do this mainly online, via an external Compliance Training Provider. The in-person training of 150 top employees is completed once a year at Constantia Flexibles' Sales Conference.

The current Constantia Flexibles training schedule provides the following trainings:

- Code of Conduct online training for all employees with e-mail addresses once a year (content of the trainings changes, focus of the training varies each time);
- special anti-bribery online training once a year for all employees in exposed positions such as Sales, Procurement, M&A and General Management (content of the trainings changes, focus of the training varies each time);
- special anti-trust online training once a year for all employees in exposed positions such as Sales, Procurement, M&A and General Management (content of the trainings changes, focus of the training varies each time);
- face to Face trainings for Management Personnel once a year;
- in cooperation with the HR department, general compliance trainings (face to face) in the course of the Constantia Flexibles welcome workshop twice a year;
- face to Face trainings at the plants via Heads of Finance, where online training is not possible due to lack of computer/internet access (e.g. Vietnam, India, etc.);
- new employees of Constantia Flexibles are trained in accordance with their position, within only a few months after their employment start.

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



4.2.2.7 Duty of care - Vigilance plan

4.2.2.7.1 Risk mapping

In line with the requirements of the French law n° 2017-399 on March 27, 2017, Constantia Flexibles Group has included in its vigilance approach the risks of serious violations with regard to the following topics:

- human rights and fundamental freedoms;
- harm to the health and safety of people (covering Constantia Flexibles' personnel and end-consumers);
- harm to the environment.

In order to perform proper risk-assessments on these topics a specific workgroup was established consisting of representatives from the following departments on Group level of Constantia Flexibles: Human Resources, Sustainability, HSSE (Health, Safety, Security & Environment) and Procurement. This team got supported as well by Group Controlling and the Compliance Officer of Constantia Flexibles Group.

Beside the fact, that Constantia Flexibles performs twice a year a risk run to identify new risks as well as to review listed risks and opportunities with a bottom-up approach (from the operating plants to the Group level), the risk map for this vigilance plan is based on the Group's core activity represented as "Manufacturing of flexible packaging".

Risks related to Constantia Flexibles' own operations

The detailed identification, analysis and assessment of risks was built up on the related countries where Constantia Flexibles operates their own production facilities. These countries are related to the region "EU-countries", where 18 of all Constantia Flexibles' production-units are located whereas the Group operates another 19 plants in countries outside the European Union like Russian Federation (1), Turkey (1), Vietnam (1), India (10), South Africa (3), the United States (2) and Mexico (1) (the risk rating for each country comes from the databases of organizations such as ILO, etc.).

Risks to the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Constantia Flexibles understands the health and safety of people, who work with and for it, as well as the protection of its end-consumers' health and safety as an essential and integrated part of its daily business and success. Therefore, the risks of "occupational injuries and fatalities", "occupational toxics and hazards" were aggregated to the same level like the potential of "industrial (major) accidents" for all locations.

Moreover, Constantia Flexibles ensures the provision of flexible packaging according customers' specifications and regulatory requirements from the food- and pharmaceutical sector. This aspect in terms of "Consumer health and safety" was recognized and mapped as an opportunity (competitive advantage) for which a range of counter measures is already effectively implemented by Constantia Flexibles. Additional business-opportunities for Constantia Flexibles are long-term trends like urbanization,

emerging middle class, demand for products that are not harmful to health, premium products and sustainability.

Risks related to the environment

Constantia Flexibles identified the risk of "Climate Change" and "Air pollution" as main risks, beside dealing with the topics and related risks of other environmental issues.

Direct and indirect Greenhouse Gas (GHG) emissions are generated by production processes consuming electricity, gas, fuels, steam and hot water, as well as by upstream and downstream value chain activities, such as purchased goods and services and fuel- and energy-related activities.

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance throughout the Group. Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all of the Group's production sites located in countries around the world. Constantia Flexibles measures and reports the emissions according the internationally recognized Greenhouse Gas Protocol and is verified by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology. To promote opportunities for reduction of emissions, Constantia Flexibles has set Group-wide Greenhouse Gas (GHG) emission reduction goals, see section 4.3.2.5.2 "Regular assessment procedures and mitigation measures".

Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents. In this context, the company has installed Regenerative Thermal Oxidizers (RTO) in several plants and aims to decrease the overall solvent consumption, see chapter 2 - Regular assessment procedures and mitigation measures.

During the risk-assessment to fulfill the requirements for the Duty of Care-framework it was as well identified that the potential risk categories of Raw materials/Resource depletion, Water scarcity and Land/ecosystem/biodiversity destruction can be considered as very low.

Risks related to human rights and fundamental freedoms

Constantia Flexibles, being a manufacturer of flexible packaging by operating in 19 countries worldwide, clearly commits to the compliance with internationally recognized human rights. The categories in which Constantia Flexibles assessed the related residual risks like:

- non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);
- non respect of international labor standards on migrant workers; and
- non respect of data privacy.

These topics were clearly identified as salient due to the company's multi-country business. Following the Group's organization, countries at risk on the above risks are mainly all beyond the borders of the European Union.

Constantia Flexibles recognizes and respects its employees' right to freedom of assembly, as well as their right to elect their representatives freely and independently.

Furthermore, Constantia Flexibles has a zero-tolerance approach to modern slavery which includes various forms like slavery, servitude, forced and compulsory labor and human trafficking, all of which are identified to deprive a person's liberty by another in order to exploit them for personal or commercial gain.

Due to this specific risk in several countries, the Group is committed to acting ethically and with integrity in all its business dealings and relationships by implementing and enforcing effective systems and controls to eliminate potential breaches in its supply chain.

Constantia Flexibles complies with the rules established by the United Nations on human and children's rights as well as commits to offering working conditions that are free of any form of harassment and bullying. No form of violence or harassment, is tolerated.

Risks related to Constantia Flexibles' purchasing

Constantia Flexibles conducted the identification of risks related to its supply chain for the scope of purchase categories in several stages.

The first stage involved collecting and centralizing key data for each major category of purchases made by Group Procurement. The mapping includes the four major categories of procuring goods within Constantia Flexibles, which are "Aluminum", "Film", "Chemicals" and "Paper". Each category represents the amount of goods bought as a share of spending, namely aluminum (about 1/3), films (about 1/3), chemicals (about 1/5) and paper (less than 10%).

The second stage of the mapping process involved ranking the CSR risks - split again into main parts named "Human rights and fundamental freedoms", "health and safety" and "Environment" - and linking and assessing the respective risk to each of the countries from where the suppliers produce the required goods and raw materials.

For this assessment, several internationally recognized and independent data-sources were used like Human Rights Watch (www.hrw.org), the International Labor Organization (www.ilo.org), the Environmental Performance Index provided by the collaboration of Yale and Columbia University (<https://epi.yale.edu>).

Steered by Group Procurement, Constantia Flexibles monitors the main suppliers of raw materials on their extra-financial performance by standardized forms. As part of supplier-selection a self-evaluation form to be filled by the potential supplier addresses core topics related to environmental, social and ethical risks that may arise from their manufacturing and is based on the Code of Conduct of Constantia Flexibles. Further supplier audits performed by Constantia Flexibles at the supplier production-facility follow a standardized set of questions to ensure the adherence to the required standard.

4.2.2.7.2 Regular assessment procedures and mitigation measures**Risks related to Constantia Flexibles' own operations**

Constantia Flexibles implemented Group wide its Risk and Opportunity Framework with the related policy and setup in 2017. This framework with a bottom-up approach ensures the consistent reporting of risks and opportunities from the plant-level (including each manufacturing unit) by using a Group wide-standardized risk-catalogue. On Group level, the data of the assessed risks are compiled twice a year to the Group risk map by the Group Risk Controller.

Then the process requires, that the reported data needs to be reviewed by the respective Group functions, prior to their integration in the Group Risk Map.

Therefore, this process considers certain risks which need to be dealt with by the Group departments Human Resources, Sustainability/Environment and Health and Safety. Core business-risks from all operating sites (plants) globally will also be collected, assessed and reviewed.

The analysis of those risks consider appropriate mitigation measures and their potential effects at current stage and subsequently describe the level of residual risk.

Constantia Flexibles creates ownership by naming risk-owners, which are those who are responsible for implementing the specified mitigation actions. This includes respective risk-ownership on Group as well as on plant-level.

Constantia Flexibles holds a "Risk Committee" Meeting and also a "Safety Committee". The "Audit Committee" (meeting as part of the Supervisory Board), examines all the aspects of Internal Audit covering financial processes, statutory audits, etc. The social risks or degradation of Human Rights (working hours, data privacy, labor conditions, etc.), Health and Safety (accident reports, sick-leave/workers compensation), Environment (waste management, potential areas of pollution, etc.) are also handled by the Audit Committee. Constantia Flexibles experts from other Group functions are consulted each time, as necessary.

Risks to the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Mainly derived from the "List of Main Risks" which can be applied here.

Constantia Flexibles puts Safety as first priority especially at the manufacturing sites, where people who work for and with Constantia Flexibles are exposed to the hazards attached to its operations. Therefore, with regard to the protection of individuals Constantia Flexibles does not distinguish prevention and rules for workplace-safety into the people's contracts (employees, leased personnel/temporary workers, contractors). Moreover, the constant development of creating and maintaining safe and sustainable working conditions are supported by:

- Group Standards like Group HSSE Policy and underlying HSSE-Standards applicable for all subsidiaries;
- Group reporting process for accidents including standardized templates;
- defined Group Terms & Definitions which underpin the need of common understanding and set of performance-figures throughout all countries where Constantia Flexibles operates, regardless the individual, national requirements;
- minimum set of HSSE-related topics integrated into site-visits/-audits performed by HSSE and Group Internal Audit.

For all Constantia Flexibles Group standards set as Group-wide procedures an internal Document Control System provides the latest version on the Constantia Flexibles Intranet-pages. Beside this data-base, ongoing trainings have to be attended online by all management-functions about core business-policies, for example the Code of Conduct.

Further Group departments such as Operations Development as part of the Global Operations-department ensure the constant implementation of technical improvements considering technical safety beside efficiency and operational excellence (for example, in the field of fire protection).

Risks related to the environment

Constantia Flexibles has a comprehensive sustainability policy in place, which includes an annex that details actions and measures implemented to work on the company's commitments and core targets. Furthermore, the Code of Conduct and Code of Conduct for Suppliers include clauses on environment and responsible sourcing, reflecting and outlining the importance of sustainability in the company's written principles to internal and external stakeholders.

To promote opportunities for a reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in Greenhouse Gas (GHG) emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as

reference year). Furthermore, in 2017 Constantia Flexibles developed a Group-wide absolute emissions reduction target, which was approved by the Science Based Targets initiative in 2018. Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 24% by 2030 and 49% by 2050 from a 2015 base-year.

As more than half of the Scope 1 and 2 emissions are occurring as a result of electricity consumption (Scope 2), Constantia Flexibles is in close contact with its electricity suppliers with the aim to increase the share of purchased electricity coming from renewable resources. To mitigate the risk of Air Pollution, Constantia Flexibles has installed Regenerative Thermal Oxidizers (RTO) in several plants, consequently reducing the VOC emissions. Moreover, Constantia Flexibles also aims to decrease the overall solvent consumption in several plants by investing in new solvent-free printing technologies.

In addition to the assessment of direct and indirect emissions occurring due to the activities of the Constantia Flexibles Group, the indirect emissions caused by processes up-and downstream of the supply chain (Scope 3 emissions) are evaluated. Purchased goods used to manufacture Constantia Flexibles' products represent the most important element of Scope 3 emissions of the company. Constantia Flexibles therefore sees collaboration throughout the value chain (*i.e.* in order to implement responsible sourcing certifications) as an important component of a comprehensive approach to sustainability.

Constantia Flexibles is thus a founding member of initiatives such as the "Aluminium Stewardship Initiative" (ASI), which works towards responsible production, sourcing and stewardship of aluminum, following a comprehensive value chain approach. Constantia Teich as the biggest production plant within the Group and located in Austria, has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. In addition, Constantia Teich received the ASI Chain of Custody Certification in 2020. ASI Certification of the Constantia Teich facility signifies that Constantia Flexibles' practices meet the industry's highest standards.

Constantia Flexibles is also a founding member of Ceflex (A Circular Economy for Flexible Packaging). As part of this project, Constantia Flexibles intensively works on further enhancing the performance of flexible packaging in the circular economy. Ceflex is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them.

As an additional mitigation action, the Group joined the New Plastics Economy (NPEC), an ambitious initiative led by the Ellen MacArthur Foundation, which brings together key stakeholders to rethink and redesign the future of plastics. Constantia Flexibles is an active member participating in several pioneer projects, which gives the opportunity to accelerate the fulfillment of market- and customer needs. As part of the New Plastics Economy "Global Commitment", Constantia Flexibles pledges that 100% of its packaging will be recyclable by 2025.

Risks related to human rights and fundamental freedoms

The biggest part of risk-categories relates to this chapter and could impact people working with and for Constantia Flexibles at all organizational levels and in all countries where the Group operates in their manufacturing sites.

The sub-categories for which the country-related risks were assessed are built up as follows:

- 1 forced labor;
- 2 child labor;
- 3 non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);
- 4 non equal opportunities and discrimination;
- 5 non respect of indigenous population rights;
- 6 non respect of international labor standards on migrant workers;
- 7 risk of withholding identification documents;
- 8 non respect of data privacy;
- 9 excessive working hours;
- 10 unfair wages;
- 11 inadequate social benefits and social security;
- 12 harassment and abuse/disciplinary practices.

Due to established regulations and deployed standards, all countries belonging to the European Union could be rated less high for their inherent risks of above stated topics.

The final assessment then reflecting the analysis at the company level resulted in a higher risk in the categories of 3, 6 and 8 compared to the risk of risks as listed above.

Nevertheless, Constantia Flexibles implemented Group wide internal standards and built up specific reporting lines of key performance indicators, which are compiled at Group level.

As one of the key documents, the Code of Conduct covers most of the topics within the whole Group. However, during the assessments performed for the Duty of Care framework, the potential of further improvements with regard to the minimum standards about excessive working hours, and unequal salaries.

Risks related to Constantia Flexibles' purchasing

For fulfilling the Duty of Care-requirements and for describing the several kinds of assessment procedures, Constantia Flexibles identified following implemented fields of activities and procedures. All purchase categories were summarized to be classified commonly as "industrial manufacturing" (B2B only):

- the potential risks related to "Human Rights and Fundamental freedoms", "Health and Safety" as well as "Environment" are effectively covered by the CSR-related purchasing charter named "Code of Conduct for Suppliers", for which Constantia Flexibles requires all suppliers to adhere to in principle;
- integration of mandatory minimum requirements of CSR-terms and conditions included in the contracts and purchase orders; furthermore, Group procurement performs supplier-audits at their production-sites and request them to fill a self-assessment form named "preaudit questionnaire".

4.2.2.7.3 Alert mechanism

In the year 2008 Constantia Flexibles implemented a whistleblower hotline. It is outsourced to a dedicated service provider which deals as first point of contact for all incoming e-mails and calls. The law service provider is held to strict confidentiality obligations and able to answer in most languages spoken within the Constantia Flexibles Group and its affiliates worldwide. Every alert is then forwarded (depending on the whistleblower's request) Constantia Flexibles' compliance team.

This system in place aims to encourage employees and leased personnel/temporary workers to report any concerns regarding unethical behavior or any human rights violations or environmental damage.

Covering as well the French law "Sapin II" on corruption and anti-bribery aspects, Constantia Flexibles provides a description of this whistleblowing system made available through the intranet. Especially via the "Code of Conduct for Suppliers" Constantia Flexibles ensures this information to be forwarded to their employees and other contractors.

4.2.2.7.4 Monitoring system of implemented measures and assessment of their effectiveness

Constantia Flexibles implemented several systems and standardized their monitoring throughout all operating facilities.

Trainings and awareness-raising campaigns were identified by Constantia Flexibles as useful tools. For example, with regard to the document seen as a basement for the "Duty of Care" framework, which is the Code of Conduct, Constantia Flexibles provides annual web-based trainings about the requirements including a (anonymous) test which needs to be passed with at least 80% correct answers to finish successfully the online-training session.

For ensuring the effectiveness of Constantia Flexibles Duty of Care-framework, especially Group functions introduced specific measures:

- Group Procurement conducts supplier audits on site based on defined criteria and performs recurring internal risk-assessments on the defined purchase-categories Aluminum, chemicals, films, etc.;
- the Group Sustainability-team collects and monitors all key environmental indicators for Constantia Flexibles and tracks the performance throughout the Group;

- the Group wide consolidation platform used as database provides and includes consistency checks and requests to upload evidence documents for reported data from the operating units;
- the Group Human Resources department as well as other disciplines like HSSE benefit from the participation of several operating units in Sedex, which is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains, used by more than 50,000 members in over 150 countries. Third-party auditing companies perform so-called Smeta (Sedex Members Ethical Trade Audit) at the production-sites on behalf of Sedex, which are set up as 4 pillar audits covering Labor Standards, health and safety, Business Ethics and the Environment;
- the Group HSSE department implements Group standards to fulfill the targeted management system based on the Constantia Flexibles vision of Zero Loss - No Harm. Moreover, the Group wide KPIs-set to be monitored on monthly basis include as well the opportunity of sharing lessons learned *via* events (accidents like Lost Time Injuries (LTI)), detailed audits on site and cross-checks with observations and findings identified by the department Group Internal Audit on site. This department provides an internal self-assessment matrix which needs to be filled by the operating units and performs frequent site-visits as part of the activities for ensuring internal compliance to the standards of Constantia Flexibles, which is the Code of Conduct and its elements considering human rights, health and safety and environmental aspects.

Auditing against the required standards performed by independent parties ensures for Constantia Flexibles to close the cycle and constantly learn. These audits performed for Sedex, necessary for obtaining any certificate based on ISO-standards or for other customer-related packaging-requirements like BRC (British Retail Consortium) give Constantia Flexibles the opportunity to continuously improve globally while ensuring the reliability of its Duty of Care framework.

4.2.2.8 Reporting scope & methodology

The reporting scope considers all legal entities including 37 production sites in 16 countries and several office-based locations (e.g. Headquarters, Sales-offices, Holding locations) worldwide which were part of the Constantia Flexibles Group in 2020.

Correspondingly, all legal entities and office-locations of the Constantia Flexibles Group (in 19 countries) were considered for the Human Resources-related data and information:

- "Constantia TT" acquired in 2019 in Russia and "Parikh Flexibles" in India are also fully covered by all disciplines data for the whole year 2020;
- for H&S-related reporting, major office locations like headquarters of Constantia Flexibles as well as all three offices of "Constantia Business Services" (located in Austria, Germany and Poland) are fully considered beside all production-sites.

Social

Employment

The employee hire rate is calculated by counting the number of hires (Headcount) during the reporting period, divided by the number of employees (Headcount) at the end of the reporting period, multiplied by 100.

The employee turnover rate is calculated by counting employees (Headcount) who left the Group during the year in reference to the number of employees (Headcount) employed at the end of the year, multiplied by 100.

Health and Safety

LTIFR is measured by calculating the number of Lost Time Injuries (LTI) resulting in at least one full day lost per 1 million hours worked (combined for Group employees and leased personnel/temporary workers).

Environment

Energy

The following energy sources are included in the total energy consumption: Natural gas, LPG, diesel, heating oil, petrol, other

fuels, electricity, steam and hot water. Fossil fuel consumption is expressed in MWh Lower Heating Value (LHV).

Scopes 1, 2 and 3

The CO₂ emissions' calculation is based on Scope 1, Scope 2 and Scope 3 as defined by the Greenhouse Gas Protocol Initiative (Corporate Value Chain Accounting and reporting Standard). The standard provides requirements and guidance for companies and other organizations to prepare and publicly report a Greenhouse Gas (GHG)-emissions inventory.

VOC Emissions

The evaluation of VOC Emissions is based on the French *Guide d'élaboration d'un plan de gestion des solvants* - Revision no. 1 and is calculated as follows:

- VOC total emissions: I1 (solvents consumption) - O5 (eliminated/bound solvents) - O6 (solvents in collected waste) - O7 (solvents in products sold) - O8 (recovered and sold solvents).

Waste generation and disposal methods

The data on waste generation were defined according to GRI (Global reporting Initiative) and collected in a mass unit:

- hazardous waste: hazardous waste as defined by national legislation at the point of generation;
- non-hazardous waste: all other forms of solid or liquid waste that are not considered as hazardous waste by national legislation at point of generation. Wastewater discharged into sewers is not included;
- waste sent to recovery: waste which was handed over to an external contractor who has ensured that the waste was recycled, composted or incinerated with energy recovery.

Recyclability of product portfolio

Recyclability of product portfolio is calculated using the following formula: Recyclability of product portfolio (%) = Recyclable output [m²]/sold output [m²].

4.2.3 CPI

4.2.3.1 Company presentation

The Crisis Prevention Institute (CPI) is America's leading training provider in crisis prevention and aggressive behavior management. The company teaches non-violent verbal intervention techniques and methods to anticipate and respond to hostile and anxiety-provoking behavior in an effective and safe manner. Included within CPI's philosophy of Care, Welfare, Safety, and Security is CPI's societal responsibility to better integrate the dimensions of equity, health and safety, eco-management, environmental protection and social impact into its activities. Since CPI was founded in 1980, the Institute has played an increasingly active role in advocating for underserved populations and drastically reducing workplace violence.

In 2018, CPI signed the United Nations Principles of Responsible Investment (PRI) to demonstrate its commitment to include PRI in evaluating business investments and operations. As a continuation, and under Wendel's impetus CPI implemented an ESG strategy with indicators. This value-added strategy allows CPI to remain at the forefront of the industry.

CPI's umbrella term for this ESG work, being carried into 2021, is *"Making CPI and our customers more resilient given current societal challenges"*. Today, under Wendel's guidance, CPI has been able to extend its commitment beyond external impact (such as reducing restraints and seclusions, reducing violence against women, minimizing use of psychotropic drugs etc.). The company now has an internal social responsibility policy minimizing its carbon footprint, improving equity throughout its staff, and formalizing strict business ethics. This is a continual process, and CPI covers these ESG areas and discloses progress updates at each Management Meeting.

In 2020, CPI emphasized virtual delivery of programs, deployed an internal ethics and cybersecurity awareness campaign and instituted the processes and technology for ESG definition, goal setting, progress reporting, and audits.



2020 REVENUE

\$63.8 mUSD

VISION

Empowering professionals to improve their care and service to the individuals they serve.

MISSION

We teach the world that by combining the right skills with dignity and respect, you create wellbeing throughout the workplace and beyond.

VALUES

Every person possesses an intrinsic dignity and deserves the best care possible.

We fulfill our promise to customers by providing premium services and value at each customer interaction.

Growth is in our DNA.

KEY

Key partners

External resources

Internal resources



SHAREHOLDER GOVERNANCE

SHAREHOLDERS: WENDEL 96.3%,
CPI MANAGEMENT (2.5%), CPI LENDERS (1.2%)

BOARD OF DIRECTORS:

4
members

25%
of independent

25%
of women



OPERATIONAL GOVERNANCE

EXECUTIVE LEADERSHIP TEAM:

9
members

55%
of women

HUMAN CAPITAL



308

EMPLOYEES

Nationalities:

- 73% in US
- 23% in Europe
- 4% in Australia

Ages:

- 31% of 18-34
- 54% of 35-54
- 15% of 55+

INTELLECTUAL CAPITAL



9

OWNERSHIP
OF ALL CPI
SPECIALIZED
TRAINING
PROGRAMS

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

PROCUREMENT



Main purchases :

- Training event venues
- Workbooks and delivery services
- Software, cloud storage
- Other products and services

6 main suppliers,
mostly American
and UK

SITES

3

office sites
in the US (HQ in
Milwaukee, IT office
in Gurnee IL, DCS
division office in
Charlotte NC)



1 warehouse in the US
(Milwaukee)



1 HQ site in Australia
(Sydney)



3 offices in the UK
(Sale, Newcastle under
Lyme, Kings Langley)

TRAINING CAPACITY
AND MAJOR END
MARKETS

CPI's Global Professionals Instructors have trained 100,000+ Certified Instructors (teachers, nurses), over the past 40 years, on the following topics:

SERVICES & CUSTOMERS

- Diversified set of customers world-wide (nurses offices, schools, hospitals, nursing homes, retailers, etc.)
- Certified Instructors train c. 1.2M Learners (co-workers of the Certified Instructor) per annum
- Over 15M professionals trained over the past 40 years

REVENUE BREAKDOWN

Revenue breakdown by location:

- 80% in the US
- 8% in Canada
- 9% in the UK/Europe
- 3% in Australia/NZ/Asia

RESOURCES

USE OF RESOURCES

OUTPUT

CERTIFICATIONS / MANAGEMENT SYSTEMS

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

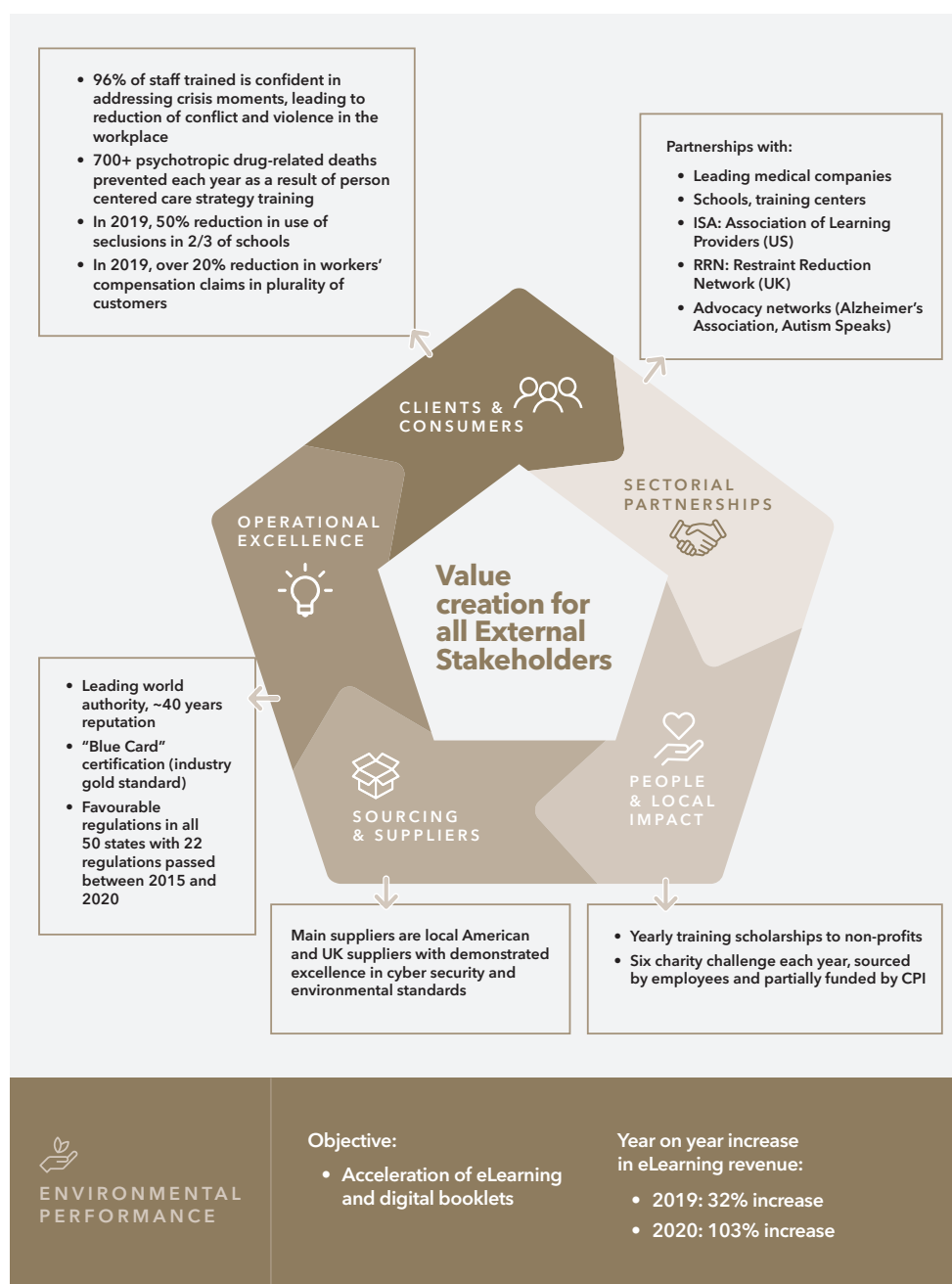
R & D

- Dedicated team in US and UK with 4 program introductions annually
- eLearning development capability, launching 6 programs annually

- Non-violent crisis intervention (NCI) in the Health and Education sectors
- Dementia Care Specialist training (DCS) in the long term care and assisted living marketplaces

Revenue breakdown by end market:

- c. 40% in Education
- c. 40% in Healthcare/Mental Health
- c. 20% in Social Services, Retail, Security & Law Enforcement



4.2.3.2 Overview of main risks

In 2020, CPI embarked on the formalization of the ESG risks facing its business, establishing a prioritization schema, and instituting a measurement methodology to establish baselines for use in further years. Moreover, in 2020, CPI emphasized mitigating these risks by launching virtual training programs on ethics and cybersecurity for the company's employees, as well as strengthening the company's resilience to pandemics. This was a cross-functional effort including CPI's international division, Corporate Human Resources, Operations, Legal, and Finance.

The risks in the following sections reflect those that contain the greatest potential impact to CPI's activity and brand reputation.

Topic & Risk		Risk description	Mitigation actions	KPIs	Paragraph
HEALTH & SAFETY	Health & Safety of employees	"Work from Home" initiatives may increase risk for falls, stress, and cybersecurity threats	CPI Employee handbook sign-off by each employee	Hours of planned absenteeism (US scope)	4.2.3.4.1
			Capex for 'work from home' capabilities provisioned	Long term injury frequency rate (LTIFR)	
			Health and Safety incident monitoring	Health and Safety Incidents	
SOCIAL	Training	As a professional services firm CPI's quality relies on the internal and customer-facing staff.	Comprehensive training program for all staff (remote work, cyber security and anti-bribery)	Number of Cyber Incidents	4.2.3.4.1
		The impacts of poorly trained staff would be:	Attendance tracking in all mandatory training	Employee Churn	
		<ul style="list-style-type: none"> ■ Poor CI and Learner training quality; ■ Pricing degradation due to lost premium positioning; ■ Security risk if CPI experiences high levels of cyber incidents. 		Total # of employees passing mandated training	
	Discrimination and Equal treatment	One of CPI's core values is intrinsic dignity of each person. The company endeavors to cultivate an employee work environment, free from discrimination and inequity; lack of adherence to this vision would affect hiring and brand positioning.	Yearly updates and acknowledgment by staff of the CPI handbook	Breakdown of staff by gender (Group scope), EEOC job category and income (US only)	4.2.3.4.1
		Potential impacts include:	Compliance with the US EEOC for job postings (be they sourced internally or externally)		
		<ul style="list-style-type: none"> ■ Demotivation of employees; ■ Negative public relations; ■ Increased litigation. 			
	Local employment and development	Negative public relations and lack of diverse insights	Ensure CPI office locations are on bus and train lines for a maximum 30-minute commute from each marginalized zip/post Code within a 10-mile radius and allow people from all walks of life to work at CPI	Breakdown of staff by gender (Group), EEOC job class and income (US only)	4.2.3.4.1
		The impacts would be:			
		<ul style="list-style-type: none"> ■ Loss of hiring attractiveness; ■ Suboptimal insights, and community development. 			

Topic & Risk		Risk description	Mitigation actions	KPIs	Paragraph
ENVIRONMENT	Climate Change	CPI, as a training firm, deploys staff to thousands of settings to deliver events. These trips generate carbon emissions as well as the energy consumption in the CPI premises.	Institution of two new practices: <ul style="list-style-type: none"> ■ Mandatory Work from Home day per week; ■ Implementing virtual training to reduce air travel and hotel days. 	# of flights purchased Virtual training programs launched.	4.2.3.4.2
	Raw material consumption, efficiency, and supply	CPI's produces 800,000 workbooks each year and 20,000 catalogs that are direct mailed to customers. The impacts would be: <ul style="list-style-type: none"> ■ Significant raw material consumption; ■ Delivery costs/consumption (routing via UPS). 	Partnering with vendors to minimize page count each year.	Catalog page count reduction (compared to previous year). % of UPS optimized spend compared to the previous year. Number of air shipments avoided (compared to previous year).	4.2.3.4.2
	Energy consumption, efficiency, and supply	CPI is an office-based organization with staff members working closely; Energy consumption impacts the quality of the working environment, and increases the pressure on environmental resources.	Conversion to LED lights office-wide to minimize energy usage, and instituting 'auto off' features in overhead lighting on the four CPI office floors in the US.	% of square feet of office space converted to LED lights (US only).	4.2.3.4.2
SOCIETAL	Corruption & Bribery	CPI performs little business where corruption and bribery are possible; CPI maintains audited approved segregation of duties and open transactions/contracting (via on-line contracting and DocuSign). The impact would be significant but CPI considers this risk less likely.	Full training on anti-bribery and corruption (ABC).	# of CPI staff trained and passed on ABC # of lawsuits # of lost contracts due to ethics	4.2.3.4.3
ESG PERFORMANCE OF PRODUCTS AND SERVICES	ESG performance of products and services	Lack of competence in behavior management training can increase risk of injury of staff or patient. The impact would be: <ul style="list-style-type: none"> ■ Public relation issue if CPI cannot prove training was done with fidelity; ■ Potential exposure for involvement in litigation. 	Proven business protections around insurance, contract language and embedding 'risk of restraints' language in all customer-facing events.	Total # of active Certified Instructors.	4.2.3.4.1

4.2.3.3 ESG Governance

CPI's CEO is responsible for the performance and definition of CPI's ESG Strategy. Three additional leaders, CPI's Chief Financial Officer, General Counsel, and Vice-President of Human Resources also contribute to overall ESG performance through their respective fields. This overall team is 50% female, 50% male.

CPI's leaders have all signed the "CPI Leadership Pledge", which formalizes the Company's behavioral standards of highest ethics, equity, open and honest communications and service to all stakeholders. This naturally fits with CPI's ESG goals being presented and discussed at each executive committee of the Company.

4.2.3.4 CPI's ESG Strategy

4.2.3.4.1 Social Commitments

Developing a safe, diverse, and fulfilling work environment:

Promoting a diverse workforce

SOCIAL	Discrimination and Equal treatment	<p>One of CPI's core values is intrinsic of each individual. The company strives to cultivate an employee work environment, free from discrimination and inequity; lack of adherence to this vision would affect hiring and brand positioning.</p> <p>Potential impacts include:</p> <ul style="list-style-type: none"> ■ Demotivation of employees ■ Negative public relations; ■ Increased litigation. 	<p>Yearly updates and acknowledgment by staff of the CPI handbook.</p> <p>Compliance with the US EEOC for job postings (be they sourced internally or externally).</p>	Breakdown of staff by gender (Group scope), EEOC category class and income (US only).
	Local employment and development	<p>Negative public relations and lack of diverse insights.</p> <p>The impacts would be:</p> <ul style="list-style-type: none"> ■ Loss of hiring attractiveness; ■ Suboptimal insights, and community development. 	<p>Ensure that CPI office locations are on bus and train lines so that a trip from each suburban area/zip code within a 10 mile radius does not exceed 30 minutes, and allow people from all walks of life to work at CPI.</p>	

As of December 2020, CPI counts a total of 308 employees. The Group is present in four countries, with the following geographical presence:

Country	12/31/2020	12/31/2019
USA	226	250
Australia	12	
France	2	
UK	68	76

In 2020, CPI's headcount is down slightly as the company turns to more virtual training/skills development programs. CPI has also increased the use of digital tools for its sales activity.

The number of hires and departures in 2020 is the following:

	12/31/2020	12/31/2019
Hires	46	97
Departures	64 (including 55% voluntary)	87
Total employee turnover	20%	N/A - calculated on a consolidated basis not available

CPI promotes a strong culture of diversity and fairness. Having proven that a diverse workforce multiplies success, it is CPI's ongoing goal to promote and enrich this diversity among its employees, its customers and within its local communities.

All CPI employees must adhere to the company's diversity commitment, including by signing the CPI Employee Handbook. This handbook reiterates CPI's commitment to combating all forms of discrimination. The values embodied in the Handbook are common to all the countries in which the Company operates. Only the references to the applicable local and national law and regulations differ. At December 31, 2020 the handbook was updated for 2020 changes. In the first quarter of each year, all CPI employees must confirm online that they have read the new edition. Additionally, in the US, CPI is in full compliance with the Equal Employment Opportunity Commission (EEOC). CPI also uses the interactive process within the US for Americans with Disabilities

Act requests/accommodations to ensure consistent and fair treatment of all candidates and employees.

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

At 12/31/2020, the company gender split was as follows:

Gender split	Male	Female
As of 12/31/2020	41%	59%
As of 12/31/2019	41%	59%

CPI has a wide variety of job categories and associated income levels. This diversity is testament to the Company's ability to provide opportunities to people of all backgrounds and educational levels. The diversity of positions and income levels is balanced and breaks down as follows:

	Professionals	Sales	Managers	Admin	Executives
As of 12/31/2020	37%	20%	19%	17%	7%

Income level	As of 12/31/2020
Up to \$40K	13%
\$40K-65K	53%
\$65K and above	34%

To support its efforts in welcoming people from all social backgrounds and origins, without any form of discrimination, CPI also measures the number of CVs addressed by underrepresented minorities, and the percentage of candidates shortlisted. In 2020, the percentage of shortlisted candidates from underrepresented minorities was 25% for the CFO and VP of HR roles, and 62% of shortlisted candidates for all other roles were female.

Promoting health and safety at work

HEALTH & SAFETY	Health & Safety of employees	"Work from Home" initiatives may increase risk of falls, stress, and cybersecurity threats	CPI Employee handbook sign-off by each employee Capex for 'work from home' capabilities provisioned Health and Safety incident monitoring	Hours of planned absenteeism (US scope) Long-term injury frequency rate LTIFR Health and Safety incidents
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CPI places an absolute priority on providing a high-quality work environment for all its employees. Faced with the unpredictable nature of the Covid-19 pandemic, CPI embarked on a significant training roll-out to staff, managers, and leaders to enable a structural change of 20% remote work by each employee. As

working from home may increase risk of falls and stress, CPI's value of health and safety also instituted modules/meetings around remote working methods and performance management, and virtual meeting best practices. As a result of these initiatives, CPI recorded 0 remote working incidents in 2020.

Overall, CPI staff has managed to face the challenge of the pandemic well, with 95% of staff returning to offices by July 2020 on a 4 days at the office/1 day remote schedule. This resilience, and flexibility, has served CPI well given the volatility in community shutdowns throughout 2020. To facilitate the return of employees to the office and provide quality workspaces, CPI offices and workspaces underwent significant remodeling. This notably allowed a 40% increase in daylight inside buildings.

And thanks to its internal experience with the management of the COVID-19 crisis, CPI recognized that social distancing and mask mandates could provoke violent and anxiety-provoking reactions. For this reason the company has created a new training module for businesses and organizations, to train their employees in defusing these crisis situations, by teaching them to manage conflicts related to wearing a mask and socially distancing themselves.

Beyond the immediate management of the COVID-19 impacts on its staff's well-being, CPI continues to closely monitor - in particular through the indicators below - the health and safety of its employees:

	As of 12/31/2020	As of 12/31/2019
Number of Health & Safety incidents (with or without time off)	5	8
Number of Lost Time Injuries	1	1
Long term injury frequency rate	1.56	1.51

Moreover, the number of hours lost to planned absenteeism among CPI's staff in North America represents 22,704 hours, less than 5% of the total number of hours worked for staff within that scope.

Providing innovative training solutions for safer societies

Ensuring the highest level of service quality

SOCIAL	Training	As a professional services firm CPI's quality relies on internal and customer-facing staff. The impacts of poorly trained staff would be: <ul style="list-style-type: none"> ■ Insufficient quality of CI (Certified Instructor) and learner training; ■ Pricing degradation due to lost premium positioning; ■ Security risk if CPI experiences high levels of cyber incidents. 	Comprehensive training program for all staff (remote work, cyber security and anti-bribery) Attendance tracking in all mandatory training	Number of cyber incidents Employee churn (value in section 4.2.3.5.1) Total # of employees passing mandated training Number of hours spent on mandated training
ESG PERFORMANCE OF PRODUCTS AND SERVICES	ESG performance of products and services	Lack of competence in behavior management training can increase risk of injury of staff or patients The impact would be: <ul style="list-style-type: none"> ■ Public relation issue if CPI cannot prove training was done with fidelity; ■ Potential exposure for involvement in litigation. 	Regulating authorities certifying the quality of training Verification scheme to guarantee confidence in training delivery for future Certified Instructors External acknowledgments of CPI's quality training	Total # of active Certified Instructors

CPI must provide approved, training programs to customers around the world highly adapted to their expectations and needs. Regulating authorities include departments of health, education departments in the countries where the company is located, and auditors such as the Joint Commission (US) and the Restraint Reduction Network/BILD (UK). Additionally, given the pandemic,

CPI had to pivot quickly and ensure customers could receive certification training remotely, and accordingly have them train their co-workers remotely as well. Every Certified Instructor, when trained by CPI, should be able to competently train their own staff on these critical skills. To verify the quality of this transmission of skills, CPI has undertaken the following actions:

1. comprehensive review and testing of Certified Instructor candidates, including frequent physical intervention assessments to be performed by the trainers, and
2. open discussion and clarification of the risks related to the control of escalating situations of violence, and organization of a question-and-answer session.

This verification schema allows the Certified Instructors to gain confidence in training others and provides a necessary knowledge base for them to answer questions from their respective teams. This confidence then translates into more effective trainers and ability to be 'active' trainers within the CPI ecosystem for a longer time.

As a US leader in providing training, it is important that regulating authorities perceive CPI as a premium provider. CPI continues to engage with the proper authorities to demonstrate the quality of its training. In 2020, the US CMS (Center for Medicare and Medicaid Services) listed CPI as a best practice example to be better prepared for crisis situations for a public hospital system to remediate a censure, and the US department of Justice listed CPI as the best practice training provider in managing aggressive behavior for a school district undergoing judgments.

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

- virtual training options to maintain their certifications;
- training strategies, plans and locations that comply with health standards, including the use of personal protective equipment and the organization of exercises in compliance with physical distancing measures.

In addition, CPI HR has formalized a training plan incorporating modules on working from home, cybersecurity (see also chapter 4.2.3.4.3) and anti-corruption. This plan provides for automated reporting and a catch-up process for unfulfilled tasks or failures. Maintaining the internal training program in a virtual format allows each employee to remain up to date in the skills required to perform their activity.

CPI's dedication to safe, accessible and tailored training delivered the following results in 2020:

	As of 12/31/2020	As of 12/31/2019
Total number of active certified instructors (including newly certified above)	35,032	39,034
Total number of employees who passed mandated training	316	N/A
Number of hours incurred for mandated training	3,625	N/A
Number of cyber incidents	13	N/A

Creating positive impacts in the face of current societal challenges

It is critically important to CPI that customers can confidently manage life's daily crisis moments in their workplaces. CPI surveys every attendee and tracks the relevance, and impact, of the training for customers' staff. The Group also monitors the effectiveness and outcomes among their clients, setting the following KPIs:

- CPI wishes that at least 80% of customers achieve positive outcomes (such as control of the constraints encountered during crisis management) as a result of training - 92% achieve outcomes ranging from moderate to highly positive about this type of crisis.
- CPI wishes that at least 80% of customers are effective in deploying our strategies and skills -99% rate themselves as moderately to highly effective;
- CPI expects at least 80% of customers are confident in addressing crisis moments in their workplace - 96% of customers declare that they are confident in addressing these crisis moments.

To best manage the myriad of customer testimonials and outcome tracking, CPI uses third party vendors to host this data and provide statistically significant outcomes:

- Techvalidate.com: this repository, owned by SurveyMonkey, queries CPI customers and works with them to develop testimonies that can be reported, utilized in print, or even through phone calls as reference checks. Hundreds of testimonials have been generated over the past five years and CPI will be adding several in 2021;
- Grandview Group: the metrics noted in the paragraph above were derived from the quarterly survey of Certified Instructors. Each quarter, Grandview will present a common question list to hundreds of CPI's CI's to track their outcomes with regard to positive outcomes, effectiveness and self-confidence.

Contributing to local communities

As an Institute, CPI seeks ways to positively contribute to all communities. This corporate approach is affirming for CPI employees, contributes to the company's local brand and aligns CPI's actions with the guiding principles of creating more care, welfare, safety and security world-wide.

Each year, The Judith Schubert scholarship is awarded in December to a prospective organization that is unable to afford CPI training. In

2020, Shelter Movers (Canada) received the award. They provide moving services for women that are in domestic abuse environments. In France, CPI has provided free training in defusing violent behavior to associations and community organizations. Wendel wished to support these organizations by committing funds to cover these training costs.

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

ENVIRONMENT	Climate Change	CPI, as a training firm, deploys staff to thousands of settings to deliver events. These trips generate carbon emissions, as does the energy consumption at CPI premises.	Institution of two new practices: # of flights purchased
			<ul style="list-style-type: none"> ■ Mandatory Work from Home day per week; ■ Implementing virtual training to reduce air travel and hotel days.

CPI views a myriad of climate change policy responses and voluntary approaches in the coming decade as essential. As a portfolio company of FFL Partners (2018), CPI became signatory of the Principles of Responsible Investing and developed an ESG strategy contributing to climate change mitigation. In late 2019 CPI as an affiliate of the Wendel Group has continued its climate change work. CPI's goals are the following:

- measure and minimize CPI's carbon footprint;
- actively work with partners and customers to enlist their support in responsible management principles;
- define, and track, business risks and opportunities if the average world temperature rises by 2 degrees Celsius by 2030.

Business trips currently constitute one of the main sources of carbon emissions for CPI. In an average week, CPI will have

employees on 30 business trips including round trip air travel and 3-day stays at hotels; additionally, CPI staff will commute 4,000 miles each workday. Given strategies initiated to minimize travel in 2020, CPI began measuring the number of ordered flights. During the year, 1,812 flights were purchased. This tracking phase will allow CPI to determine a reduction strategy for the years to come.

Moreover, the remote work scheme put in place in 2020 reduced the number of commute miles by 20%, therefore decreasing emissions linked with employee home-work commuting. CPI launched 3 virtual training programs, therefore also reducing emissions linked to participants commute. These programs included renewal strategies, verbal intervention for educators, and verbal intervention for human service professionals.

Reducing energy consumption and raw material consumption

ENVIRONMENT	Energy consumption, efficiency and supply	CPI is an office-based organization with staff members working closely. Energy consumption impacts the quality of the working environment, and increases the pressure on environmental resources.	Conversion to LED lights office-wide to minimize energy usage, and instituting 'auto off' features in overhead lighting on the four CPI office floors in the US.	% of sqft of office space converted to LED lights (US offices only).
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CPI is committed to a process of limiting energy consumption in order to reduce its environmental impact. Therefore, the North-American offices have set two initiatives with direct impact on energy consumption and providing baseline measures for tracking in future years:

- Use of LED (light-emitting diodes) lights office-wide to minimize energy usage and provide lumen coverage. In 2020, 100% of CPI headquarters (North American location), representing 58,000 sqft, complied with this new environmental approach.
- Institution of auto "off" features in all overhead lighting (North American location).

ENVIRONMENT	Raw material consumption, efficiency and supply.	CPI produces 800,000 workbooks each year and 20,000 catalogs that are direct mailed to customers. The impacts would be: ■ Significant raw material consumption; ■ Delivery costs/consumption (routing via UPS).	Partnering with vendors to minimize page count each year.	Catalog page count Shipping spending compared to the previous year. Number of air shipments avoided (compared to previous year).
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CPI also developed new practices to reduce raw material consumption used in the manufacture of its training materials, which also indirectly impacts its carbon footprint. CPI has been working with all workbook and catalog vendors to ensure they follow robust environmental management standards. In addition, CPI has instituted internal practices that seek to address the level of emissions indirectly caused by its learning materials production and therefore incentivizes the use of eLearning to minimize workbook use, or even attentively assesses

catalog pages to minimize page count. Thanks to these initiatives, 1,280,800 fewer catalog pages were produced in 2020, which resulted in a 13% reduction in shipping spend, and 60 Stock Keeping Units (SKUs) were deleted from the catalog and CPI warehouse. Finally, in 2020, CPI established benchmarks for training material shipping expense and the number of air shipments for baseline reporting in the future and measure the savings from this environmental policy.

	As of 12/31/2020	As of 12/31/2019
Spend on shipping as of 2020 (in US\$)	947,339	1,094,546
Number of air shipments avoided (vs. previous year)	72	N/A

Finally, in assessing the scopes and emissions across the value chain, it is apparent the majority of the Group's impact are in:

- Scope 3, indirect upstream activity (e.g. employee commuting, business travel and purchased goods);
- Scope 3, indirect downstream activity (e.g. end of life treatment of CPI's sold training goods).

CPI is committed to addressing these areas as well as actively managing its assets in Australia and the United Kingdom to minimize its carbon footprint.

4.2.3.4.3 Governance commitments

Limiting bribery and anti-corruption

CPI is absolutely committed to adhering to the strictest standards of ethical behavior and avoiding potential bribery situations. For 25 years CPI has maintained a global presence and ensured executives and trainers are capable of meeting their duties without being involved in bribery or corruption. In 2020 CPI enveloped this corruption risk awareness training to its internal training program for employees.

SOCIETAL	Corruption & Bribery	CPI performs little business in areas where corruption and bribery are possible; CPI maintains audited approved segregation of duties and open transactions/contracting (via on-line contracting and DocuSign). The impact would be major but CPI considers this risk unlikely.	Full training on anti-bribery and corruption (ABC).	# of CPI staff trained and passed on ABC; # of lawsuits # of lost contracts due to ethics
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Anti-bribery is at the heart of the mandatory training plan developed by both the Legal and HR teams. Thanks to the roll-out of the mandatory anti-corruption training 100% of all team members are now aware and trained, representing 330 people trained over 2020, who successfully passed the anti-bribery and corruption module. As a result of this training and the policies in place, CPI has not been party to a lawsuit and has not lost a contract due to ethics.

Digital data protection

In 2020, CPI experienced a 300x increase in the number of attacks against infrastructure and software/equipment. Of these attacks, 13 resulted in cybersecurity incidents and were resolved without disruption. CPI focused a third of IT spend/staff on responding to and mitigating these possible intrusions using cybersecurity tools (antivirus, firewalls, email hygiene, etc.). However, these traditional tools only block active threats. To augment these traditional protection measures and fill in the gaps in the current IT environment monitoring, CPI uses a leading AI engine, which can proactively detect a potential threat before it becomes active, by scanning CPI's network for unusual network activity, and then alerting upon the detection of an unusual network footprint. All of these measures guarantee data security for all customers and employees.

Additional information around Pandemic resilience

CPI, recognizes company employees as critical in mission fulfillment, and will continue to invest to ensure safe, clean work environments to address their anxiety and stress. In 2020, investments included:

- laptops, WiFi, and VPN access to enable CPI staff to work add space "anywhere";
- frequent CEO interactive broadcasts to provide transparency on CPI's response to the pandemic and answer any question posed;
- increased cleaning frequency and deployed best practice sanitizing stations throughout offices;
- deployed personal protective equipment for all traveling staff as well as enhanced testing;
- implemented enhanced HVAC with 3x more volume transfer throughout the day;
- enhanced workstations with structural two-meter distancing, plexiglass, and 20% reduction in floor capacity density.

Finally, to better serve customers, CPI remains extremely active with various governmental entities around the world to ensure customers had access to training provided by the company. This included gaining status as an "Essential" provider in March 2020, working with border authorities to ensure safe passage of CPI trainers to customers and gaining approval from local authorities to hold training in public venues for customers.

4.2.3.5 Reporting methodology

Organizational Scope

Unless otherwise stated, all data in this document is provided at the World scope (USA, Europe and Australia). Information is first reported at country level before being consolidated.

Human resources and Health & Safety information is reported on internally on monthly basis. Other types of information (operations, service quality) are reported on annually.

Historical data not available at the time of reporting is identified by the mention N/A.

Data sources

All CPI data used in this document has been reported in a dedicated ESG reporting tool (reporting 21). Based on a reporting protocol approved by the CEO in 2020, this reporting tool provides a clear definition and/or calculation method for all indicators to be completed, available for all contributors.

The source of the data reported within reporting 21 varies, depending on the type of indicators:

- human resources indicators: information is sourced from CPI's human resources information systems, whether internal or externalized;
- health & safety indicators: information is sourced from CPI's human resources information systems, internal incident reports or compensation reports, or tracked notifications to the human resources team;
- service & quality indicators: information is sourced from customer surveys or CPI's customer relationship management database;
- operations and environmental information are completed directly in reporting 21.

Indicators - methodological notes

Human resources data

- CPI's Total headcount at year-end includes part-time workers, interns, and temporary workers who are on the company payroll. The headcount excludes temporary workers when paid by an external agency.
- The different headcount breakdowns (by country, age, revenue...) are presented in section 2.3.5.1.
- Hires: Number of employees that joined CPI during the year, reported in physical headcount.
- Voluntary departures cover resignations and the end of internships.
- Unvoluntary departures cover motives such as misconducts, performance issues, reorganizations, end of temporary contracts, etc.
- Total departures covers both voluntary and unvoluntary departures.
- The total employee turnover is calculated using the following formula: Total number of departures/average number of employees in physical headcount.
- The average number of employees is calculated using the following formula: Headcount at the beginning of the year + headcount at the end of the year.
- Mandated training covers all training organized by the HR, IT or Legal departments, and role-based training. Training hours of employees who left the companies but were trained during the period are included.
- The total of absenteeism hours solely considers planned absenteeism which includes all forms of sick leaves but excludes paid time off and holidays.

Health & safety data

- Lost time injuries refer to injuries that led to lost working days. The day where the injury happens is not counted but as soon as one day is missed it is counted as an incident with Lost Time Injury. This definition is aligned with the Occupational Health and Safety Act (OHSA) standards.
- The formula used to calculate the Lost time injury frequency rate is the following: $1,000,000 \times \text{Number of Lost-Time incidents} / \text{Total number of theoretical hours worked}$.

Environmental data

- The catalog page count and catalog shipping weight are based on information provided by the external providers in charge of catalog printing and air transport.
- The number of air shipments is provided by CPI's warehouse staff who track conversion from air shipments to ground. Additionally, CPI tracks cases where customers order online training materials instead of hard copy workbooks. These cases are reported monthly in the operations reports.
- The percentage of workspaces using LED lightening bulbs is monitored by building owners.

4.2.4 Cromology

4.2.4.1 Presentation of Cromology's activity

Cromology is a European decorative paints company. The Group designs, manufactures and distributes a wide range of paints and other decorative products for professionals and DIY users. It distributes innovative products in more than 50 countries around the world, with a direct presence in 8 of them (Belgium, France, Italy, Luxembourg, Morocco, Portugal, Spain and Switzerland).

Throughout its 270 years of history, Cromology has acquired a recognized expertise in the field of decorative paints. Cromology's commercial brands attest to its professionalism, its technical and aesthetic know-how and its capacity for innovation (20% of revenue was generated with products released in the last three years).

Thanks to a high-value customer experience and quality products offering the best value for money, Cromology aims to develop its presence in the decorative painting industry, especially in Europe, while doing the most to minimize the environmental impact of its operations.

In 2020, Cromology redefined its purpose as:

- Sustainably protect and color living spaces to brighten up everyone's lives.
- Guide and motivate everyone at Cromology on a daily basis for the benefit of all the stakeholders.

Cromology

2020 REVENUE

€ **628m**

PURPOSE

Sustainably protect and color living spaces to brighten up everyone's lives.

VALUES

Safety
Excellence
Respect
Satisfaction
Collective
Imagination
Simplicity

2020 ENVIRONMENTAL PERFORMANCE

59%
of recycled plastic in plastic packaging purchased in France

80%
of sales with water-based paints

58%
of sales of products less than 3 years old generated with eco-label products



SHAREHOLDER GOVERNANCE
SHAREHOLDING : WENDEL (100%)

7 members **1** independent **1** woman

HUMAN CAPITAL

3,200

employees in 8 countries,

- 68% in France,
- 23% in Southern Europe,
- 9% other countries

CERTIFICATIONS / MANAGEMENT SYSTEMS

100%
of industrial sites are OHSAS 18 001 certified

RESOURCES

SUPPLY



Raw materials and packaging



Non Paints products (Tools and equipment for painters, Floor and wall coverings)

PRODUCTION & LOGISTICS



9 Production sites



7 Logistics platforms



Transport sub-contractors

SALES AND MARKETING

Portfolio of awareness brands - BtoB A brands in their countries: **Tollens (FR), Max Meyer (IT), Robbialac (POR)**...



Distribution Partners: Independent Distributors DIY Retailers

USE OF RESOURCES

OUTPUT

PRODUCTS

- Interior decorative paints
- Paints and exterior coatings
- Technical paints
- Thermal Insulation Components Systems

END / USERS CUSTOMERS

Advocacy : Architects

- Professional painters
- Private Consumers
- Private & Public Builders

KEY

Key partners

External resources

Internal resources

Sales flows (Cromology-manufactured products)



OPERATIONAL GOVERNANCE

MANAGEMENT TEAM

10 members **10%** women**70%**of logistics and
production sites are
ISO 14 001 certifiedINTELLECTUAL
CAPITAL**11 h**of training
per employee

R & D

**80**R&D engineers
and R&D technicians

› 20% of sales are products launch in the last 3 years

**6**

R&D laboratories

Private laboratories
for certificationPrivate university laboratories
› Detection of potential
technologiesINTEGRATED
DISTRIBUTIONNetwork of **390** Points of Sales
› 60% of sales

Group Brands' e-commerce platforms

Value creation for external
stakeholders

- Innovative Products
- Technical Know-How

CUSTOMERS
& CONSUMERS

- Industry
Initiatives:
- CEPE (Europe)
 - Country
associations

SECTORIAL
PARTNERSHIPSOPERATIONAL
EFFECTIVENESS

- QSE policy
- Safety &
Environmental
Golden Rules

SUPPLIERS

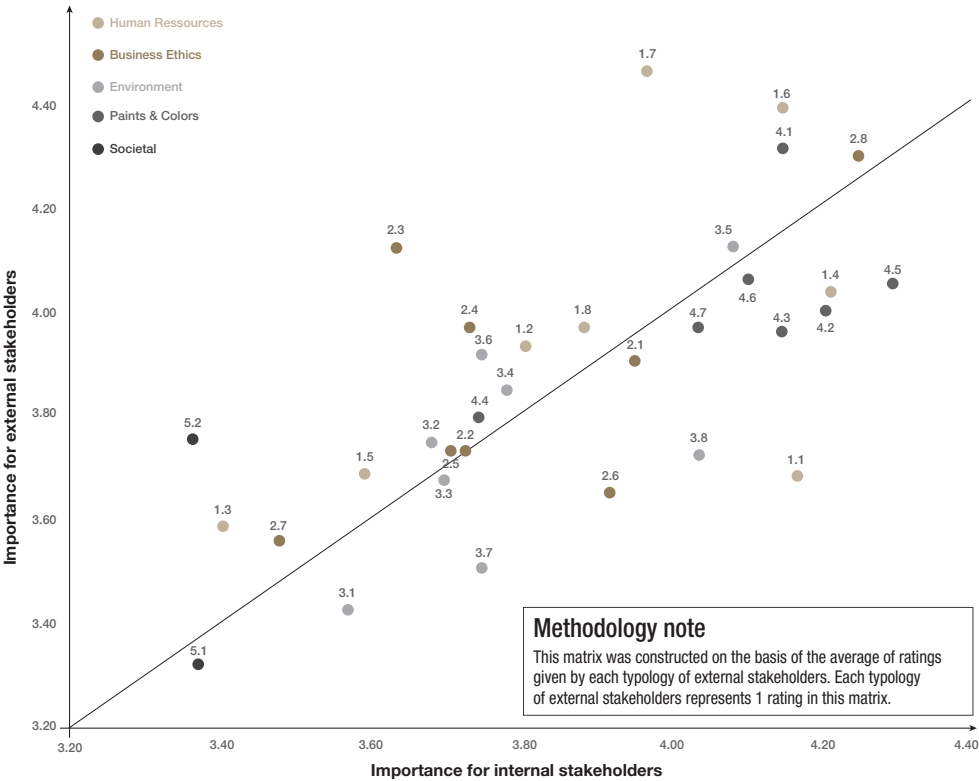
PEOPLE
& LOCAL
IMPACT

- Purchasing ethics
charter
- GDPR clause
and social law

- Support for local
initiatives internally
and in connection with
associations
- 98% of products are
sold where they are
manufactured

4.2.4.2 Materiality Matrix

Cromology CSR roadmap (described in the section on “Cromology’s 2023 Vision”) reflects the material topics drawn from a materiality matrix. This matrix (established in Feb. 2021) includes both risks and opportunities regarding Cromology’s sustainable engagements.



<div>1. HUMAN RESSOURCES</div> <div>1. Talent management & training 2. Well-being & quality of life at work 3. Labour relations 4. Employee engagement & attractiveness 5. Diversity, inclusion & equal treatment 6. Employees' working conditions and workplace safety 7. Prevention of industrial risks related to chemical agents 8. Occupational health and safety certification of production sites</div>	<div>2. BUSINESS ETHICS</div> <div>1. Anti-corruption, deontology and transparency 2. Data protection 3. Raw materials sourcing & traceability 4. Suppliers & supply chain responsible management 5. Relations with retailers 6. Governance 7. Consultation and collaboration with public institutions and stakeholders 8. Compliance to regulation on chemical products</div>
<div>3. ENVIRONMENT</div> <div>1. Energy management 2. Sustainable logistics and transport 3. Greenhouse gas emissions reduction 4. Air and soil pollution management 5. Waste management (production, distribution and logistics site) 6. Water management 7. Biodiversity & ecosystems protection 8. Environmental certification of production sites</div>	<div>4. PAINTS & COLORS</div> <div>1. Sustainable paint solutions development 2. Sustainable packaging solutions 3. Products end-of-life management and circular economy 4. Quality management & quality management certification 5. Consumer experience 6. Indoor air pollution reduction 7. Products information to consumer</div>
<div>5. SOCIETAL</div> <div>1. Societal commitment, social bond and civic life 2. Support for local economic development and job creation</div>	

4.2.4.3 Overview of identified risks & mitigation policies put in place

CSR topics	Extra-financial risks	Risk description	Mitigation policies and actions	KPIs	Related paragraph
HEALTH AND SAFETY	Risks linked to personal safety	Risks within Cromology's sites relating to the health of employees or subcontracted employees or customers at stores	Group HSE policy signed by the CEO. Preventive actions: training in safety, "gestures & postures", daily activities (hot news released, conducted audits) Golden safety rules. OHSAS 18001/ISO 45001 certification	Frequency rate of accidents with days lost (LTIFR) Frequency rate of all work-related accidents Severity rate of accidents	4.2.4.8.3
	Risks linked to security of industrial process and operation of points of sale	Risk of an accident occurring on a production or logistics site or at a point of sale, such as a fire or an explosion	Implementation of measures to anticipate and reduce risk described in the HSE policy Establishment of an internal contingency plan. Training: fire prevention, evacuation leaders, fire extinguisher use	% of industrial sites with OHSAS 18001 or ISO 45001 certification Insurance audits performed (%) Deployment of the 5S method in points of sale (%)	4.2.4.8.3
CSR PERFORMANCE OF PAINTS AND COLORS	Risks associated with products not being in line with market needs	Among long-term trends noted by Cromology, consumer demand for products which have the lowest possible environmental impact, has been identified In this context, constant innovation is necessary to ensure the formulation of paints with ever-improving environmental impact profiles	Regulatory monitoring and innovation Raw material supplier innovation monitoring Packaging optimization and innovation monitoring	Percentage of revenue generated by products launched within the last three years Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) Share of revenue generated by eco-certified products in total sales Share of revenue generated by water-based products in total sales Share of recycled plastic in plastic packaging purchased by Cromology in France Share of metal packaging	4.2.4.8.5

CSR topics	Extra-financial risks	Risk description	Mitigation policies and actions	KPIs	Related paragraph
ENVIRONMENTAL	Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances	Risk related to the volume of effluents released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force	Regular assessment of waste is carried out. It is reinforced, should a site exceed waste value regulatory thresholds, and an action plan is formalized for this site	% of ISO 14001-certified industrial and logistics sites Total Suspended Solids (TSS) (metric tons) Chemical Oxygen Demand (COD) (metric tons)	4.2.4.8.4
	Environmental and health and safety risks associated with the release into the air of restricted substances such as volatile organic compounds (VOCs) or carcinogenic substances	Emissions of certain substances liable to harm human health (via inhalation) or fauna and biodiversity	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology participates in the working Group on biocide users. Monitoring of VOC emissions in order to verify compliance with regulatory thresholds Risk control actions (wearing personal protective equipment, collective protection, training)	CO ₂ emissions - Scope 1 (metric tons CO ₂ eq) CO ₂ emissions - Scope 2 (metric tons CO ₂ eq) CO ₂ emission ratio - Scope 1 (metric tons CO ₂ eq/kT produced) CO ₂ emission ratio - Scope 1+2 (metric tons CO ₂ eq/kT produced) Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)	4.2.4.8.4
	Risks associated with the hazardous waste generated by the activity	Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax	Waste generated (% of production volumes) Hazardous waste produced (% of production volumes)	4.2.4.8.4
	Risks related to regulatory changes in relation to raw materials	Regulatory risk associated with raw materials, leading to the prohibition of a raw material or restriction of the use thereof, or to the taking of increased protective measures	Regulatory watch. Regular reformulation according to new regulations	Share of number of raw materials involved Share of volume of raw materials involved	4.2.4.8.4 4.2.4.8.4
	Risks associated with the transportation of hazardous products	Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors.	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by transporters, training	Percentage of Cromology personnel trained in ADR among those to be trained (%)	4.2.4.8.4
SOCIAL	Risks related to the lack of employee engagement	The level of employee engagement is key to the development of the business	Actions for employee engagement (wages, training, career evolution, work conditions)	Absenteeism rate in calendar days (AR1) (%) Absenteeism rate in days worked (AR2) (%) Share of departures at employees initiative (%) % of employees benefiting from variable or bonus remuneration plan Average number of hours of training per employee % of promotion	4.2.4.8.1

CSR topics	Extra-financial risks	Risk description	Mitigation policies and actions	KPIs	Related paragraph
COMPLIANCE	Risks associated with employee, representative or partner behaviors non-compliant with anti-corruption regulation (Sapin 2 law)	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	Updated policy and procedures (ABC policy, conflict of interests, third party evaluation procedures, internal rules establishing accountability for adherence to the Code); Gifts and hospitalities register and standard clauses in the agreements Risk assessment with an appropriate methodology and a consistent evaluation. Risks map and action plan established for all Group entities Third parties' due diligence: procedure with decision matrix, 2 tools implemented (data & questionnaire) Training: e-learning for all employees including acknowledgment of the policy & specific training according to the position in the organization/level of risk + newcomers arrival package Formalization of a requirement through the signature of a Responsible Purchasing charter by the main/at-risk suppliers, and a Purchasing Ethics charter by 100% of employees of the purchasing department	% of employees who have signed the Anti-corruption Policy among all Cromology's employees % of employees who have been trained on Group's anti-corruption policy among all eligible Cromology employees	4.2.4.8.2
	Risks associated with the handling of personal data non-compliant with the GDPR regulation	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	GDPR Committee, a designated focal point in each department, classification of data collected according to the GDPR standard, data processing register, precautionary measures (IT charter, communication, contracts), communication and training for employees (deployment in progress)	% of employees who have signed the Data Protection policy among all Group employees % of employees who have been trained on Group's data protection program among all Cromology's employees	4.2.4.8.2
SUPPLY CHAIN	Suppliers' & Supply Chain Risks	The potential impact is experiencing breakdowns of raw materials' procurement if any supplier production site is impacted and, therefore, affects Cromology's own production capacity	Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department Definition of an annual Purchasing progress plan	Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter	4.2.4.8.2

Extra-financial risks and mitigation policies are reviewed by the CSR Committee every year.

4.2.4.4 CSR 2020 highlights

A. Measures to increase resilience against COVID-19

During the first COVID-19 peak that began in March, Cromology experienced a full shutdown for two weeks in France and Switzerland as against a partial or no shutdown in the other main countries (Italy, Spain, Portugal and Morocco). Its business fell by half in March and April. During the first lockdown in France, its main market, the authorities allowed the reopening of the building trade, including painters and DIY retailers. Cromology gradually restarted operations from April with a "Zero Contact Drive" at its Points of Sale. Following the first lockdown, demand bounced back strongly from mid-May. During the lockdowns in the second COVID-19 peak in the Autumn, Cromology was permitted to continue operating.

From the start of the COVID-19 crisis, management very quickly put in place Group-wide and regional emergency plans and adjusted them as the situation evolved. Top priority was given to:

- safe working and shopping. In compliance with requests and regulations at local and national level, Cromology put in place stringent health & safety measures governing human interaction;
- training was provided to safeguard employee health mainly around hygiene protocols, team rotations, home office and rules governing customer interactions. This allowed Cromology to safeguard the health of its employees in its facilities as well as of clients visiting Cromology's integrated Points of Sale;
- the due functioning of the supply chain. This has meant adapting operating processes from plants to Points of Sales to restore activity;
- major investment in sales skills and sales management training;
- setting up new communication and management routines to ensure internal cohesion and morale and maintain BtoB customer relationships remotely;
- leveraging e-commerce channels, enhancing its own existing BtoB e-commerce websites while launching BtoC websites, digital color selection tools and color sample delivery while developing call-and-collect and click-and-collect offerings from its stores;
- improving IT platforms: "mobile office", data management, CRM, Business Intelligence, go-live of e-learning and e-recruitment platforms;
- switching production across plants and countries to handle demand peaks.

B. Social relations and human resources

Strong social relations to get through the pandemic

Between mid-March and end-April, over one hundred meetings were held with staff representative bodies in the two main countries worst affected by the pandemic (France and Italy). As a result of these meetings it was possible to:

- obtain government support through partial operating agreements that avoided a financial impact for both employees, who were able to safeguard their income, and the company;
- bring forward vacation periods;
- maintain strong social dialogue and the engagement of staff representative bodies on all the steps taken during the pandemic.

Actions relating to salaries and employee retention

In early 2020, in order to improve sales representative retention in France, a new salary grid was introduced based on the turnover and profitability of each sales representative. Over fifty sales representatives took advantage of this new salary grid.

During the COVID pandemic, sales bonuses for sales representatives and their management have been repeatedly reviewed to keep them attractive and fair in a low sales environment.

The strong social dialogue also made it possible to complete the compulsory annual negotiations with an agreement on no salary increases.

Improved employee engagement

In December, a special bonus was paid to all employees on the 2020 payroll. This was as thanks for their dedication during what was a very challenging year.

In order to improve quality of life at work in big cities, Cromology initiated and adopted an agreement on remote working in December 2020. This benefits employees at the Clichy and Lyon headquarters. 300 people are eligible for this agreement, which was rolled out from January 2021.

Skills development

C-Learning, an e-learning solution, was rolled out in France from May 2020. This digital training solution is available to all employees in France, either from their computer or smartphone. By end-2020, over 40 training programs had been developed and made available. C-Learning will be rolled out across all Cromology's countries from the end of the first half of 2021. It was already successfully launched in Italy in mid-January 2021.

Talent acquisition

In France, a series of action plans have been drawn up to improve the quality and speed of the recruitment process:

- advertisements and employer branding have been reviewed;
- procedures have been harmonized;
- the job posting policy has been updated; and
- an Applicant Tracking System (ATS) was set up for the benefit of both the HR team and the management team.

The number and quality of applicants has improved as has the speed of recruitment. Furthermore, the roll-out of this ATS has allowed Cromology to lower the cost of recruitment agencies. Trialled in France, this solution may also be made available in other countries.

Compliance

In 2020, Cromology launched a new compliance program called "Acting with Integrity". It encompasses anti-corruption, data protection and fair competition programs designed to identify and mitigate risks and build a compliance culture that is a source of pride for employees and trust for all stakeholders.

Indeed, the anti-corruption program was strengthened in 2020 to make it efficient in line with the Sapin II Act and AFA recommendations. An updated version of the Policy and risk mapping has been completed. New procedures (conflict of interest) and tools (third party due diligence, e-learning) have been put in place.

The priorities for 2021 are:

- the roll-out of the anti-corruption program to ensure the effectiveness of what has been implemented;
- a focus on data protection and competition;
- a new global Chart of authority for Cromology will be also drawn up and approved;
- a Purchasing policy has been approved. The main initiatives for 2021 involve the drawing up of a double sourcing roadmap and the approval of a coverage policy to increase the inventory of raw materials.

Health and Safety

To protect its employees and customers, COVID-19 prevention plans were put in place at all Cromology locations (plants, warehouses, points of sale, offices, etc.). This involved the roll-out of new operating procedures and equipment.

In anticipation of the upcoming regulation on TiO₂ in powder form, Cromology has mapped the production sites to identify where TiO₂

is used in this form. It has taken TiO₂ dust measurements at production sites and labs in all the countries in which it operates. Where necessary, improvements will be implemented in 2021 to ensure the health and safety of employees.

To standardize practices, Cromology has reviewed and provided all sites with the accident reporting procedure and relevant documents in the event of an accident.

Concerning its occupational health and safety management system, in 2020 Cromology started migrating from OHSAS 18001 certification to ISO 45001 certification. Switzerland, Portugal, Italy and one site in France obtained ISO 45001 certification in 2020. This migration will be completed in 2021.

Environment

Cromology has launched a number of new initiatives that will be ongoing in 2021. Regarding Cromology's emissions, the use of hybrid vehicles is now included in the French Car policy (half of renewed vehicles in 2020 were hybrid).

An energy audit was undertaken in France. Action plans are being drawn up to improve energy efficiency. Cromology has also decided to work with suppliers of renewable electricity in each country in which it operates. This initiative will be implemented in 2021. Cromology will also perform an assessment of its carbon footprint this year and draw up action plans to reduce emissions. Further assessments will be done periodically (every 2 years) to evaluate the action plans.

Cromology has also promoted paint waste recycling across its integrated network. This includes the Rekupo initiative run with the organization EcoDDS in France (a free waste paint collection service offered to clients). Cromology is looking for similar initiatives in subsidiaries with a distribution network.

In order to embed environmental concerns into every employee's mindset, Cromology has established a set of "Environmental Golden Rules".

Paints and colors

Cromology extended its portfolio of eco-certified products with major launches including Crylo on the French market, a value for money interior paint. Half of total Paint sales were from eco-certified products.

Cromology has developed a set of digital and color initiatives during lockdowns. A new e-commerce website was developed for DIY customers together with a color selection App using augmented reality and new color testers to finalize color choice in real world conditions with zero contact. A new Cromology fandeck was launched with 300 new colors shaping future color trends.

Cromology also delivered a set of customer training programs to improve their application skills and health and safety awareness. These training sessions took place at factories and throughout the headquarters. Some of them are certifying training (ethics training part of the Cromology Campus in Italy). Cromology Tech Services, a team of dedicated and highly skilled technical support specialists

helping clients throughout a project, wherever they are in Cromology's international network, has been reorganized in France with new processes. In addition, this team has developed new IT tools in France to more rapidly answer requests from clients thanks to the company's integrated networks.

4.2.4.5 Governance

In 2020, Cromology launched a major initiative to set out the company's CSR vision for 2020-2023. As part of this initiative, Cromology established a CSR Steering Committee. It is responsible for drawing up and managing the Group's CSR vision.

The CSR Steering Committee met 9 times in 2020.

Wendel - Cromology Board 12 meetings per year
An assessment of Cromology CSR Policy definition and roll-out is presented to the Board on a quarterly basis.
Cromology Executive Committee 10 meetings per year
The CEC validates the group's CSR actions plan and supports its effective implementation throughout Cromology. Together with the CSR Committee, it periodically reviews policies, objectives and actions.

CSR Committee 10 meetings per year
The CSR Committee defines and conducts the group's CSR action plans. Pillars leaders are responsible for coordinating with country CEOs and function representatives in the field of Safety, Purchasing, Internal Audit, Legal and Human Resources. With the support of the CEC members, these experts ensure that the commitments made are relevant and that they are adopted and implemented by all teams, together with the indicators used to monitor the performance of implemented policies.
CEO
COO
Supply Chain, Manufacturing, Purchasing, R&D, HSE Director
Communication Director
Head of Human Resources
Chief Legal and Compliance Officer
Head of HSE
Chief Strategy and Marketing Officer

Ethics Committee 4 meetings per year
Each quarter, the Ethics Committee examines the group's compliance related to CSR risks which could have a major impact on Cromology's reputation. An ethics alert system, which is accessible to all group's stakeholders, is available in the event of issues involving accounting and/or financial matters, corruption, competition law, serious damage to the environment or the safety of people, unethical behavior (discrimination and harassment), data protection or a conflict of interest.
CEO
COO
Chief Legal and Compliance Officer
Supply Chain, Manufacturing, Purchasing, R&D, HSE Director
Head of Human Resources



4.2.4.6 Cromology's 2023 CSR Vision

"Sustainably protect and color living spaces to brighten up everyone's lives".

Our purpose motivates Cromology employees every day to design, produce and distribute decorative paints that offer the best value for money.

Decorative painting brings colors and textural effects to our immediate environment. It protects against wear and tear from weather and time. It infuses calm and warmth into our interiors. Applied on facades, it enhances the architectural and cultural heritage of our towns and cities.

We thus help sustainably maintain homes and individual or collective properties and enrich our clients' quality of life and well-being.

These beliefs make us proud to wear our brand colors and values. They also engage us to be a company that is even more responsible and innovative.

In 2020, we decided to put our Corporate Social Responsibility (CSR) at the heart of our business strategy, as well as profitable growth and professional experience.

Henceforth, in an ongoing drive for improvement, we integrate our "CSR" targets into both our business conduct and new project launches.

We have set 2023 targets around 5 key CSR issues:

- *Human Resources: Enabling each individual to overachieve & grow, professionally & personally;*

- *Business Ethics: Fostering the highest degree of integrity & compliance within the organization;*
- *Health & Safety: Creating the conditions for protecting the health and safety of employees, customers and subcontractors in the workplace;*
- *Environment: Minimizing the environmental impact of Cromology's operations;*
- *Paints & Colors: Innovating to offer more user & environmentally friendly paints & colors.*

Our commitment to CSR aligns with the UN Sustainable Development Goals (SDGs). We have identified five relevant SDGs for our activities:

- *Good Health and Well-being (Goal 3);*
- *Gender Equality (Goal 5);*
- *Decent Work and Economic Growth (Goal 8);*
- *Responsible Consumption and Production (Goal 12);*
- *Climate Action (Goal 13).*

Building on this, we are committed to pursuing responsible and sustainable performance to maximize the value created by Cromology for all stakeholders."

The Cromology CSR Committee



Enabling employees to overachieve & grow, professionally & personally

Fostering maximum integrity & compliance within the organization

Providing healthy working conditions for employees, clients & subcontractors

Minimizing the environmental impact of Cromology's operations

Innovating to offer more user & environment friendly paints & colors

Based on our core values

Safety First	Excellence at Heart	Universal Respect	True Customer Satisfaction	Potential for Imagination	Collective Winning Spirit	Need for Simplicity
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Contributing to the UN SD goals



4.2.4.7 Roadmap 2020-2023

As part of its 2023 CSR strategy, Cromology has defined a roadmap which links its main objectives with extra-financial Key Performance Indicators. 2020 values of indicators are disclosed in this extra-financial performance declaration, in the corresponding paragraph, tagged "2023 roadmap".

CSR Pillars	Vision	Topics	2023 targets	KPIs
HUMAN RESOURCES	Allowing everyone to surpass themselves and flourish, professionally and personally	Employee engagement	100% of employees having completed one training program a year, by 2023 Average employee training time of 14 hours per year One third of open positions to be filled through internal promotions	% of employees having completed at least one training program Average number of hours of training per employee % of promotion - internal mobility
		Diversity, inclusion and equal treatment	Overall Group score of 85/100 (French Gender Equality Index) Develop diversity action plan and policies	French Gender Equality Index
BUSINESS ETHICS	Fostering the highest degree of integrity and compliance within the organization	Anti-corruption	Anti-corruption programs rolled out. 100% of employees trained on anti-corruption	% of employees who have signed the Group's anti-corruption policy
		Data protection	GDPR programs rolled out 100% of employees trained on GDPR	% of employees who have signed the Data Protection policy
		Suppliers & Supply Chain Risks	Purchasing policy and partners Code of Conduct fully deployed.	% of Purchasing employees who have signed the Ethical Procurement charter per country Share of Purchasing (Raw Materials, Packaging, Good for Resale) volume covered by suppliers who have signed the Responsible Purchasing charter
		Competition	Competition programs rolled out	
		Governance	Appropriate governance charter in place	
HEALTH & SAFETY	Creating the conditions to protect the health and safety of employees, customers and subcontractors at work		Lost Time Injury Frequency Rate (LTIFR) reduction by 30% in 2023 All manufacturing and logistic sites ISO 45001 certified by 2023	Frequency rate of accidents with days lost (LTIFR) % of industrial sites with OHSAS 18001/ISO 45001 certification

CSR Pillars	Vision	Topics	2023 targets	KPIs
ENVIRONMENT	Minimizing the environmental impact of Cromology's operations	Waste management	All production and logistic sites ISO 14001 certified by 2023 Environmental Golden Rules rolled out across all sites Recovery and treatment program of waste generated by professional and individual clients	% of Industrial and logistics sites ISO 14001 certified
		Emissions reduction	GHG assessment, including scope 3 elements and action plans to reduce emissions Develop green energy supply within global energy consumption	Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT) CO ₂ emissions
		Compliance with regulation on chemical products	Ongoing compliance with all current chemical substance regulations. Meetings to share and align all countries with changes in Raw Materials regulations (at least two per year) Compliance with discharge regulations across all facilities. Compliance with ADR across all facilities	% of Cromology personnel trained in ADR Total Suspended Solids (TSS) (metric tons) Chemical Oxygen Demand (COD) (metric tons) % of raw materials concerned by regulatory watch (out of raw materials' total)
		Natural resources	Wastewater recycling in production facilities as far as possible in order to optimize water consumption Implementation of internal energy-savings culture	Energy consumption
PAINTS & COLORS	Innovating and offering paints and colors that are more user and environmentally friendly	Design formulas meeting the latest regulatory requirements and customers' expectations with regards to sustainability and affordability	Design formulas with bio sourced or additive free components Ban plastic from packaging ranges wherever it's possible Promote paint waste recycling initiatives at points of sale Define a sustainable product portfolio assessment	Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) Share of Paint revenue generated by eco-certified products % of metal packaging
		Provide all necessary guidance and training to ensure safe and high-quality Cromology paint application and color choice Roll out professional training programs for applicators to champion painters' trade and Cromology's value proposition	Develop integrated Teams of paint technology experts covering all steps of the product development cycle Ensure state of the art laboratories, plants, tinting systems, training schools and phygital ecosystems to accompany customers along their paint and decoration journey	Number of operational companies offering professional training program.

4.2.4.8 Cromology's ESG Strategy

4.2.4.8.1 Human Resources - Enabling each individual to overachieve and grow professionally and personally

Cromology aims to achieve true customer satisfaction by means of passionate and genuinely engaged employees.

The Group works to enable all employees to be successful in their roles, while growing professionally and personally. The prospect of achieving goals, developing skills and expertise, changing or increasing responsibilities is within everyone's grasp at Cromology.

The Group fosters a high-performance culture and values high-quality working relationships, diversity, inclusion and equal treatment.

Cromology demographics

Indicators (voluntary)	2020	2019	2018
Demographics			
Group workforce	3,217	3,319	3,647
of which permanent contracts	3,118	3,205	3,504
of which permanent contracts (as a %)	96.9%	96.5%	96.1%
of which fixed-term contracts	99	114	143
of which fixed-term contracts (as a %)	3.1%	3.4%	3.9%
of whom women	941	969	1,085
of whom women (as a %)	29.3%	29.2%	29.8%
of whom men	2,276	2,350	2,562
of whom men (as a %)	70.7%	70.8%	70.2%
New hires in the Group ⁽¹⁾	317	362	542
of whom women	97	105	184
of whom women (as a %)	30.6%	29.0%	33.9%
Departures from the Group ⁽²⁾	414	648	614
of whom women	128	196	174
of whom women (as a %)	30.9%	30.2%	28.3%
Breakdown of staff by geographic region			
France (including Belgium and Luxembourg)	68.5%	68.8%	68.7%
Southern Europe (Spain, Italy, Portugal)	22.9%	22.5%	22.5%
Other countries (Morocco, Switzerland)	8.7%	8.7%	8.9%

(1) Permanent contract + fixed-term contracts converted into permanent contracts + internal transfers + acquisitions.

(2) Permanent contracts only.

Employee engagement action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks related to the lack of employee engagement	The level of employee engagement is key to the development of the business	Actions for employee engagement (wages, training, career development, work conditions)	Absenteeism rate in calendar days (AR1) (%) Absenteeism rate in days worked (AR2) (%) Share of departures at employee initiative (%) % of employees benefiting from variable or bonus remuneration plan Average number of hours of training per employee % of promotion

Wages

Cromology aims to pay fairly within the company and compared to the market. Employee salaries should reflect their contribution to the company's success. Incentive mechanisms and bonuses are based on a wide range of KPIs. These reflect multiple aspects of the company's performance: sales, gross margin, cost, WC, service levels, CSR criteria.... Wherever possible, Cromology believes individual and collective performance or underperformance should be reflected in everyone's compensation.

Training

To enable everyone to grow and develop personally, Cromology supports a range of training initiatives involving teamwork, mentoring, projects and traditional training.

Internal training programs have been put in place to help upskill all employees. Beginning in 2020, an e-learning platform is being rolled out across all entities to give ready access to courses.

The number of employees having completed at least one training program rose over 4 points on last year. This is mainly thanks to the e-learning solution rolled out in France. In parallel, the average number of hours of training per employee fell 1 hour. This was due to the pandemic which prevented face-to-face training whereas e-learning training programs are shorter than face-to-face.

Career development

As internal mobility is high on management's agenda, Cromology encourages and supports employees in their search for opportunities within the Group. This may be in their field of expertise or in a new role.

Since 2020, a new online recruitment system allows employees to apply for any available position. This initially covers France. A co-option system enables employees to nominate candidates with a financial reward if successfully recruited. These tools will be progressively rolled out across all Cromology entities.

Working conditions

Good working conditions are a pre-requisite to safety and high performance at work. For this reason, Cromology continuously invests in new equipment and IT tools to improve life at work.

Dedicated action plans are set up to improve employee engagement. Cromology strives to provide appropriate means to enable them to achieve their objectives.

For back-office employees living in highly congested cities such as Paris and Lyon, Cromology facilitates home-working thanks to appropriate management support and collaborative tools.

The change in absenteeism in 2020 was primarily due to the pandemic. 137 Cromology employees were infected with COVID-19. Many were quarantined when they were close contacts, pending testing.

Diversity, inclusion & equal treatment action plan

Diversity, inclusion & equal treatment are at the heart of Cromology's values.

When recruiting, rewarding or promoting employees, Cromology makes every effort to avoid any discrimination in the decision-making process.

Thanks to the French "Act for the freedom to choose one's future career", Cromology now monitors a gender balance index at all Cromology entities in France.

It has been decided to roll-out the same index across the Group. The goal is to ensure that everyone within the Group is treated equally and that progress is made everywhere.

Cromology intends to further support diversity and inclusion in the coming years primarily by communicating on these topics within the organization and in recruitment ads.

For the first time, Cromology has consolidated a Gender Equality Index for all entities with over 20 employees. It will be analyzed and will allow for improvement plans to be put in place for each entity. This will help Cromology develop policies around diversity, inclusion and equal treatment.

Key Performance Indicators - Human Resources	2020	2019 ⁽¹⁾	2018
Employee engagement			
Absenteeism rate in calendar days (AR1) (%)	5.00%	4.45%	3.9%
Absenteeism rate in days worked (AR2) (%)	6.09%	4.90%	(1)
Share of departures at employee initiative (share of voluntary departures in total departures)	67.18%	45.8%	71.19%
Average number of hours of training per employee "2023 roadmap"	11.2	12.3	15.5
% of employees having completed at least one training program "2023 roadmap"	88.5%	84%	73%
% of promotion	6.1%	(2)	(2)
% of promotion - internal mobility "2023 roadmap"	28%	(2)	(2)
Diversity, inclusion & equal treatment			
% of women among all employees	29.3%	29.2%	29.8%
% of women among management	26.9%	(2)	(2)
% of women among recruitments	31.7%	29.0%	33.9%
Gender Equality Index "2023 roadmap"	76,8	(2)	(2)

(1) Training: As of 2019, the training indicators take into account Health & Safety training. The 2018 data presented in this table do not take these training courses into account.

(2) New 2020 indicator.

4.2.4.8.2 Business Ethics - Fostering the highest degree of integrity and compliance within the organization

Cromology is committed to operating fairly with maximum integrity and compliance with all applicable laws.

Group compliance programs (e.g. anti-corruption, data protection, fair competition) are designed to identify and mitigate risks as part of a continuous improvement approach.

Cromology's compliance culture is a source of pride for its employees and trust for all its stakeholders.

Anti-bribery and corruption action plans⁽¹⁾

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with employee, representative or partner behaviors non-compliant with anti-corruption regulation (Sapin 2 law)	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	<p>Updated policy and procedures (ABC policy, conflict of interests, third parties evaluation procedures, internal rules establishing accountability for adherence to the Code);</p> <p>Gifts and hospitalities register and standard clauses in the agreements</p> <p>Risk assessment with an appropriate methodology and a consistent evaluation. Risks map and action plan established for all Group entities</p> <p>Third parties' due diligence: procedure with decision matrix, 2 tools implemented (data & questionnaire)</p> <p>Training: e-learning for all employees including acknowledgment of the Policy & specific training according to the position in the organization/level of risk + newcomers' arrival package</p> <p>Formalization of a requirement through the signature of a Responsible Purchasing charter by the main/at-risk suppliers, and a Purchasing Ethics charter by 100% of employees of the purchasing department</p>	<p>% of employees who have signed the Anti-corruption Policy among all Cromology employees</p> <p>% of employees who have been trained on Group's anti-corruption policy among all eligible Cromology employees</p>

(1) Accurate risk mapping depending on business sectors and geographical location.

The following initiatives have been developed to prevent the risk of corruption in the organization:

- Code of Conduct for both employees and partners that covers the specific risk areas identified in the risk assessment and provides specific guidance.
- Strategic communications plan to raise the compliance culture and enhance employees' commitment. Hence Cromology ensures regular and efficient communication to create managerial awareness as to their responsibilities.

- Appropriate training tools: business ethics training sessions are regularly run for Group employees to help them detect and manage potentially sensitive situations.
- Cromology has a zero-tolerance policy in relation to corruption across all Group business activities.

Data Protection action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with the handling of personal data non-compliant with the GDPR regulation	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	GDPR Committee, a designated focal point in each department, classification of data collected according to the GDPR standard, Data processing register, precautionary measures (IT charter, Communication, Contracts), communication and training for employees (deployment in progress)	% of employees who have signed the Data Protection policy among all Group employees % of employees who have been trained on Group's data protection program among all Cromology employees

In the course of its business and operations, Cromology may collect and process personal data relating in particular to its partners (suppliers, service providers, business partners, and customers) and clients.

In line with applicable regulations, Cromology uses collected data in a legitimate and proportionate manner.

Cromology has put in place technical and organizational measures to ensure data integrity and confidentiality (Data processing register, IT charter, Communication, Contracts).

The data protection Committee and its representatives in all departments ensure the relevance and effectiveness of the system and develop employee tools and training courses.

Supplier & Supply Chain Risks action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Supplier & Supply Chain Risks	The potential impact is experiencing breakdowns of raw materials' procurement if any supplier production site is impacted and, therefore, affects Cromology's own production capacity	Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department Definition of an annual Purchasing progress plan	Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter

To ensure its sustainable development, Cromology expects its suppliers to:

- comply with high standards of social and environmental responsibility;
- conduct all business activities in a fair and transparent manner, in compliance with the law and the highest ethical standards;

Cromology formalized its CSR requirement through a Responsible Purchasing charter for partners and a Purchasing Ethics charter for the procurement team;

Supply agreements also include GDPR, labor and anti-bribery and corruption clauses;

Cromology may also conduct audits to ensure that production conditions are in line with regulations and best standards.

These expectations are covered by the Cromology Purchasing Policy which was approved in 2020.

In 2020, the scope of Purchasing employees who have signed the Ethical Procurement charter that previously encompassed employees in France was extended to all purchasing employees within the Group.

Cromology also continues to ask suppliers to sign up to the Responsible Purchasing charter, notably those specialized in trading products. Regarding the share of Packaging Purchasing volume covered by suppliers who have signed up to the Responsible Purchasing charter the change in 2020 stemmed from an equity change at one supplier that split into two entities and the transfer of volumes to a supplier that had not already signed up to the charter. Both these suppliers will sign up to the charter in 2021.

Competition action plans

Cromology believes that fair competition provides consumers with more choice and helps produce higher quality products and services at the fairest price. This then leads to greater innovation.

As part of its commitments, Cromology makes commercial decisions independently of other market players (suppliers, customers, distributors) and does nothing that restricts normal competition.

Appropriate tools and training sessions are put in place to help employees detect and manage potentially sensitive situations. An ethics whistleblower system has been established. This is available to all Group stakeholders in the event of competition law concerns.

Governance

Corporate governance is effective and transparent. It protects the rights of shareholders and encompasses both strategic and operational risk management. It looks to balance the Company's short-term needs with a long-term vision. And it holds directors accountable for their management of the business.

Cromology's governance ensures a high degree of communication and transparency by encouraging a full explanation of decisions and transactions.

The governance framework sets out the principles, structures, enabling factors and interfaces through which the organization's governance arrangements operate. It also involves delegating appropriate levels of authority and responsibility to managers.

The process and the people who took part in the decision can be traced.

Corporate governance allows for conduct to be examined prior to scrutiny by regulatory bodies.

Key Performance Indicators - Business Ethics	2020	2019	2018
Anti-bribery and corruption			
% of employees who have signed the Group's anti-corruption policy among all Cromology Group employees - "2023 roadmap"	58.23%	(1)	(1)
% of employees who have been trained on Group's anti-corruption policy among all Cromology Group employees	58.23%	(1)	(1)
Data Protection			
% of employees who have signed the Data Protection policy among all Cromology Group employees - "2023 roadmap"	(3)	(3)	(3)
% of employees who have been trained on Group's data protection program among all Cromology Group employees	(3)	(3)	(3)
Supplier & Supply Chain Risks			
% of Purchasing employees who have signed the Ethical Procurement charter - "2023 roadmap"	100%	100%	(1)
Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	81%	80.5%	(1)
Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	82%	89%	(1)
Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter	54%	(2)	(2)
Share of Purchasing (raw material, packaging, goods for resale) volume covered by suppliers who have signed the Responsible Purchasing charter - "2023 roadmap"	69%	(2)	(2)

(1) Data unavailable for 2018.

(2) New 2020 indicator.

(3) New 2021 indicator.

4.2.4.8.3 Health & Safety - Creating the conditions for protecting the health and safety of employees, customers and subcontractors in the workplace

Excellence in Health, Safety and Environment (HSE) is at the heart of Cromology's DNA.

The Group strives for the highest HSE standards in all aspects of its operations, encompassing employees, customers, suppliers and the communities living around its facilities.

Cromology's Safety Policy is meant to protect everyone's health on a day-to-day basis.

Health & Safety action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks linked to Personal Safety	Risks within Cromology's sites relating to the health of employees or subcontracted employees or customers at stores	Group HSE policy signed by the CEO. Preventive actions: training in safety, "gestures & postures", daily activities (hot news released, conducted audits) Golden safety rules. OHSAS 18001/ISO 45001 certification	Frequency rate of accidents with days lost (LTIFR)
			Frequency rate of all work-related accidents
			Severity rate of accidents
Risks linked to security of industrial process and operation of points of sale	Risk of an accident occurring on a production or logistics site or at a point of sale, such as a fire or an explosion	Implementation of measures to anticipate and reduce risk described in the HSE policy Establishment of an internal contingency plan. Training: fire prevention, evacuation leaders, fire extinguisher use	% of industrial sites with OHSAS 18001 or ISO 45001 certification
			Insurance audits performed (%)
			Deployment of the 5S method in points of sale (%)

Health and Safety key actions are organized around:

- keeping all industrial facilities certified (sites are currently OHSAS 18001 or ISO 45001 certified);
- continuously improving the Lost Time Injury Frequency Rate (LTIFR);
- having a contingency plan in all industrial facilities and warehouses, and a crisis management plan in all other sites: administrative, head office, Points of Sale (PoS);
- maintaining and renewing the prevention and coordination mechanisms (including security records, warnings, reports of dangerous situations, near-misses and improvement suggestions, etc.);
- fostering a real safety spirit in all locations, including points of sale (PoS);
- having each facility develop their own safety improvement plan;
- identifying the LOPCs, to analyze them and plan the related corrective actions;
- setting up a monitoring system using an authorized external body for 100% of industrial and commercial facilities to ensure equipment and facilities continue to comply with regulations and remain efficient;

- striving to comply, across the integrated distribution network, with local public retail safety guidelines in the countries in which Cromology operates;

- equipping all production facilities with suitable static security systems (if necessary, sprinkling, RIA, etc.).

In 2020, there were 27 accidents with days lost, compared with 41 in 2019.

As regards insurance audits performed in 2020: 4 audits were initially planned with 7 ultimately being carried out.

In 2020, Cromology enhanced the use of the 5S method (Sort, Set in order, Shine, Standardize, Sustain). In 2019, the deployment of this method was engaged in 317 French points of sale, representing 80% of Cromology points of sale. In 2019 Cromology's objective was to have made one audit in each point of sale during the year. During 2020 it has become a monthly routine with 3,804 audits performed (objective of one audit per month and per point of sale). The change in scope explains the evolution between 2019 and 2020. In 2021 Swiss points of sale will start to deploy this method.

Key Performance Indicators - Health & Safety	2020	2019	2018
Frequency rate of accidents with days lost (LTIFR) - "2023 roadmap"	5.09	6.24	5.93
Frequency rate of all work-related accidents	7.73	8.27	7.52
Severity rate of accidents	0.34	0.34	0.28
Deployment of the 5S method in points of sale (%) - "2023 roadmap"	94.9%	97%	(1)
% of Insurance audits performed	175%	100%	(1)
% of industrial sites with OHSAS 18001/ISO 45001 certification - "2023 roadmap"	100%	100%	100%

(1) Data unavailable for 2018.

4.2.4.8.4 Minimizing the environmental impact of Cromology's operations

Cromology is committed to operating safely in a sustainable, environmentally-friendly manner. Cromology aims to achieve the highest regulatory standards across its entities.

Environmental action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances	Risk related to the volume of effluents released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force	Regular assessment of waste is carried out. It is reinforced, should a site exceed waste value regulatory thresholds, and an action plan is formalized for this site	% of ISO 14001-certified industrial and logistics sites Total Suspended Solids (TSS) (metric tons) Chemical Oxygen Demand (COD) (metric tons)
Environmental and health and safety risks associated with the release into the air of restricted substances (VOCs) or carcinogenic substances	Emissions of certain substances liable to harm human health (via inhalation) or fauna and biodiversity	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology participates in the working Group on biocide users. Monitoring of VOC emissions in order to verify that compliance with regulatory thresholds Risk control actions (wearing personal protective equipment, collective protection, training)	CO ₂ emissions - Scope 1 (metric tons CO ₂ eq) CO ₂ emissions - Scope 2 (metric tons CO ₂ eq) CO ₂ emission ratio - Scope 1 (metric tons CO ₂ eq/kT produced) CO ₂ emission ratio - Scope 1+2 (metric tons CO ₂ eq/kT produced) Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)
Risks associated with the hazardous waste generated by the activity	Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax	Waste generated (% of production volumes) Hazardous waste produced (% of production volumes)
Risks related to regulatory changes in relation to raw materials	Regulatory risk associated with raw materials, leading to the prohibition of a raw material or restriction of the use thereof, or to the taking of increased protective measures	Regulatory watch. Regular reformulation according to new regulations	Share of number of raw materials involved Share of volume of raw materials involved
Risks associated with the transportation of hazardous products	Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by transporters, training	Percentage of Cromology personnel trained in ADR among those to be trained (%)

Waste management

Developing and selling new products with minimum environmental impact and waste is a top priority for Cromology. All company subsidiaries respect local waste management regulations. 70% of Cromology's production facilities are ISO 14001 certified. This standard ensures traceability and proper management of chemical substance waste (hazardous and non-hazardous).

A hazardous waste collection system has been set up across French distribution networks in collaboration with an external service provider specialized in waste treatment.

Cromology encourages all workers, both in industrial facilities and offices, to sort waste.

In the main countries in which it operates, Cromology is a member of organizations, whose mission is to encourage the sorting, collection and treatment of certain chemical waste. This includes EcoDDS in France, Ecoembes in Spain and Conai in Italy.

In France, Cromology is a founding member and shareholder of EcoDDS. Cromology contributes to the shared effort of chemical companies by paying an eco-contribution. This covers the costs of collecting and treating specific household diffuse waste (chemical waste). Cromology also complies with the regulations on graph paper and pays an annual contribution to the environmental organization Citeo.

In 2020 the % of industrial sites having ISO 14001 certification decreased due to the closing of one site.

Emissions reduction

Cromology monitors VOC emissions at all its industrial facilities to check that these regulatory thresholds are respected. It has also installed collective protective mechanisms, such as the vacuum system, to limit employee exposure and avoid atmospheric emissions. Strict accordance with mandatory personal protective equipment is one of the golden rules for health and safety.

Cromology's R&D is focused on the development of new products with significantly reduced VOC content.

The Group works with suppliers to minimize the environmental impact of the raw materials it buys.

In 2021, Cromology will realize a carbon footprint assessment and define action plans to reduce its emissions. This assessment will be held periodically (every 2 years) to evaluate action plan accuracy.

Compliance with chemical substance regulations

Cromology strives for ongoing compliance with all regulations and even to anticipate them.

Cromology is an active member of the European Industrial Association of Paint Manufacturers CEPE and regularly participates in the Technical Regulation Committee. This committee monitors all regulations affecting the industry (VOC, CLP, CMR, REACH, etc.). It is also a member of the working Group for biocide users. This allows Cromology to be continually informed of legislative changes and the proper interpretation thereof.

Industrial facilities regularly control discharges to comply with current legislation.

Facilities with discharge values that can be above regulatory thresholds are subject to heightened regular checks and an action plan drawn up in agreement with the competent authorities.

Cromology also ensures compliance with the ADR (European Agreement concerning the International Carriage of Dangerous Goods) regulation, as sender and shipper. The safety advisor draws up annual reports.

In 2020, 146 employees were trained on the ADR regulation compared to 93 in 2019 (Morocco is excluded from this scope as there is no specific regulation about ADR). In 2021, Cromology will continue to roll-out its ADR training program.

The TSS volume increase due to a new installation implemented in one Cromology industrial site. A dedicated action plan is currently under investigation in order to reduce those emissions in 2021.

Sourcing of Raw Materials and natural resources

Cromology monitors regulatory developments to mitigate risks and anticipate legislative changes⁽¹⁾. The forward planning team uses this regulatory monitoring. This team is tasked with identifying innovative technologies or products (possibly from other industries). This is to assess their technical and economic potential, alongside Cromology's strategic marketing and R&D teams.

The forward planning team allows Cromology to anticipate how new developments in its commercial offering might comply with potential new regulatory requirements.

Concerning natural resources, 80% of the paints produced by Cromology are water-based.

On average, water accounts for 45 to 60% of a paint's make-up.

(1) Except in Morocco, in the absence of specific regulations, Cromology has set the target of also complying with EU regulations and has started to list dangerous raw materials based on the same criteria as in the EU.

Key Performance Indicators - Environment	2020	2019	2018
Waste management			
% of industrial sites ISO 14001 certified - "2023 roadmap"	70	77	70
Waste generated (% production volume)	4.3	5.5	5.4
Hazardous waste generated (% production volume)	1	1	0.9
Emissions reduction			
CO ₂ emissions - Scope 1 (metric tons CO ₂ eq)	2,160.42	3,338.99	4,741.9 ⁽¹⁾
CO ₂ emissions - Scope 2 (metric tons CO ₂ eq)	4,396.00	4,749.48	⁽²⁾
CO ₂ emission ratio - Scope 1 (metric tons CO ₂ eq/kT produced)	10.77	15.13	20.37
CO ₂ emission ratio - Scope 1+2 (metric tons CO ₂ eq/kT produced) - "2023 roadmap"	32.70	36.67	⁽²⁾
Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT) ⁽³⁾ - "2023 roadmap"	0.62	0.67	0.62
Compliance with regulation on chemical products			
% of eligible Cromology personnel trained in ADR among those to be trained - "2023 roadmap"	69.9	90.3	⁽³⁾
Total Suspended Solids (TSS) (metric tons) - "2023 roadmap"	52.50	26.41	32.66
Chemical Oxygen Demand (COD) (metric tons) - "2023 roadmap"	60.40	53.33	38.58
Raw materials and natural resources sourcing			
Share of raw materials concerned by regulatory watch out of raw materials' total - "2023 roadmap"	9	9	⁽³⁾
Share of raw materials concerned by regulatory watch (% of raw materials' total)	2.1	3	⁽³⁾
Energy consumption (TJ) - "2023 roadmap"	140.19	168.6	197.9

(1) Data adjusted retroactively.

(2) In 2018, only Scope 1 was calculated (gas and domestic heating oil consumption).

(3) Data unavailable for 2018, this is a new indicator from 2019. In 2020, 149 persons were trained in ADR in comparison to 93 in 2019.

4.2.4.8.5 Innovating to offer more user and environmentally friendly paints & colors

Cromology's purpose is to sustainably protect and color living spaces to brighten up everyone's lives.

The Group develops high-performance products, meeting best-in-class sustainability requirements, to take interior and exterior building finishes to the highest functional standards with a trendy but durable aesthetic touch.

Cromology is committed to serving and supporting end-users, applicators and contractors, in the long run, from sourcing to applying its products and solutions.

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with products not being in line with market needs	Among long-term trends noted by Cromology, consumer demand for products which have the lowest possible environmental impact, has been identified In this context, constant innovation is necessary to ensure the formulation of paints with ever-improving environmental impact profiles	Regulatory monitoring and innovation Raw material supplier innovation monitoring Packaging optimization and innovation monitoring	Percentage of revenue generated by products launched within the last three years
			Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years)
			Share of revenue generated by eco-certified products in total sales
			Share of revenue generated by water-based products in total sales
			Share of recycled plastic in plastic packaging purchased by Cromology in France
			Share of metal packaging

Its focus areas are:

■ **Design formulas meeting the latest regulatory requirements and customers' expectations with regards to sustainability and affordability, with the following actions:**

- design formulas with bio sourced or additive free components,
- ban plastic from packaging ranges wherever it's possible,
- promote paint waste recycling initiatives at points of sale,
- define a sustainable product portfolio assessment;

■ **Provide all necessary guidance and training to ensure safe and high-quality paint application and color choice;**

■ **Roll out professional training programs for applicators to champion painters' trade and value proposition:**

- develop integrated Teams of paint technology experts covering all steps of the product development cycle,
- ensure state of the art laboratories, plants, tinting systems, training schools and phygital ecosystems to accompany customers along their paint and decoration journey.

In 2020, the change in sales from eco-certified products was impacted by a country mix effect. Countries with a lower share of eco-certified products rose significantly more. A significant number of eco-certified product launches were also postponed due to the pandemic. These launches will take place in 2021.

Regarding applicator training, all operating companies have programs in place to enhance customer know-how regarding paint technology and to promote safe application practices.

Key Performance Indicators - Paints & Colors	2020	2019	2018
Share of Paint revenue generated by products launched within the last three years	19.7%	23%	25%
Proportion of Paint revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) - "2023 roadmap"	58.3%	60%	64%
Proportion of Pant revenue from eco-certified products in total sales - "2023 roadmap"	48%	50%	(1)
Share of production generated by water-based products out of total production	91%	92%	91.5%
Share of recycled plastic in plastic packaging purchased by Cromology in France	59.7%	60%	62%
% of metal packaging - "2023 roadmap"	38%	(2)	(2)
Number of countries offering professional training programs - "2023 roadmap"	5 ⁽³⁾	(2)	(2)

(1) Data unavailable for 2018.

(2) Data available from 2020.

(3) Except Switzerland.

4.2.4.8.6 Societal relations (voluntary measure)

Local economy (voluntary measure)

Most of the Group's products are manufactured locally. In 2020, the share of Cromology revenue generated by products sold in the regions where they were produced was more than 98%.

As regards its purchasing policy for raw materials and packaging in Europe, Cromology favors the use of suppliers who manufacture in Europe. Cromology also strives to optimize flows and means of transportation, by sea and other means.

Partnerships and sponsorship initiatives (voluntary measure)

In 2021, Cromology will draw up a Group sponsorship policy and will incorporate it as an initiative within its CSR vision. Meanwhile, Cromology encourages its teams to support the initiatives of local or national non-profit organizations to help people in difficulty, local or national heritage, sports or schools, in the form of financial aid, donations of paint and services.

Cromology supported the projects described below in the regions where it operates in 2020.

In France, all sites of the CRI subsidiary use teams from organizations that help people with disabilities join the workforce (ESATs) to undertake tasks relating to its industrial operations (gardening, labeling, cleaning workwear, etc.). For the past 3 years, CRI has also organized the collection of plastic caps from employees on behalf of the non-profit organization Un bouchon, Une espérance. Through recycling of the caps, it finances equipment for people with disabilities. Since 2013, CRI has donated paint to local schools (2,000 liters in 2020).

In Spain, AECC (Asociación Española Contra el Cáncer) has been supported since 2016, either through solidarity "product sharing" promotional campaigns (part of the sales profits are donated to AECC) for its range sold through Leroy Merlin, or through paint donations.

Both in France and Spain, donations of workwear to local hospitals or firehouses was done during the first wave of the COVID-19 pandemic.

In Italy, donations of money have been made to charitable associations Rise Against Hunger Italia Onlus (helping vulnerable African populations) and Sonda Società Cooperativa Sociale Onlus (supporting families with children with disabilities).

In Morocco, a program is in place since 2015 to renovate rural schools through skills volunteering and paint donations. Some twenty schools and over 5,000 students have benefited from this initiative and from the distribution of school supplies.

In Portugal, 21 donations of products have been made to charitable associations, volunteer Fire Brigades, local sport associations & clubs, schools & kindergartens, an animal protection association and the Municipality of Loures, for social activities, including street art painting as part of the restoration of social districts.

Promoting art and culture is also a strong priority, with the following initiatives:

- the Tollens brand has partnered with four museums in France: Musée d'Orsay (Paris), Musée de l'Orangerie (Paris), Cité de l'Architecture et du Design (Paris) and Musée de la Piscine (Roubaix);
- the Zolpan brand is a long-term partner of CitéCréation, the world leader in painted murals. It specifically contributed to the Mur des Canuts mural in Lyon, France, the largest trompe-l'œil fresco in Europe;
- Cromology Italia supports artistic projects every year. In 2020, it sponsored the initiative of the artist Fabrizio Da Prato, a specific installation in Viale Toschi - Parma, the Italian Capital of Culture 2020;
- it also supports the artist Dale Art Heritage who created The Walk of Peace, a Guinness World Record as the longest painting by an individual - 5,310 meters.

Similarly, Tollens and Zolpan sponsor Urban Art projects: temporary or permanent frescoes created in Lyon by the Blast Art collective (Zolpan) or in partnership with a shared studio space focused on Contemporary art in the Pays de Gex region (Tollens).

4.2.4.9 Cromology's Vigilance Plan

Cromology's Vigilance Plan was drawn up in response to Act 2017-399 of March 27, 2017 on duty of vigilance. It details how Cromology assesses and prevents social and environmental risks connected with its operations and those of its suppliers.

The CSR Committee drafted the first CSR vigilance plan in 2018. It is updated annually.

Risk mapping

The risk mapping process aims to prioritize the main risks Cromology feels it faces across its own operations, products and supply chain. These are risks related to its direct production purchases and indirect purchases.

The mapping was done at entity level. By compiling the data, it has become possible to identify major risks within Cromology based on the number of sites in question, industrial or distribution network sites, and/or the number of employees concerned.

Actions that go beyond risk management and regulatory compliance within the framework of the Act on the Duty of Vigilance are implemented across a range of fields. These include:

- environmental, quality and safety certification for production and logistics sites;
- reduction in energy consumption;
- waste recycling;
- the "quality of life in the workplace" measures adopted by certain Group companies, etc.

Accordingly, some of the main risks mapped under the Duty of Vigilance Act have also been identified as main risks in the Extra-Financial Performance Declaration presented above.

Risk assessment

The risk assessment process is updated on the basis of the monitoring work carried out in the course of the annual publication of this Duty of Vigilance Plan. This is done:

- i) against the background of the compliance audits carried out for the renewal of certification under the ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 or ISO 45001 (safety) standards;
- ii) against the background of the audit carried out by Cromology customers; and
- iii) further to audits carried out concerning its suppliers;

The key risks identified are:

A Concerning proprietary activities

Cromology is primarily exposed to:

- risks associated with human rights and fundamental freedoms:
 - risks associated with human and employment rights such as respect for freedom of association and collective bargaining, rights of migrant workers, employee working hours and rest periods, situations involving harassment, abuse or discrimination,
 - risk associated with the management of customer personal data and ensuring the confidentiality of personal data;
- risks associated with human health and safety:
 - risks associated with the handling and use of toxic chemical substances that are potentially hazardous to the health of employees and end-users, applicators or individuals, such as substances subject to authorization (SVHC) or substances that are carcinogenic, mutagenic, and reproductive toxins (CMR),
 - health risks associated with the atmospheric emission of substances subject to restrictions (VOCs) or dust,
 - risk of occupational accidents linked to the professional activities of employees associated with industrial, logistical and commercial activities;
- risks relating to the environment:
 - risks associated with water and soil pollution or with the contamination of water and soil by restricted substances,

- risks associated with soil pollution during industrial operations or the transportation of hazardous materials,
- environmental risks associated with the release into the atmosphere of restricted substances (VOCs), carcinogens or dust,
- risks associated with the management of hazardous waste generated by operations.

B Within the supply chain

Cromology is mainly exposed to risks at its suppliers of raw materials, due to the chemical nature of such materials:

- environmental risks;
- risks to the health and safety of suppliers' workers;
- risks associated with human rights and fundamental freedoms.

Measures taken to mitigate risks or prevent serious harm

Risk mitigation is based on the various measures tailored to each of the Group's area of responsibility.

Vigilance concerning human rights and fundamental freedoms

Rules of professional conduct

Since 2014, Cromology has had a Code of Conduct. This sets out the principles and rules, in particular concerning safety, that the company wishes to make mandatory for all employees, under all circumstances, across all countries. It will be updated in 2021.

Personal data management

This concerns compliance with the GDPR, which came into force in May 2018:

- the personal data of Cromology's employees, customers and suppliers has been classified in accordance with GDPR standards. A register of data processing has been created and is updated as changes occur. This guarantees that all data managed in Cromology's systems is used appropriately;
- from a security perspective, the following measures have been taken and are presented in the "Business Ethics" section of Cromology's Extra-Financial Performance Declaration;
- a "GDPR" Committee was established in 2018. This ensures that all measures pertaining to the collection and use of customer data are compliant with GDPR standards. The committee, overseen by the Chief Legal and Compliance Officer, includes representatives from IT, Human Resources, Legal and Digital.

Vigilance with regard to personal health and safety

The Group is piloting measures to mitigate personal health and safety risks with two main objectives:

- the health/safety of its employees or subcontractors, presented in the "Health and Safety" section of Cromology's Extra-Financial Performance Declaration;
- the health and safety of the product users (applicators or end-customers), presented in the "Health and Safety" section of Cromology's Extra-Financial Performance Declaration. Cromology strictly complies with European chemical regulations (REACH). It is also regularly audited by external bodies in the course of ISO 9001, ISO 14001 and OHSAS 18001 or ISO 45001 certifications. As a supplier, this is done by representatives of its customers, such as DIY retailers.

Cromology also adheres to a voluntary R&D approach that particularly focuses on respect for the environment and human health. This approach is presented in the "Paints and Colors" section of the Cromology Extra-Financial Performance Declaration.

Cromology continually seeks to reduce as far possible the VOC content of its innovations beyond any regulatory requirements in the countries in which it operates. This is done while maintaining the highest possible quality and performance levels.

In France, for example, Tollens and Zolpan launched products under the German TÜV label, which requires a VOC content of under 1 g/l for interior matte paint. This is 1/30 of the content limit under European regulations, and 1/10 of the content limit for the European Eco-label.

This voluntary approach can be seen in the proportion (in value terms) of products sold with an environmental label. In 2021, half of sales were of products that meet the most stringent labels in terms of VOC content (Eco-label, TÜV) or VOC emission rates (A+, TÜV). For new products (less than three years old), three out of five products are eco-certified.

In addition, since 2014, Cromology has been selling an anti-formaldehyde paint that can reduce the level of interior air pollution by capturing major pollutants in the paint. This product, when applied to all four walls and the ceiling of a room, can reduce indoor air pollution from these pollutants by up to 80%.

In France, the proportion of sales of eco-certified paints is 75% and the application of anti-formaldehyde paint sold by Cromology has depolluted about 5,000,000 m³ *per annum*.

Environmental care

Respect for the environment forms a key part of Cromology's culture. For more information, please see the "Environment" section of the Extra-Financial Performance Declaration.

Vigilance with supply chain suppliers

Purchases from raw material and packaging suppliers represent Cromology's largest and most strategic purchase. In France, the suppliers from which Cromology buys trade products represent a significant purchasing pool.

This is why Cromology formalized its requirements in both its Sustainable Purchasing charter (becoming Partners Code of Conduct in 2021) with these two categories of suppliers as part of its CSR approach.

Different documents such as the Purchasing Policy and the Partners Selection Procedure also explain these requirements, the way Cromology selects its suppliers and the consequences of a potential non-conformity.

For more information, please see the "Business Ethics" section of the Extra-Financial Performance Declaration.

Whistle-blowing procedure

In 2017, Cromology put in place an internal whistleblowing system. This allows the flagging of any inappropriate conduct as per Act 2016-1691 of December 9, 2016 on transparency, combating corruption, and modernizing the economy ("Sapin 2").

In 2019, Cromology extended the scope of this whistleblowing mechanism to include any potential labor and human rights violations.

In 2020, Cromology put in place a digital solution to facilitate the disclosure of any breaches, so they can be brought to an end and further ensure the confidentiality of the alert. This mechanism may be easily used by employees but also by external or occasional staff and by stakeholders. It is available at <https://cromology.integrityline.org>, in 7 languages.

Range of monitoring measures implemented

In addition to the daily actions of the operational teams in the areas in question, Cromology monitors the actions implemented by the CSR Committee, which met nine times in 2020. From 2021, the Wendel Cromology Board will follow up on the implementation of the "CSR vision" on a quarterly basis.

The indicators monitored by the CSR committee and the Wendel Cromology Board are the ones mentioned in this document. These measures provide an assurance regarding the proper enforcement of action plans and duty of care procedures. For example, this concerns health and safety indicators and the annual corporate and environmental audits carried out by an external auditor in the course of the drafting the Extra-Financial Performance Declaration.

4.2.4.10 Methodology

4.2.4.10.1 Methodology used to obtain monitoring indicators

Scope and consolidation methods for key indicators

The key indicators in this report were selected from across all subsidiaries consolidated in Cromology's financial statements. Cromology's scope includes 16 industrial and logistic sites.

For each indicator, the detailed calculation methods are defined in the chapter "reporting methodology" below. Where measured data is not available, each entity produces estimates. From 2019, data collection is performed via an online reporting tool made available by Wendel.

Responsibilities and checks

The Group's Human Resources department collects and consolidates the HR data, ensures that it is consistent, and validates it. It is the responsibility of Cromology's human resources community to produce this data for each subsidiary.

Cromology's HSE department consolidates "safety" and "environment" data and performs consistency checks.

"Safety" indicators are produced by the safety manager of each subsidiary. Environmental experts at each Cromology subsidiary are responsible for producing the environmental data.

Monitoring indicators for products launched within the last three years and the percentage of net sales of new products with environmental certification of all products launched within the last three years are produced by the Marketing departments of each subsidiary. This data is consolidated and checked for consistency by the Group Marketing department.

The monitoring indicator for the number of raw materials (including regulated raw materials) used in the formulations of the paints manufactured by Cromology is produced by the Group R&D department.

The indicator for the volume of use of formulas containing regulated raw materials such as SVHC and CMR (1 and 2) per metric ton is produced by the Group R&D department.

The indicator relating to the percentage of recycled plastic in packaging used for products sold by Cromology is monitored by the Group's Industrial Purchase department. This is produced by the supplier.

Each Cromology subsidiary is responsible for the indicators it collects and monitors.

Each site director is responsible for producing the indicators and performing an initial verification of the result.

4.2.4.10.2 Methodological note

Methodological limitations and uncertainties

Since fiscal year 2019, Social, Health & Safety and Environmental data have been reported directly by Cromology site teams via an online reporting tool made available by Wendel.

The definitions and reporting methods used for the following indicators, as well as any relevant uncertainties, are described below.

4.2.4.10.3 Human Resources indicators

Employee engagement

Indicators used

Absenteeism rate

AR1 is the absenteeism rate for employees on permanent and fixed-term contracts that is reported for all subsidiaries.

It is calculated by dividing the number of calendar days of absence by the total number of calendar days in the year (365* for both fixed-term and permanent contracts). Absences include absences due to sickness, unauthorized unpaid leave, and lost time due to work-related accidents and commuting accidents. Other types of absences, in particular long-term leave of more than three years, are not included in calculating the absenteeism rate.

Since 2019, a second absenteeism rate (AR2) has been calculated that takes into account only days worked against days of absence and days worked per year.

Share of departures at employee initiative (resignations, retirements). This rate takes into account the number of employee resignations and retirements in relation to the total number of departures.

% of employees having completed at least one training program per year

Average number of hours of training per employee

Hours of training for employees on permanent and fixed-term contracts are reported for all subsidiaries. They include internal and external training (including e-learning) and exclude hours corresponding to the schooling of work-study students in France.

% of promotion

People within headcount who had a change in their coefficient, level or grade among total headcount.

% of promotion - internal mobility

People within headcount who had a change in their position among opened permanent positions filled during the period.

Diversity, inclusion & equal treatment

Indicators used

% of women among all employees

% of women among management

% of women among recruitments

Gender Equality Index

Based on the French Gender Equality Index for companies with over 250 employees applicable to all Cromology entities. The gender equality index evaluates:

- pay gap between women and men, socio-professional category and comparable age;
- difference in rate of individual increases between women and men;
- difference in promotion rate between women and men;
- % of employees increased upon return from maternity leave;
- parity among the 10 highest remunerations.

The index is computed at entity level then consolidated at Group level. Consolidation is done for every entity for which the index is computable. The entity index result is weighted taking into account entity headcount.

Total headcount

The total headcount is the number of employees with a permanent or fixed-term contract on the last calendar day of the year. Trainees and Ph.D. students are not counted. Workforce data is reported in number of people and not full-time equivalents. Starting in 2019, employees on notice or reclassification leave for economic reasons have been excluded.

Hires & departures

New hires on permanent contracts and fixed-term contracts made permanent and new hires via company takeovers are counted as new hires. Departures relate solely to permanent contracts for departures at the initiative of the employee or the employer or retirement, or for company disposals, or deaths. Internal transfers between Group companies are recognized at the Group level. Since 2019, employees on notice or reclassification leave for economic reasons have been included in departures at the initiative of the employer.

4.2.4.10.4 Indicators relating to Business Ethics**Anti-bribery and corruption**

Indicators used

% of employees who have signed the Group's anti-corruption policy among all Cromology Group employees

% of employees who have been trained on Group's anti-corruption policy among all Cromology Group employees

Data Protection

Indicators used

% of employees who have signed the Data Protection policy among all Cromology Group employees

% of employees who have been trained on Group's data protection program among all Cromology Group employees

Supplier & Supply Chain Risks

Indicators used

% of Purchasing employees who have signed the Ethical Procurement charter

This is the percentage of Purchasing employees in the Group Purchasing department who have signed the charter, out of the total number of Purchasing employees.

Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main suppliers⁽¹⁾ that have signed the Responsible Purchasing charter or presented a CSR approach that meets the criteria of the Responsible Purchasing charter, out of the total amount of purchases.

Share of Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main risk suppliers⁽¹⁾ that have signed the Responsible Purchasing charter or presented a CSR approach that meets the criteria of the Ethical Purchasing charter, out of the total amount of purchases.

Share of purchasing value (Goods for resale) covered by suppliers who have signed the Responsible Purchasing Charter

This is the percentage of the amount of purchases from the main/at-risk suppliers⁽¹⁾ having signed the Ethical Purchasing Charter or those having presented a CSR approach meeting the criteria of the Ethical Purchasing Charter, on the total amount of purchases.

Share of the volume of purchases (raw materials, packaging, goods intended for resale) covered by suppliers who have signed the "Responsible Purchasing" Charter.

This is the percentage of the amount of purchases from the main/at-risk suppliers⁽¹⁾ having signed the Ethical Purchasing Charter or those having presented a CSR approach meeting the criteria of the Ethical Purchasing Charter, on the total amount of purchases.

(1) Main/at Risk suppliers are defined according to the "80/20" rule by Cromology's Purchasing team: 20% of the suppliers representing 80% of the total amount of Purchases or presenting a risk.

4.2.4.10.5 Health & Safety indicators

Indicators used

Frequency rate of accidents with days lost (LTIFR)

The Frequency rate of accidents with lost days (LTIFR) is the number of accidents involving the loss of more than one day of working time that occur over a 12-month period, per million hours worked. It is reported for all subsidiaries in the Cromology Group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

Accidents while traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Frequency rate of all work-related accidents

The Frequency rate of all work-related accidents is the number of accidents with and without work loss that occur over a 12-month period, per million hours worked. It is reported for all subsidiaries in the Cromology Group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

Accidents while traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Severity rate of accidents

The severity rate of accidents is the number of days of working time lost over a 12-month period following a work-related accident, per 1,000 hours worked. It is reported for all Cromology Group subsidiaries.

Deployment of the 5S method in points of sale (%)

Number of 5S audits carried out in points of sale in comparison to 5S audits to be carried out (yearly objective: 3,804 in 2020).

% of Insurance audits performed

Number of insurer audits performed out of the number of insurer audits to be performed for the entire Cromology Group.

% of industrial sites with OHSAS 18001 or ISO 45001 certification.

Number of industrial sites with OHSAS 18001 or ISO 45001 certification out of the total number of industrial sites

4.2.4.10.6 Environmental indicators

Wastes management

Indicators used

% of industrial and logistic sites ISO 14001 certified

Number of production and logistic sites with ISO 14001 certification out of the total number of production and logistic sites

Waste generated (% production volume)

Using these indicators, this involves assessing the quantity of waste generated (in metric tons) per ton of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

Hazardous waste generated (% production volume)

This involves assessing the quantity of hazardous waste generated (in metric tons) per ton of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

Emissions reduction

Indicators used

CO₂ emissions - Scope 1 (metric tons CO₂ eq), CO₂ emissions - Scope 2 (metric tons CO₂ eq), CO₂ emission ratio - Scope 1 (metric tons CO₂ eq/kT produced), CO₂ emission ratio - Scope 1+2 (metric tons CO₂ eq/kT produced) -

These emissions are calculated with emission factors based on energy consumption. Emission factors were updated for 2019 and are taken from the Ominea 2019 database. Emissions for 2018 and 2017 were not recalculated and use the Ominea 2012 base factors.

CO₂ emissions include Scope 1 (heating oil and gas consumption) and, since 2019, Scope 2.

Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)

VOC emissions from combustion energy are no longer included in the calculation of total VOCs as of 2019. They represented less than 0.2% of total VOC emissions in 2018 (in metric tons produced). For 2018 and 2017, they were calculated using emission factors determined by the French National Organization for Atmospheric Emissions Inventory Methods (Ministry of Ecology, France, February 2012).

VOC emissions from industrial processes (use of solvents) are the primary components of this indicator.

The methodology for calculating this indicator was changed in 2017. The new methodology is the one used for solvent management plans. The "VOC" indicator is calculated in the following manner (other VOC emissions):

VOC (in metric tons) in raw materials ("input 1 VOCs"): these VOCs are calculated on the basis of VOC content (as a %) and the quantity of each raw material consumed (in metric tons);

VOC (in metric tons) in finished products ("output 2 VOCs"): these VOCs are calculated from the average VOC content of a paint formulation. This average VOC content value is calculated on the basis of the VOC content of 10-15 formulations representing at least 50% of the total tonnage produced by the site under consideration. The calculation is weighted by the tonnage of each formulation produced, giving the average VOC content that is then applied to all tonnage produced;

VOC in waste ("output 3 VOC"): these VOCs are calculated by applying either the average VOC content in the raw materials, or the average VOC content of the finished product to the solvent-laden waste (in metric tons), depending on the type of waste;

"Diffuse VOC" is calculated as value of (1) - value of (2) - value of (3).

Compliance to regulation on chemical products

Indicators used

% of eligible Cromology employees trained in ADR among those to be trained

Training for employees in ADR (European Agreement on the International Carriage of Dangerous Goods by Road): Percentage of employees trained in ADR in relation to the number of people scheduled for the annual training plans for ADR.

Total Suspended Solids (TSS) (metric tons)

Suspended Solids refer to small solid particles which remain in suspension in water. TSS test measures the quantity of suspended particles which will not pass through a filter, as an indicator of water quality. The TSS is measured, after the internal treatment system, on a sample taken to be representative of the quality of the water discharged.

Chemical Oxygen Demand (COD) (metric tons)

COD is the mass of Oxygen necessary to fully oxidize carbon and hydrogen containing compounds in one liter of solution, as an indicator of water quality. The COD is measured, after the internal treatment system, on a sample taken to be representative of the quality of the water discharged.

Raw materials and natural resources sourcing

Indicators used

Number of raw materials concerned by regulatory watch (% of raw materials' total)

Number of raw materials concerned by regulatory watch out of the total Number of raw materials

Energy consumption

Energy consumption includes the consumption of energy for production activities and distribution networks. It does not include the consumption of energy associated with employee transportation. It is reported for all Cromology subsidiaries.

Paints & Colors

Indicators used

- Share of Paint revenue generated by products launched within the last three years

Share of Paint revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years)

This is the share of revenue generated by products launched within the last three years with an eco-label out of the total revenue of products launched within the last three years.

Eco-labels include:

- the European Union eco-label established in 1992;
- the TÜV SÜD label is awarded by the German independent eco-body of the same name for renewable energies;
- the NF Environnement label is issued by the French national organization for standardization (Afnor) (paints, varnishes and related products - NF 130);
- the Excell Zone Verte and Excell Plus labels from Excell, an ISO 17025-accredited laboratory, classify materials, products and coatings that are compatible with the indoor air quality of living areas, HQE housing or food industry premises.

- Share of Paint revenue generated by eco-certified products in total sales

- Share of production generated by water-based products out of total production

Share of recycled plastic in plastic packaging purchased by Cromology in France

This is the percentage of the weight of post-industrial recycled polypropylene (recycled plastic packaging) purchased from the main supplier (metric tons) in relation to the total weight of polypropylene (plastic packaging) purchased from the main supplier (metric tons).

% of metal packaging

Share of the yearly purchase value of metal packaging *versus* total of yearly purchase value of plastic and metal packaging.

4.2.5 Stahl

4.2.5.1 Presentation of the company's activity

Stahl is the world leader in leather chemicals and high-performance coatings and polymers, with its registered headquarters in Europe (the Netherlands). Stahl specializes in providing products and services to manufacturers of leather, synthetics, textiles and other materials used in the automotive, garment, footwear, luxury bags and home furnishing consumer segments. Stahl uses two primary brands (Stahl and PielColor) to promote its products and services,

and there are many product trademarks used in the portfolio e.g.: PolyMatte®, Permacure®, Stahl NuVera™, Stahl Ympact™, Stahl EasyWhite Tan™, Catalix®, DryFast, STAHL EVO, Stahl Neo, Stahl Relca® Bio, PielColor Magic Line.

Stahl manufactures its portfolio of products either at its manufacturing sites around the world or at outsourced locations via service or supply agreements. Stahl's suppliers are generally large multinational chemical companies.

Stahl's customers are manufacturers of leather, coated fabrics, textiles and synthetic materials. The company also supplies shoe factories and paint & coatings manufacturers. Stahl's customers range from large corporations to medium and small sized operations. Smaller customers are typically handled by Stahl's significant network of agents and distributors around the world.

As of December 31, 2020, Stahl operated 11 manufacturing sites and 37 application laboratories in 22 countries around the world, employing around 1,800 people. The countries where Stahl does most business are, in alphabetical order, Argentina, Bangladesh, Brazil, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Mexico, Netherlands, Pakistan, Singapore, Spain, Turkey and the USA. As a supplier of chemical products and related services, Stahl considers the health and safety of its employees to be its primary responsibility. Stahl is a model for workplace safety, with a low accident frequency rate.

Stahl is aligned to the UN Global Compact, the world's largest corporate sustainability initiative, and reports on its guiding principles annually since 2011. The 10 principles of the UN GC are included in the Stahl Code of Conduct for Business partners. With this commitment, Stahl has confirmed the alignment of its strategy and operations to the universal principles of human rights, labor rights, the environment and anti-corruption. Stahl also reports on its progress with the 17 UN Sustainable Development Goals (SDGs) in its annual ESG report and ESG roadmap with targets for 2023 and 2030.

Stahl's key activities linked to the UN SDGs are as follows:

- SDG 1 No Poverty: In addition to local community philanthropy, Stahl is involved in sustainable development projects. As an example, a Public Private Partnership between Stahl and NGOs Solidaridad and PUM was launched in 2017, in Kanpur, India. The five-year project, which focuses on reducing water pollution, will have an impact on improving the lives of people living and working in the Kanpur leather cluster, which has been threatened by environmental pollution;
- SDG 3 Good Health and Well-being: Stahl has committed to initiatives that will eliminate restricted substances from the supply chain, like the Zero Discharge of Hazardous Chemicals foundation, of which the company is a member since 2016. In 2020, Stahl confirmed the highest (Level 3) compliance of 1,200 products from its portfolio with the ZDHC Gateway compliance standard for restricted substances;
- SDG 4 Quality Education: Stahl Campus® was established to promote good practices throughout the supply chain (see the section on Education & Training). Stahl also actively promotes the safe handling of chemicals and conducts seminars and webinars on ESG topics, targeting all stakeholders in the supply chain;
- SDG 5 Gender Equality: Stahl's Diversity and Inclusion policy was communicated in 2018. Long-term targets have since been established for gender balance and progress thereon is summarized in this report;
- SDG 6 Clean Water & Sanitation: The company has successfully introduced effluent-reducing technologies to the value chain, like Proviera® - Probiotics for Leather™, Stahl NEO, Stahl EVO and Stahl BeTan as well as water-reducing technologies like Easy White Tan®. The Public Private Partnerships launched in Kanpur, India, and Ethiopia are driven by a strong desire to reduce water pollution in the markets that the company serves;
- SDG 7 and 13 Affordable and Clean Energy and Climate Action: Stahl's 5-year goal of CO₂ emissions reduction by 2020 (in line with the 2015 Paris Climate Agreement) was achieved. This implies the adoption of renewable energy sources and raw materials, as well as energy efficient technologies at its sites. Beyond this, Stahl began to leverage the benefits of solar panels at its site in Brazil in 2020. This is part of the company's long term goal of sourcing from on-site renewable energy;
- SDG 8 Decent Work and Economic Growth: The Public Private Partnership (PPP) in Kanpur, India, is one example of Stahl's commitment to SDG 8. The (EU funded) PPP project for the Ethiopian leather industry is another. Both are focused on reducing pollution and directly linked to securing sustainable economic development;
- SDG 10 Reduced Inequalities: Stahl's Code of Conduct was set up in 2014 and the Stahl Diversity and Inclusion policy was set up in 2018. e-Training courses were conducted and completed by all employees in 2020 on diversity, and anti-corruption.



2020 REVENUE

€669m

VISION

To be a catalyst
for positive change

MISSION

"If it can be imagined,
it can be created."

VALUES

- Cooperation
- Responsibility
- Initiative
- Imagination

KEY

- Key partners
- External resources
- Internal resources

INTERNAL RESOURCES

USE OF RESOURCES

OUTPUT



SHAREHOLDER GOVERNANCE

SHAREHOLDERS: WENDEL 67.5%, BASF 16.3%,
CLARIANT 14.8% AND OTHER 1.4%

BOARD OF DIRECTORS:

9 members

(Stahl, Wendel, BASF,
independent members)

22%

of independent

11%

of women



OPERATIONAL GOVERNANCE

MANAGEMENT TEAM:

7 members

0 women

HUMAN CAPITAL

~1,800
EMPLOYEES

75% men / 25% women

30% in technical activities

59 nationalities in 22 countries :

- 50% in Europe, Africa
- 21% in Pacific-Asia
- 14% in America
- 15% in India / Pakistan

INTELLECTUAL CAPITAL



18%
OF R&D IS
ESG DRIVEN

- 14,7 training hours per FTE on average
- >1,000 people from 131 organizations attended Stahl Campus modules in 2020
- 75 active patent families*

* including patent applications

PROCUREMENT



Stahl suppliers are:

- Large multinational chemical companies from 54 countries
- 89% (by volume) from very low, low or medium risk countries**

Number of suppliers:

Europe 33%
Asia & Oceania 33%
Middle East & Africa 3%
Americas 31%

** Based on Global Risk Profile ESG Index

PRODUCTION



11 manufacturing sites

★★★ 9 Centers of Excellence



37 Application laboratories

TRAINING



4
CAMPUS
LOCATIONS

DISTRIBUTION



34 sales support offices

PRODUCTS

- Leather Chemicals
- Coatings
- Polymers

MARKETS

Main sectors

- Automotive
- Footwear, Apparel & Accessories

Others

- Architectural & Interior Design
- Industrial Applications
- Leisure & Lifestyle
- Home Furnishing

EXECUTIVE CONTROL GROUP

32
members

4
women
(12.5%)

R & D

 **11** research centers

 **~100** R&D and chemists

CERTIFICATIONS
/ MANAGEMENT SYSTEMS

92%
of production volume come from sites certified ISO 14001 and 99,8% from ISO 9001

ESG roadmap

A 10-YEAR PLAN IS PRESENTED IN THE ESG ROADMAP. TARGETS ARE ESTABLISHED FOR 2023 AND 2030.

E ENVIRONMENT	S SOCIAL	G GOVERNANCE
TARGETS FOR 2023 AND 2030		
<ul style="list-style-type: none">Climate Change & CircularityWaterStahl productsRaw materials	<ul style="list-style-type: none">Health and safetyHuman capitalHuman RightsSocietal Commitment	<ul style="list-style-type: none">Ethical behaviorDiversity in leadershipCSR incentivesSupply chain
2020 PERFORMANCE		
<ul style="list-style-type: none">CO2 Target Achieved : -37% in 2020 versus 2015No coal used in Stahl manufacturing sites100% green electricity in European sites34% renewable energy (of total energy consumption)1,217 products certified for safe chemistry (ZDHC)Renewable Carbon Initiative	<ul style="list-style-type: none">Severity Rate 0.00314.7 training hours per employee91% of employees on permanent contractLow absenteeism rate 1.87%Swift COVID-19 adaption to remote/smart working program98.6% of employees completed compliance training assessment	<ul style="list-style-type: none">ESG roadmap agreed, with targets for 2023 and 203025% female, 75% maleVigilance Team: quarterly meetings, 2 members from senior management67% of direct purchasing spend from EcoVadis assessed suppliers
<div>Global Initiatives & NGOs<ul style="list-style-type: none">United Nations (UN) Global Compact, Reporting on 17 UN SDGSUNIDO, SolidaridadInternational universities</div> <div>Other sectorial initiatives:<ul style="list-style-type: none">ZDHC, Bluesign, ChemIQLeather Working GroupRenewable CarbonTEWEGA</div>		



4.2.5.2 Materiality

Topics that matter

Stahl reports regularly on ESG in order to assess the precise progress made on its ESG activities and KPIs. To ensure that it reports on topics that are material for the company, Stahl uses a materiality analysis to give insight into the priorities of its stakeholders. Stahl's materiality analysis outcome is aligned to the risks presented in the Extra-Financial Performance Declaration (EFPD).

Materiality

Stahl's approach to reporting and materiality is based on recognized, internationally agreed guidelines, like the Global reporting Initiative (GRI). This approach also ensures that the full scope of activities are taken into account, from operations and supply chain to interactions with suppliers, customers, consumers, shareholders, government and NGOs.

Stahl material topics

ESG Pillar	Material Topics	Material Subtopics
Environmental topics	Climate change	Greenhouse gas emissions
		Energy
	Resource depletion	Materials
		Water
Social topics		Waste
	Innovation	
	Occupational health and safety	Stahl staff H&S
		Customers' staff H&S
	Training and education	
	Diversity and inclusion	
	Human rights	
	Local communities	
Governance topics	Regulation	
	Anti-corruption	
	Ethics	

4.2.5.3 Table overview of identified risks & mitigation policies in place

ESG Risk Mapping for Extra-Financial Performance Declaration (EFPD)

Stahl performs an annual review of its risk assessment and control policies in accordance with the requirements of the EFPD on environmental, social, human rights and corruption risks resulting from its activities. This review covers the risks linked to its employees, suppliers, and to its supply chain. Stahl has adopted due diligence policies covering health, safety, environment and human rights that mitigate the risks identified in this review.

Stahl's risk analysis is cross-checked with two types of organizations, used as reference sources:

- independent standards: MSCI (Morgan Stanley Capital International) and SASB (Sustainability Accounting Standards Board);
- companies comparable to Stahl in terms of sector of activity, operating in several countries, and reporting on their CSR risks and materiality method.

The 7 risks identified (as stated in the table below) with the highest gross risk level⁽¹⁾, as agreed and verified by the EFPD pre-audit, are presented below. The table presents a short summary of the risks and the policies implemented by Stahl to mitigate those risks identified. Key Performance Indicators (KPIs) to monitor the policies and results corresponding to these indicators for 2020 are also presented.

(1) Gross risks are the risks for similar companies and activities (that impact both the company and the external stakeholders) in the same geographic area, without the effects of mitigation. Stahl explains how it manages and mitigates these risks in each chapter of this report. Note: Because of the nature its activities (leather chemicals, coatings and polymers), Stahl believes that some identified risks do not represent a critical extra-financial risk for Stahl and do not need to be developed further in this report. These less critical risks are: fight against food insecurity; respect of animal welfare; responsible, fair and sustainable food production.

Area	Para-graph	CSR Risk	Risk Description	Matu- rity	Gross risk	Mitigation policies and actions	Resi- dual risk	Key performance indicators	2019	2020	2-year trend
HEALTH & SAFETY	4.2.5.7.2	(1) Occupa- tional health and safety	Chemical industry: occupational health and safety risks, including:	Short term	High	SHE policy Training R20 (Road-To-Zero) Program Zero tolerance policy Stature platform HR policy support Covid-19 policies	Low	Reported accident frequency rate (TFTAD)	5.444	4.549	↘
			■ chemical contact or exposure to substances hazardous to health;					Lost Time Injury Frequency Rate (TF)	1.303	0.840	↘
			■ risk of chronic (serious) illness linked to chemical exposure;					Severity rate of accidents (LTISR)	0.034	0.003	↘
			■ slips, trips and falls; ■ serious and fatal accidents.					Fatal accidents	0	0	≥
ESG PERFOR- MANCE OF PRO- DUCTS	4.2.5.7	(2) Increasing demand and regulation for sustainable chemical products	Products not aligned with demand from brands, NGOs and consumers	Short term	Medium	Regulatory watch & product stewardship Industry governance and initiatives (like ZDHC) Chemical compliance initiatives by Stahl R&D	Low	ZDHC product compliance, highest level of compliance	1,274	1,217	→
			Customers polluting soil using Stahl chemicals Unavailability of chemical raw materials due to regulation related to environmental or human health.					Share of ESG- focused R&D projects (% of total projects)	18%	18%	→
ENVIRON- MENT	4.2.5.7.1	(3) Lowering Greenhouse Gas (GHG) emissions that contribute to climate change	Stahl recognizes that reductions in global CO ₂ emissions will be required in order to achieve the goals outlined in the Paris Climate Accord established in 2015	Long term	Medium	Reduce CO ₂ emissions. Energy reduction Focus on energy self-sufficiency.	Low	Share of renewable energy	36%	34.4%	→
								Energy intensity (TJ consumed/ ton produced)	0.00184	0.00184	→
								CO ₂ Emissions intensity - Scopes 1 & 2 (tCO ₂ eq/ton produced)	0.1096	0.1098	→
								Achieved			
								CO ₂ emissions - Scope 3 (millions of tCO ₂ eq).	500-530	470-500	↘
								Water intensity (m ³ consumed/ ton produced)	1.588	1.505	↘
	(4) Impact on water resources	Risk of insufficient water for the process and water supply cuts from local network	Long term	Medium	Water management	Low					
	(5) Hazardous waste management	Risk of significant increases in hazardous waste generated at Stahl sites and inadequate management of their end-of-life	Medium term	Low	Waste reduction Circularity	Low		Waste water send to external treatment (tons)*	14,447	12,452	↘
								Waste intensity	0.062	0.062	→
								Provision for land pollution (M€).	0.64	0.64	→

Area	Para-graph	CSR Risk	Risk Description	Maturity	Gross risk	Mitigation policies and actions	Residual risk	Key performance indicators	2019	2020	2-year trend
SOCIAL	4.2.5.7.2	(6) Attracting and retaining talent	Risk of losing qualified and talented employees from the company. Risk of not attracting qualified and talented employees to the company, especially Millennials and Gen Z workers	Short term	Medium	HR strategy, onboarding of new employees, gender parity policy Corporate communication strategy, social media (Instagram, LinkedIn), webinars and public communication New leaders in key positions Employee Engagement Platform (EEP) - Succession planning, performance monitoring and training	Low	Turnover rate	8.71%	6.01%	↘
								Turnover rate - resignations only.	4.24%	3.32%	↘
								Social dialogue - Instagram and LinkedIn subscribers	New	41,500	New
								Training hours per FTE	15.32	14.71	↘
								Absenteeism rate	1.76%	1.87%	↗
GOVERNANCE	4.2.5.7.3	(7) Corruption and bribery	Risk of corruption, bribery, modern slavery in Stahl's supply chain	Short term	Low	Code of Conduct. Due diligence questionnaire	Low	Percentage of employees trained on these subjects - Compliance training	Only new employees	98.55%	New
								Percentage of employees trained on these subjects - training sessions on company policies	90.4%	New employees	New
								Whistle blowing - Number of cases treated	100% (5 cases)	100% (1 case)	→
								External risk assessment and rating (EcoVadis)	New	67%	New
								% of direct purchases made from suppliers assessed by EcoVadis	New	67%	New

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

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

Climate change adaption and prevention

Climate resilience and adaption

Climate resilience is the capacity to adapt to the direct and indirect impacts of climate change, including changes in regulation and policy. Stahl is proactively building climate resilience into the company strategy and operations. In order to achieve this, the company will:

- identify climate risks and estimate the vulnerability and magnitude of these risks on operations and facilities;
- identify solutions in order to mitigate the risks;
- implement measures to mitigate the risks;
- monitor, review progress on the measures;
- begin dialogue at the senior management team level to ensure that an approach addressing the risks and opportunities of climate change is embedded within company strategy and operations;
- communicate and advocate the company's climate resilience efforts.

Preventing climate change – Renewable feedstock

Building on its proactive approach to regulatory changes, and using its advanced materials science capabilities, Stahl aims to drive renewable feedstock solutions – an area where it can have significant impact. By enabling renewable feedstock solutions and decoupling growth from fossil-carbon-based resource consumption, the company believes that de-fossilization of the industry can be achieved.

Renewable Carbon describes resources that have not been extracted from the earth's surface (geosphere), like bio-based materials, carbon capture or recycled plastics. Stahl is one of the eleven founding core advisory members of the Renewable Carbon Initiative (RCI), launched in September 2020 under the leadership of the Nova-Institute (Germany). The aim of the initiative is to actively support the de-fossilization of the chemical industry. The eleven pioneer companies on the Core Advisory Board are Beiersdorf (Germany), Cosun Beet Company (Netherlands), Covestro (Germany), Henkel (Germany), LanzaTech (USA), Lenzing (Austria), Neste (Finland), SHV Energy (Netherlands), Stahl (Netherlands), Unilever (UK) and UPM (Finland).

Environmental impact assessment

Life Cycle Assessment (LCA) methodology measures the impact of a product on the environment, and expresses it in recognizable language (e.g. the impact on ozone depletion, toxicity, climate change and land use).

Stahl has defined quantitative targets for LCA results for its strategic products in its recently communicated ESG Roadmap. The LCA approach offers a generally accepted methodology and allows, in the long run, to reduce the environmental impact of a product.

Chemical compliance

18% of Stahl's basic chemical research projects are aimed at eliminating restricted substances from the supply chain (e.g.: ZDHC, Bluesign®, ChemIQ, Reach), VOCs and new raw materials to replace them. The company has set specific targets for the compliance of its portfolio with the ZDHC MRSL in the Stahl ESG Roadmap with targets for 2023 and 2030.

ZDHC commitment

Stahl made a commitment to the ZDHC (Zero Discharge of Hazardous Chemicals) foundation to eliminate the substances listed on its Manufacturing Restricted Substances List (MRSL). In 2011 a Group of major apparel and footwear brands and retailers made a shared commitment to help lead the clothing industry towards zero discharge of hazardous chemicals by 2020. Stahl became a Value Chain Affiliate in October 2016.

1,217 Stahl products achieved the highest level of ZDHC Gateway compliance in 2020. Level 3 certification – which includes product testing and on-site audits – underlines Stahl's commitment to using responsible chemistry to improve its environmental footprint and contribute to driving positive change in the industry.

Bluesign®

The bluesign® system is focused on replacing hazardous chemicals with safer alternatives in the manufacturing of textile and related products. Stahl became a bluesign® system partner in 2017 and has replaced products with alternatives that are compliant with the bluesign® substance list (BSSL). In 2020 Bluesign® conducted an audit on Stahl's global Product Stewardship system, verifying the renewal of Stahl's "bluesign® Partner" status.

Lifestyle Choices

Stahl respects consumer lifestyle choices with respect to veganism, leather, plastics and other materials used in consumer segments. While it actively supports industry initiatives to improve the environmental footprint of leather, synthetics and textile manufacturing, Stahl is also involved in the development of alternatives materials, like those made from agricultural waste. The company respects the choice of brands to develop alternative materials and has adopted a transparent approach to their benefits and drawbacks. Finally, Stahl believes it is well positioned to adapt to such lifestyle trends and at the same time Stahl is convinced that leather will continue to be a material of choice for consumers in the future, given its longevity and inherent sustainability characteristics.

4.2.5.4 Highlights 2020

2020 ESG highlights

- **Health & Safety:** Total Recordable Incidents (TRI) frequency rate showed improvement in 2020 vs. 2019 and Lost Time Incidents (LTI) frequency rate and severity rate were also lower in 2020 when compared to 2019.
- **COVID-19 pandemic:** Stahl responded to the pandemic-related lockdowns with swift action at all locations. Laboratories and factories remained open during the lockdown periods, and strict rules on distancing and mask-wearing were implemented. Staff who could work from home were encouraged to do so. The health and safety of Stahl employees remained a priority for the company during this time.
- **ESG Communication:** With travelling restricted for much of the year, the company realized an intense weekly program of interviews, presentations, webinars and social media events on topics of sustainable development and compliance. Helping its partners achieve their ESG goals in this way is inspiring Stahl to go further with its own ambitions.
- **Economic Performance:** the first half of 2020 was dominated by the impact of the COVID-19 pandemic on trading volumes, which was first felt in China, then in the rest of the world. By Q4, Stahl's business activity had resumed to 2019 levels over the same period.
- **ESG Performance:** Lower production volumes from March to August 2020 at Stahl's factories had an impact on environmental KPIs like CO₂, water, energy and waste, which were all significantly lower than 2019 in absolute terms. (see the KPIs later in this report). In particular, business travel CO₂ emissions were significantly reduced during the lockdown periods.
- **ESG Performance:** Stahl achieved Level 3 status in the ZDHC Gateway compliance module for 1,200 chemicals in its portfolio. This compliance will be extended in 2021 to include over 500 more products.
- **ESG Performance:** Stahl's research into non-fossil fuel technology reached new heights in 2020 with the release of renewable carbon-based product portfolios: Stahl NuVera® and Stahl Relca®Bio. A new renewable carbon range for leather, Stahl Ympact™ will be launched in 2021.
- **Social:** Stahl set up the new Employee Engagement Platform (EEP) in 2019, which is designed to encourage employee participation and to foster commitment to the company culture. In 2020 Stahl employees completed e-learning modules on corruption and bribery as part of this EEP.
- **Social:** In 2020 the Employee Engagement Platform also included the Annual Performance Review Appraisal, a formalized approach to annual appraisals which applies to all employees globally.
- **Environment:** Having achieved its 2020 target, new Greenhouse Gas emissions targets have been established for 2023 and 2030. The goal for 2030 is a 20% reduction in CO₂ emissions with a renewable energy investment at 6 manufacturing sites, and a 50% reduction in business travel emissions.

4.2.5.5 Resilience actions in the context of Covid-19

Stahl's inherent resilience was demonstrated in 2020 as it faced the headwinds from the pandemic lockdowns around the world. By focusing on caring for its employees while maintaining high service levels for its customers, the company was able to overcome the constraints posed by the pandemic and increase its robustness. A long-standing company culture and Stahl's natural pivot towards servicing its clients were both reflected in its resilience and performance.

The swift digitalization of the company was another feature of 2020, and was partly driven by the opportunities presented during the lockdown period and by the introduction of the "Four Pillar" strategy, as described later in this report.

4.2.5.6 Stahl governance

Stahl Board of Directors

The Board of Directors of Stahl, the Company's most important governance body, meets five times a year and may hold additional meetings to discuss any matters relevant to the company, including financial results. ESG is a standing item on the Board of Directors' agenda. This Board has among its members representatives of its shareholders (Wendel, BASF), two independent members, as well as the Chief Executive Officer and the Chief Financial Officer of Stahl.

Stahl Management Team

The Stahl Management Team meets monthly and determines the implementation of company strategy, including ESG topics. In 2020, a new position of Chief Innovation Officer was added to the team. Stahl has agreed targets for gender balance in the Management Team, for 2023 and 2030. ESG is represented by Corporate Affairs in this management team:

Executive Control Group

A wider governance body, the Executive Control Group includes the Stahl Management team members, and site managers, regional general managers, executives from the strategic business units, Marketing, Human Resources, Communications, ESG, IT, Legal & Compliance, Finance and SHE. The Executive Control Group meets quarterly and reviews performance and decides on tactics for the upcoming business cycles. A formal update on all ESG activities is presented at these quarterly meetings.

Stahl has agreed targets for gender balance in the Executive Control Group team, for 2023 and 2030.

ESG governance

The ESG team formally meets every 2 weeks and continuously engages with finance, legal counsel, sales teams, product managers, researchers, product stewardship and operations staff to monitor the implementation of its strategy and to discuss progress on new initiatives related to ESG performance. The ESG team meets on a quarterly basis with the Wendel ESG team, to review progress on the ESG Roadmap targets.

The ESG team supports commercial activities initiated by customers that are related to sustainable development (e.g.: chemical compliance, innovation on renewable resources and environmental impact assessment) via conferences, webinars and Stahl Campus® training courses.

KPIs (key performance indicators) related to safety, health & environment are measured and reported monthly by regional operations staff at Stahl manufacturing sites around the world. Environmental KPIs (CO₂ emissions, energy, water and waste) are consolidated by the ESG team into a report which is sent to the Stahl Board each quarter.

4.2.5.7 The ESG Roadmap: Stahl as a catalyst for positive change

Stahl Strategy

Four Pillars

Stahl aims to embrace new technologies to create solutions that meet the demands of our changing world. In doing so, the company will continue to make a commitment to human rights, inclusion and diversity, and to the safety of its people.

Stahl has identified four areas of strategic importance: digital transformation, open innovation, renewable feedstocks, and sustainable development. The Group's new 4-pillar strategy will ensure that Stahl continues to deliver the innovative high-performance solutions and technologies to its partners in the value chain, attract and retain top talent throughout the company, and be an exciting, inclusive, environmentally and socially responsible place to work:

- digital transformation: Stahl has initiated a ten-year digital transformation strategy that encapsulates digital transformation. From unified communications, the internet of things and artificial intelligence to e-commerce and block chain, this transformation will change the way the company works with customers, supply chain, investors and its own employees;
- open innovation: Open innovation is the process of collaborating with external individuals, teams and organizations on the development of a project or to reach a shared goal. Open innovation offers the opportunity to innovate more efficiently and reduce environmental impact. Stahl will focus on areas where it can make a positive impact; renewable feedstocks, water quality, and advanced functional chemistry;
- renewable feedstock: The single biggest contribution the chemical industry can make to mitigating climate change is to replace fossil fuels raw materials. Switching to renewable feedstock means the elimination of non-renewable carbon resources (coal, oil and natural gas) as feedstocks for organic chemistry;
- sustainable development: The chemical industry has a fundamental role to play in delivering necessary solutions that

enable sustainable development, meet new challenges through innovation, and safeguard the wellbeing of future generations. Chemicals are the building blocks of low-carbon, zero-pollution, energy and resource-efficient technologies, materials, and products. Stahl sees its responsibility to participate in sustainable development not only as a duty to society and the environment but as an opportunity to do well by by generating positive impacts.

Stahl's Sustainable Development practices are marked by:

- targets for 2023 and 2030, as per the Stahl ESG roadmap,
- collaboration with parties throughout the value chain on topics like chemical compliance, natural resource consumption and fair and equitable labor practices,
- ensuring transparency and accountability via clear KPIs and targets,
- driving an employee culture that is open, engaged, diverse, and inclusive,
- working with its partners and suppliers to ensure rigorous product stewardship,
- integrating science-based targets, anchored in the Paris Agreement goals and the UN Global Compact principles,
- participating in industry working and advocacy groups to tackle key social and environmental issues, such as climate change and environmental pollution.

ESG Roadmap

Given Stahl's commitment to being a catalyst for positive change and its emphasis on tracking and assessing its ESG performance, the company has established a roadmap. The Stahl ESG roadmap is a list of commitments and targets, for 2023 and 2030, supported by

Key Performance Indicators (KPIs). These targets are linked to the corresponding United Nations Sustainable Development Goal in each case.



2020 update: ESG performance of Stahl products

Stahl dedicates a significant portion of its chemical research activities on projects designed to improve the environmental footprint of its products, like eliminating unwanted substances, replacing fossil-fuel raw materials with renewables, or converting solvent-based products to water-based and solid alternatives. In 2020, 18% of Stahl's global R&D projects were focused on these topics.

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

Level 3 status in the ZDHC Gateway compliance module for 1,217 chemicals in its portfolio. This compliance milestone will be extended to include 500 more products in 2021, well over the 80% target for its product portfolio in this segment.

Stahl's research into the replacement of fossil fuels in its chemicals enabled further success in 2020 with the release of two renewable carbon-based product portfolios in the coatings and polymers segments: Stahl NuVera® and Stahl Relca®Bio. A new leather chemicals portfolio, based on renewable feedstock technology, called Stahl Ympact™, will be launched in 2021.

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Increasing demand and regulation for sustainable chemical products	Products not aligned to the requirements of brands, NGOs & consumers	Regulatory watch & product stewardship	ZDHC compliant products (number of products in the ZDHC gateway), highest compliance level	1,217	1,274
	Customers causing environmental contamination with Stahl's chemicals.	Industry governance and initiatives (like ZDHC)	Share of ESG driven R&D projects (% total projects)	18%	18%
	Unavailability of chemical raw materials due to regulation related to the environment or human health	Stahl's responsible chemistry policy ESG driven R&D projects			

4.2.5.7.1 ESG performance: environment

Mitigating risks by lowering environmental footprint

A number of environmental gross risks were identified by Stahl as part of its EFPD risk assessment:

- Hazardous waste management;
- Impact on water resources;
- Greenhouse gas (GHG) emissions contributing to climate change.

Mitigating these risks begins with Stahl's global strategy: to be a positive catalyst in the value chain and promote greater transparency, leading to a progressively lower environmental footprint. This includes reducing the environmental impact of its own operations (including purchased raw materials) as well as that of the value chain into which it provides products and services.

Stahl's commitment is anchored by global initiatives like the 2015 Paris Climate Agreement (on reducing CO₂), the UN Global Compact (included in the Stahl Code of Conduct for Business Partners), the UN Sustainable Development Goals and the OECD (Organization for Economic Co-operation and Development). The company discloses information in its annual ESG report according to the Global reporting Initiative (GRI) guidelines.

Stahl is continuously upgrading its manufacturing sites and laboratory facilities in order to improve energy, waste and water efficiencies, and to continuously reduce its environmental footprint. To monitor the effectiveness of these mitigation activities, the company reports on the following KPIs each quarter and annually:

- CO₂ emissions;
- Energy consumption;
- Water consumption;
- Waste generation.

Carbon Dioxide (CO₂) emissions

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Lowering Greenhouse Gas (GHG) emissions that contribute to climate change	Stahl recognizes that reductions in global CO ₂ emissions will be required in order to achieve the goals outlined in the Paris Climate Agreement established in 2015	Reduce CO ₂ emissions: internal target	Share of renewable energy	34%	36%
		Energy reduction	Energy intensity (TJ consumed/ton produced)	0.00184	0.00184
		Green energy sourcing	CO ₂ intensity Scopes 1 & 2 (tCO ₂ eq/ton produced)	0.1098	0.1096
		Focus on energy self-sufficiency (technology investments)			

CO₂ emissions reduced by 37% vs. 2015

In 2015, Stahl set itself a 5-year goal of reducing its CO₂ emissions (scope 1 and 2) as per the Paris Climate Agreement within the United Nations Framework Convention on Climate Change (UNFCCC). At the end of 2020 the company has achieved a 34% reduction in emissions intensity per metric tons produced, and a 37% reduction in absolute numbers (absolute CO₂ emissions). The improvement in CO₂ emissions was driven by sourcing green energy at its European sites, investment in solar energy and by technology investments in long-term efficiencies at its manufacturing sites.

In 2019, solar panels were installed at the Stahl manufacturing site in Portao, Brasil. This solar energy investment resulted in a significant drop in CO₂ emissions for the site in 2020, and already represents half of the site's energy requirement. The company has set a target of 3 sites (out of 11 total) using on-site renewable sources (minimum 20% of total energy) by 2023, and 6 by 2030.

The tables below show the different sources of Stahl's CO₂ emissions, calculated as per the Green House Gas (GHG) protocol.

Details of direct and indirect CO₂ emissions

Scope 1 (direct)	Scope 2 (indirect)	Scope 3 (indirect)
Fuel combustion	Purchased electricity,	Purchased goods and services (including packaging)
Company vehicles	heat and steam.	Capital goods
		Waste
		Use of sold products
		Transportation and distribution (up- and downstream)
		End of life treatment of sold products
		Leased assets and franchises

CO₂ emissions Scope 1 (direct) and Scope 2 (indirect)

	2020	2019
Scope 1: direct GHG emission (metric tons CO ₂ eq.)	13,858	16,091*
Scope 2: electricity indirect emission sources (metric tons CO ₂ eq.)	6,064	6,716*
CO ₂ emission scope 1+2 (in metric tons)	19,922	22,807
Total production volume (in metric tons)	181,453	208,114
CO ₂ intensity**	0.1098	0.1096

* 2019 data was restated to account for a reporting unit error.

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

CO₂ emissions - scope 3 (indirect)

Stahl calculates and reports on indirect (scope 3) emissions since 2016. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. In 2017 Stahl made its first assessment of scope 3 emissions (on 2016 data) as per the GHG Protocol Corporate Value Chain Accounting and

Reporting Standard. This assessment was set up to understand the full value chain impact of its activities and will help to focus efforts on significant sources of Greenhouse Gas (GHG) emissions. Stahl updates the material categories and their estimated CO₂ emissions periodically, based on, for example, environmental impact data (using LCA methodology) forthcoming from suppliers of its key raw materials.

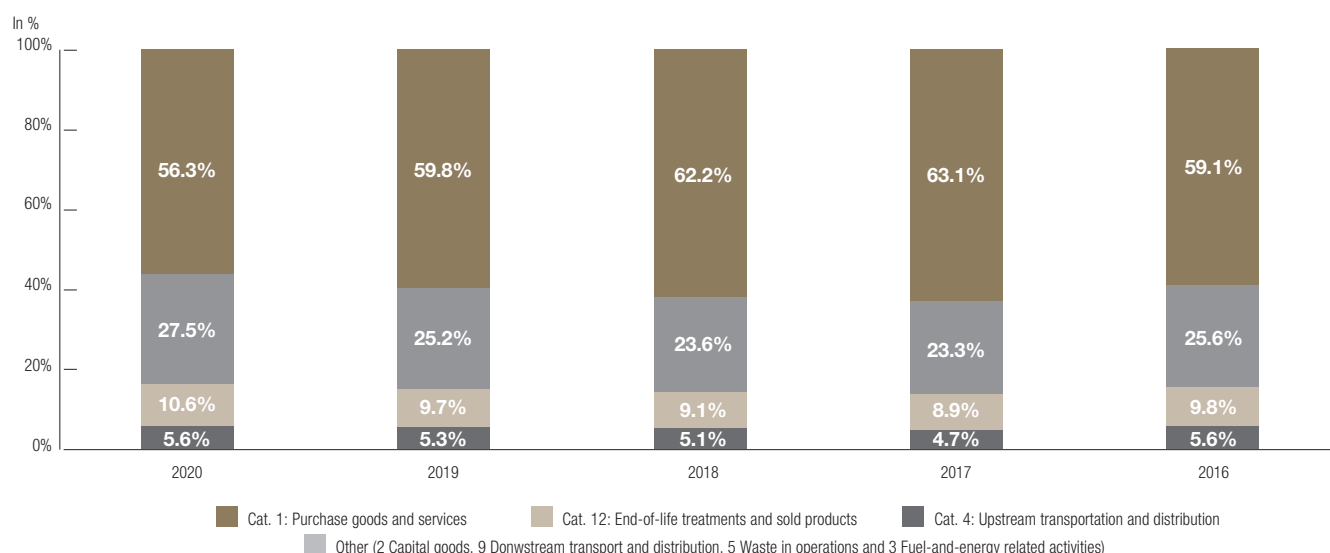
Scope 3 CO₂ emissions

	2020	2019
Scope 3: estimation of the other indirect emission sources (million TCO ₂ -eq)	470-500	500-530

Scope 3 CO₂ emissions per category

	2020	2019
Cat 1: Purchased goods and services	56%	60%
Cat 12: End-of-life treatment of sold products	27%	25%
Cat 4: Upstream transportation and distribution	11%	10%
Other (e.g. capital goods, downstream transport and distribution)	6%	5%

Scope 3 GHG emissions



Purchased goods and services (56% in 2020) and 'end-of-life treatment of sold products' (27% in 2020) remain the largest sources of indirect (scope 3) CO₂ emissions for Stahl. Both categories are related to the input and output of materials in the production process. Measures to reduce these emissions are:

- selecting chemical raw materials with a lower CO₂ footprint;
- increasing the renewable carbon content of the materials that are being used;
- increasing the longevity of end products that could reduce lifecycle CO₂-emissions of end products.

The transportation of purchased goods is the third largest source of scope 3 emissions. Transportation of goods (Cat. 4) accounts for 11% of Stahl's scope 3 emissions. Based on the assumptions in the calculation of transport emissions, the major part of these emissions is air and road transport. Reducing these emissions could be achieved by:

- choosing a different mode of transportation. Road transport emits 10 times more CO₂ emissions than marine transport. Air freight emits 100 times more emissions than marine;
- promoting transportation with cleaner vehicles and limiting the transportation of small quantities of goods. Stahl has consolidated its distributor network significantly, meaning larger shipments to a smaller number of destination.

Energy consumption: switching to renewable energy

Stahl's energy consumption is the sum of electricity, gas, oil, steam, renewable briquettes and high speed diesel, consumed at its manufacturing sites. Energy is reported as the total energy consumed in TJ and per production volume: the energy intensity. Stahl has established a goal for self-generated energy at its manufacturing sites, as per the Stahl ESG Roadmap.

In 2020, absolute energy consumption was below the 2019 level because of lower volumes, in particular in Q2 during the first pandemic lockdowns. Energy consumption per metric tons produced (intensity) in 2020 is stable and comparable to 2019.

Energy consumption

	2020	2019
Energy (TJ)	334	382
Share of renewable energy	34%	36%
Total production volume	181,453	208,114
Energy intensity (TJ)*	0.00184	0.00184

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

Water

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Impact on water resources	Risk of insufficient water for the process and water supply cuts from local network	Water management	Water intensity (m ³ consumed/ton produced)	1.505	1.588

Water consumption

Stahl dedicates significant resources to researching the reduction of water use, the introduction of water-based products, improving the quality of water effluents and reducing water pollution in the value chain. Stahl's water consumption is linked to:

- commercial products using water-based technology (where water replaces petrochemical-based vehicles as a solvent);
- manufacturing sites (cleaning tanks, pipes and for processing, heating & cooling), laboratories and offices.

Stahl uses water from municipalities (public water) and ground water. Stahl consumed less water in 2020 because of lower production volumes. Water consumed per metric tons produced (intensity) was also lower in 2020 vs. 2019.

Total Water consumption

	2020	2019
Water consumption (m³)	273,045	330,649
Total production volume (metric tons)	181,453	208,114
Water intensity*	1.505	1.588

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

Water use at the Palazzolo site (Italy)

To help the community maintain a low level of groundwater, the (cooling) water at the manufacturing site in Italy (Palazzolo) is temporarily taken (i.e. not consumed) from a ground well,

completely separated from production and is discharged into the adjacent river (Seveso). This specific use of water is approved by and follows the strict guidelines set by local authorities.

	2020	2019
Other water use (m³)	373,958	460,097

Waste

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Hazardous waste management	Risk of significant increases in hazardous waste generated at Stahl sites and inadequate management of their end-of-life	Waste reduction	Wastewater sent to external treatment (ton)	12,452	14,397
		Waste management strategies	Waste intensity	0.062	0.062

Stahl policy is to reduce the impact of its operations and products on the environment by preventing pollution through waste management strategies that promote waste minimization, re-use, recovery and recycling, as appropriate. Avoiding waste generation and finding useful outlets for it when possible are an important part of this policy.

Stahl reports its hazardous waste and non-hazardous waste generation. Hazardous waste originates from products, raw materials, process installations (e.g. sludge from wastewater treatment), laboratories and used packaging. Non-hazardous waste includes glass, paper, wood, plastic, domestic and demolition waste.

	2020	2019
Hazardous waste (metric tons)	9,920	11,302
Non-hazardous waste (metric tons)	1,397	1,521
Total waste (metric tons)	11,317	12,824
Total production volume (metric tons)	181,453	208,114
Waste (total) intensity*	0.062	0.062

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

Wastewater

Most of Stahl's manufacturing sites have on-site wastewater treatment installations. In the cases where there is no on-site installation, wastewater is collected by a 3rd party and reported as hazardous waste. This quantity was reduced in 2020 because of reduced output vs. 2019.

	2020	2019
Wastewater sent to external treatment (metric tons)*	12.452	14.447

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

Environmental provisions

Stahl's environmental provision for land pollution in 2020 was €0.64 million.

4.2.5.7.2 ESG performance: social**Human Resources (HR) – Enhancing company attractiveness, maximizing employee engagement****Attractiveness & talent retention**

Risk	Risk Description	Mitigation policies and actions	KPIs	2020	2019
Attractiveness & talent retention	Risk of losing qualified and talented employees from the company	HR Strategy	Turnover rate	6.01%	8.71%
		Succession Planning – new leaders in key positions	Voluntary staff turnover rate – resignations only	3.32%	4.24%
	Risk of not attracting qualified and talented employees to the company	Employee Engagement Platform (EEP), performance review & training	Training hours per employee (FTE)	14.71	15.32
		Stahl values and DNA, shared with employees			

Human Resources at Stahl

The coronavirus pandemic has disrupted organizations and forced Human Resources departments to think differently about their role and act according to new fundamentals in order to ensure an effective business continuity.

In the context of the pandemic, Stahl created a COVID-19 task force, implemented specific policies and switched to a remote work model, reducing drastically the time spent at premises, except for people engaged in production and logistics activities. Stahl has been able to reduce risks, protect employees' health and continue to serve customers.

In spite of the difficult circumstances and with a daily focus on adjusting fixed costs and production arrangements to provide the level of the volumes required, the Stahl HR team has been able to complete its four-year plan according to the HR strategy defined.

The main purpose of the HR team is to offer to Stahl employees a great experience at Stahl, improving the employee engagement with concrete actions based on a defined HR strategy:

- further develop and establish Stahl's culture and Stahl DNA;
- hire and develop people in line with current and future business goals;
- create an open, transparent and fair management style;

- transfer information and knowledge within the company;
- focus on engagement, diversity management and equal opportunity;
- have a truly international team.

In 2020 Stahl's HR focus has been on:

- hiring and developing people in line with current and future business goals;
- transferring knowledge and information within the company;
- focusing on engagement.

New leaders in key positions

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

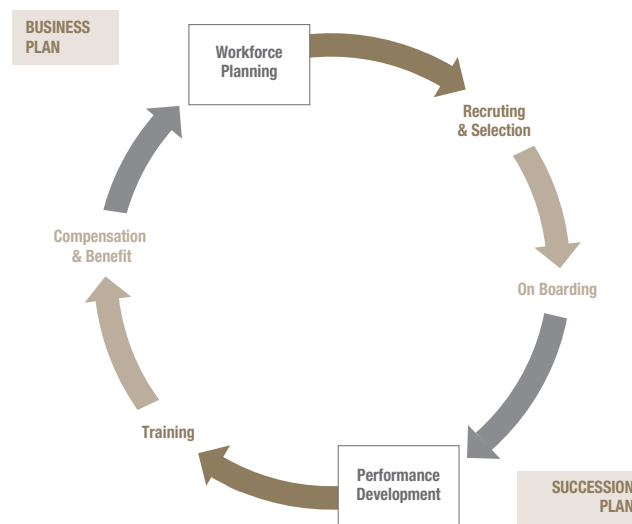
This has also allowed for changes to be made to the current organization in order to meet the future business strategy requirements and to streamline the organization al structure.

In particular, the company has developed a new Open Innovation strategy that facilitates work with academic and research institutes, valued partners, NGOs and inter-governmental organizations, as well as with start-ups and scale-ups to foster innovation and creative problem solving across the four key areas of biotech, water quality, digital transformation and advanced functional chemistry. Stahl appointed a CINO (Chief Innovation Officer) whose main responsibility is to bring together all possible channels of innovation and build them into a more comprehensive

strategy, where more speed and greater depth are paramount objectives.

Performance development

Stahl also launched a new performance development process. Its purpose is to identify rough diamonds, pillars and the Group's driving forces, foster the definition of individualized personal development paths and refill the succession plan pipeline.



Transferring knowledge and information within the company - towards a global HR approach with a one-stop shop for employees

In order to enable further growth, and to limit the administrative burden, a streamlining of the HR processes was necessary. The strategy was to move from a local towards a global approach taking into account best practices. The first step of creating a single HR team with one common goal and global HR processes was completed in recent years, together with the definition of the overall HR people management framework. In 2020 the technology aspect has been the HR team's priority: to move from HR software for the HR department, to software for the entire company.

A central space was set up, accessible on the intranet, where HR can manage the HR processes and where employees can find all necessary corporate information. This "employee corner" allows direct access to the Human Resources Information System and many available e-learning courses. It is a one-stop shop.

Focusing on engagement and flexible working

As input for Stahl's new journey around the concept of the employee experience, the evolution of HR practices and the creation of a new long-term program, an Employee Engagement survey will be launched in the first quarter of 2021. In order to keep people motivated, engaged and committed and to retain and attract talents, several initiatives have been defined.

Among the initiatives deployed, flexible working is a working arrangement that gives some flexibility on how long, where, when and at what times employees work.

The flexibility can be linked to:

- working time (part-time, flexible entrance time);
- working location (such as working from home);
- the pattern of working (for example, job sharing).

Even if Stahl is already recognized as a company open to flexible working solutions, because of a company culture more focused on performance results and trust with measurable goals and clear expectations than strict control and procedures, the pandemic has accelerated the extending of best practices.

In particular, the company adopted a global smart working policy, applicable at Group level, to:

- lower office running costs and overheads such as office space and utility costs;

- reduce travel-related problems due to traffic jams and public transport disruptions;

- allow a wider choice of candidates for recruitment: in fact, in this way, Stahl can choose candidates from anywhere in the country and across the world.

Financially solid employer with long term perspective

The pandemic emergency is not just a global crisis. It also brings about a multitude of local and specific problems, impacting people in many different ways. Employees have been forced to deal with different ways of working, adopting a changing work life integration and taking care of the health of family members.

Stahl, as a financially solid employer, supported its staff in several ways: through payment of salaries when government benefits were capped for employees affected by the short time procedures and by rewarding the special efforts and strong commitment made during the pandemic by a recognition payment to all employees.

Employment

The total number of employees (headcount) at the end of 2020 was 1,790, a decrease of 57 employees compared to the end of 2019. The reduction is mainly linked to the completion of the complexity reduction and value improvement project implemented in the Leather organization, affecting mainly India, Pakistan and China.

The breakdown of FTE's (full-time equivalent) as of December 31, 2020 and the change compared to the prior year-end per region is as follows:

Region	12/31/2020	12/31/2019	Change
EMEA	888.8	901.6	(12.8)
Asia-Pacific	367.0	384.0	(17.0)
India and Pakistan	256.0	274.0	(18.0)
North and South America	258.7	267.0	(8.3)
TOTAL	1,770.5	1,826.6	(56.1)

Employee workforce statistics for 2020 at a glance

Permanent contracts	91.45% of Stahl's employees
Workforce gender balance	75% male, 25% female
Total number of employees (HC)	1,790 (vs. 1,847 in 2019)
Departures (dismissals, resignations, etc.)	148.1
Hires	90.2
Turnover rate	6.01% (vs. 8.71% in 2019)
Voluntary staff turnover rate	3.32% (vs. 4.24% in 2019)
Absenteeism rate	1.87% (vs. 1.76% in 2019)
Training hours (per FTE)	14.71hours (vs. 15.32hours in 2019)

Working Organization

Stahl operates a complex international organization in order to effectively serve its diverse customer base. Stahl has 11 manufacturing sites, 11 R&D labs, 37 application labs, 35 sales offices and 9 Centers of Excellence. Working practices differ by region. Most Stahl units have a 5 day working week, with the exception of employees in India and Pakistan, who also work on Saturday mornings. Working hours and incidents are recorded, depending on the site, by either electronic or manual systems.

All Stahl units report absenteeism (which includes absences for sickness and work accidents) as required by local legislation and in a way that can be reported at the corporate level. The global absenteeism rate in 2020 was 1.87%, versus 1.76% in 2019.

Labor relations

Given the international nature of Stahl and the relatively small dimension of the local units, there are 4 collective agreements in place. Salary levels and other means of remuneration depend on the individual countries. They are centrally coordinated, to ensure Stahl remains competitive in the respective markets. Some employees in the Company, mainly in management and sales, benefit from a bonus scheme based on annual quantitative objectives. This bonus scheme is coordinated centrally to ensure proper alignment and consistence with local practices.

Compensation

Total compensation, excluding bonuses, paid in 2020 was €104 million, 8.94% below 2019.

Training and education

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

Considering the Coronavirus constraints, all face-to-face training was canceled but the e-learning catalogue for courses on offer was significantly increased, including training on compliance subjects and the further development of soft skills, but also cyber security training, remote people management and remote working.

The COVID-19 pandemic caused an unprecedented situation, which affected people and companies worldwide. Disruption of normal life was evident and had the potential to cause psychological impact. Considering this, and with the aim of caring for the mental health and good spirit of every employee, Stahl organized De-COVIDise Yourself sessions to share experiences and acquire tools to understand, manage and overcome the struggles brought on by the pandemic.

Training hours

The indicator of total hours of training is tracked locally by each Stahl unit and it is consolidated at Group level. The number of training hours received per employee in 2020 was 14.71 hours per full-time equivalent (FTE) compared to 15.32 hours per FTE in 2019.

Equality, diversity & inclusion

Stahl's Diversity and Inclusion Policy, published on www.stahl.com, expresses the company's commitment to embedding equality, diversity and inclusion across the organization. Equal treatment is at the heart of the organization and Stahl believes this will produce a more innovative and responsive organization. Stahl also believes that there is much more to diversity than age, gender, race and cultural background. A diverse workplace includes people who can offer a range of different viewpoints and ideas.

Consistent with its strategy of growing its leadership talent, diversity and Inclusion principles are also embedded within its core leadership development programs to encourage managers to demonstrate them as part of their leadership behavior. Stahl also builds cultural intelligence and equality into its performance review, hiring and talent identification processes.

Stahl tracks the ratio of male/female employees and the number of female employees in supervisory positions (employees with direct reports and/or holding a management position). In 2020 there were 90 females in supervisory positions, which is 24.32% of total supervisory positions.

The need to respect strict security and emergency measures may limit the opportunity to employ a high number of disabled employees. Currently there are 11 disabled employees (versus 13 in 2019).

Whistleblower policy and mechanism (for internal and external stakeholders)

"Whistleblowing" means that one can confidentially report (a suspicion of) behavior that is in conflict with the Code of Conduct of Stahl. Such behavior includes – but is not limited to – criminal or unethical acts. In its policy document, "Stahl Parent B.V. Whistleblower rules", Stahl explains the importance and mechanism of its whistle blower policy. These whistleblower rules are rules related to (proven or suspected) irregularities applicable to employees of Stahl Parent B.V. as well as to its affiliated companies and to anyone outside the company. These rules are available for all employees on the employee corner of the internal HR platform.

Stahl employees are encouraged to report the suspicion of irregularities and the Board of Directors of Stahl considers it important that employees adequately and safely report (suspicions of) irregularities at Stahl. The Board of Directors of Stahl explicitly confirms that the position of Stahl employees who have in good faith reported a (suspected) irregularity in accordance with the whistleblower rules of Stahl shall not be affected in any way as a result of making the report.

Stahl's whistleblower policy is available on the website. An e-mail address (whistleblower@stahl.com) is also communicated on the website for those outside the company.

Safety & Health - addressing occupational safety risks

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Occupational health and safety	Chemical industry: Risks related to occupational health and safety, including: <ul style="list-style-type: none"> ■ chemical contact or exposure to hazardous substances for health; ■ risk of chronic (serious) illness linked to chemical exposure; ■ slip, trip and fall; ■ fatal and serious incidents. 	SHE policy	TRI Frequency rate	4.549	5.444
		Training			
		R20 (Road-To-Zero) Program	LTI Frequency rate (accidents with lost work time)	0.840	1.303
		Zero Tolerance Policy			
		Stature platform	Severity rate of accidents	0.003	0.034
		Support for HR policies			
		COVID-19 Policies	Fatal accidents	0	0

The risk of accidents and illnesses related occupational safety have been identified by Stahl as a gross risk. All its activities, policies and training are aimed at creating a true safety culture and mitigating the following risks:

- chemical contact or exposure to hazardous substances;
- risk of chronic (serious) illness linked to chemical exposure;
- slips, trips and falls;
- accidents with irreversible consequences.

Stahl believes that the protection of the health and safety of people and the preservation of the environment will always be its highest priority and that this mindset (and policy) is rooted in the employee culture. Stahl's focus with respect to SHE & Process safety management is on enforcing knowledge and responsibility in decision making. A Behavioral Safety Program was rolled out in 2019 and 2020 called R20 (Road-To-Zero). This campaign emphasizes that:

- a safety culture is not achieved by the big efforts of a small group, rather by the smaller efforts of a large group;
- a true safety culture defines an attitude to life, at the workplace and at home;
- the consequences of injuries in the workplace affect people's lives at home.

To underline the strategic and critical importance of a common behavior on safety, a Zero Tolerance safety policy was established. The policy was reviewed in 2020 and brought to a higher level of maturity.

Health & Safety principles

The key principles of Stahl's Safety and Health policy are:

- a strong safety culture involving the whole organization;
- safety, health and environment as the top priority;
- safety is more important than a short-term result;
- implementing best industrial practices in addition to compliance to all legal requirements;
- knowledge as the basis of all decisions. Stahl will require that employees are trained in the skills necessary to carry out their duties and make decisions ensuring safety.

Safety culture pillars

Stahl's safety culture is based on 4 pillars: Processes, Assets, Operations, Behavior.

Safety ultimately relies on human factors, given that any facility, building, equipment or process is conceived, designed, built, installed, operated, maintained and finally dismantled by humans. The responsibility for decisions and actions taken along that life cycle therefore lie with the decision makers or their successors.

SHE governance: everyone is responsible for safety

Each Stahl site has a dedicated SHE Manager responsible for ensuring that the organization is pursuing best practices. Being a SHE manager does not mean responsibility for SHE: the responsibility is distributed throughout the organization and there is no job or position without a degree responsibility for SHE. The SHE Manager reports to the Local Manager and has the direct support of the Global SHE&PS Manager.

Reporting criteria

Global safety performance and related KPIs are reported and monitored monthly and annually. The Company tracks progress on safety indicators and reports different categories of injuries and incidents including lost time injury (LTI), first aid, medical treatment and irreversible injuries. Each month it reports injuries, incidents, audits, training, engineering projects and other prevention methods both internally and externally. The safety reporting procedure is defined by Stahl policy on SHE&PS, in which KPIs, criteria and reporting tools are defined.

In 2020 Stahl implemented new criteria, shifting from incidence rates to frequency rates in injury KPIs. This alignment was based on recommendations from the 2019 audit. Commuting accidents are now excluded from injury KPIs due to the nature of the commuting activity, and to ensure that KPIs are representative of operational and work safety at the Stahl managed sites.

A systematic reporting system was put in place in order to analyze key factors on reported events and allow management to identify trends and take decisions based upon objective criteria. Historical data was reviewed and introduced in this system so that trends and KPIs could be traced back to 2012.

The Stahl Hazard Identification and risk assessment methodology (Shiram) was rolled out worldwide in 2020 and became Stahl's standard methodology for risk assessment. This methodology has been designed to fit Stahl's operations and processes, and to integrate best practices for risk assessment and management.

Stature platform

The Shiram methodology is implemented in the Stature platform, an internet based service from Sphera where studies are performed and made available, facilitating information sharing among sites and similar facilities. This platform will be further developed in the coming years to host new templates and provide a broader service, within the digitalization landscape of Stahl.

New methodologies and tools were implemented in 2020, to track the compliance of operations. The Zero Tolerance Policy was also reviewed, and included Life Saving Rules and Very Important Safety Rules to clearly define the red line that should not be ignored or crossed when it comes to safety.

New directives were successfully issued in 2020 and were used during audits and inspections from authorities. With this in mind, new tools have also been developed to provide a communication and common working platform in SHE & Process Safety.

Response to COVID-19

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

Stahl's response strategy was continuously adjusted to align with the progression of the pandemic, and to comply with local health authority guidelines. Stahl also implemented some specific prevention practices at sites.

The COVID-19 situation is still being tracked, updated and communicated by the Global SHE & Process Safety team.

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

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Corruption and bribery	Risk of corruption, bribery, modern slavery in Stahl's supply chain	Code of Conduct Due diligence questionnaire External risk assessment and rating (EcoVadis)	Share of employees trained on these subjects - Compliance training	98.55%	only new employees
	Risk of corruption, bribery, modern slavery in Stahl's own operations		Share of employees trained on these subjects - Corporate policies course	new employees	90.4%
			Whistleblowing - Number of cases treated	100% (1 case)	100% (5 cases)
			% of direct purchasing spend represented by EcoVadis assessed suppliers	67%	new

Stahl has identified corruption, bribery and modern slavery as a CSR risk in Stahl's operations and supply chains. Stahl's Code of Conduct ensures that human rights and the environment are respected by those parties with whom Stahl does business. Related to this, a whistleblower policy is in place with clear rules that allow employees to report suspicious behavior that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistle blower in question.

Stahl continues to implement e-learning training programs on anti-bribery, anti-corruption and modern slavery with attention given to awareness and red flags that can indicate non-compliant behavior in the company or in the supply chain. Mandatory training on Stahl's compliance policy takes place continuously via the Employee Engagement Platform (EEP).

Stahl's Business Partner Code of Conduct is agreed and signed annually with commercial business partners, like suppliers and distributors and agents. In 2020, Stahl published accounting procedures for anti-corruption for all Stahl locations around the world. This document covers best practices to be adopted for prevention and detection of corruption with regard to finance and payments.

Compliance with the Sapin II Law

The Stahl Group is committed to ensuring that the activities of the Stahl Group and its employees are conducted in accordance with the French "Sapin 2" Law.

The measures implemented by Stahl are:

1. Code of Conduct: Stahl Employees and relevant Business Partners need to sign the Stahl Code of Conduct, which includes specific anti-corruption rules;
2. Internal whistleblowing system: Stahl has a whistleblower policy which allows employees to report suspicious behavior that could conflict with the Stahl Code of Conduct, while offering the necessary guaranteed protection to the person in question. Reports can be filed through the publicly available whistleblower@stahl.com e-mail address;
3. Corruption Risk mapping: Each year, Stahl performs a corruption risk mapping exercise, performed through interviews with the management of Stahl by the Stahl Group Tax & Legal manager;
4. Third party due diligence procedures: Stahl performs a business partner due diligence with regard to the relevant business partners, through a risk based approach. This enables Stahl to detect possible "Red flags";
5. Internal or external accounting control procedures: Stahl has several accounting procedures, including a specific accounting procedure on anti-corruption;

6. Training program: Stahl employees need to follow mandatory annual anti-corruption e-learning training;
7. A disciplinary procedure: Stahl has disciplinary rules, which can be invoked if Stahl employees do not comply with the applicable laws, regulations and Stahl compliance policies;
8. An internal monitoring and assessment system: Stahl implemented an internal monitoring and assessment system.

Ethical procurement

- Stahl selects the best possible suppliers using commercial criteria (quality, price, availability, volume, etc.) while bearing in mind demonstrated alignment to ESG principles. These principles include Code of Conduct compliance, Due Diligence questionnaire completion, the EcoVadis principles and rating, geographical risk, type of raw material & provenance.
- In 2020 Stahl continued to conduct due diligence on the Code of Conduct by auditing selected suppliers on its implementation. The scope of Stahl's supplier due diligence was extended in 2020 by the EcoVadis CSR ratings system, which is already used widely in the industry.
- Stahl applies a Business Partner Due Diligence Procedure through a risk-based approach to its new and existing business partners, such as distributors, agents, suppliers and consultants. With the Due Diligence Procedure, the compliance-relevant behavior and the integrity of the (potential) business partner of Stahl is monitored, and this procedure will assist Stahl's employees in establishing and maintaining a commercial relationship with reliable and ethical business partners.

EcoVadis supplier ratings system

Through EcoVadis membership and their CSR ratings platform, Stahl collects valuable insight into the performance and risks of its suppliers in 4 areas:

- environment;
- labor & Human rights;
- ethics; and
- sustainable procurement.

EcoVadis provides a holistic sustainability ratings service for companies, delivered via a global cloud-based SaaS platform. Each company is rated on the material issues as they pertain to their company's size, location and industry. These evidence-based assessments are refined into easy-to-read scorecards, providing zero to one hundred (0-100) scores, and medals (bronze, silver, gold), when applicable.

Additionally, the scorecards provide guidance on strengths and improvement areas, which the rated companies may use to focus their sustainability efforts and develop corrective action plans to improve their sustainability performance.

Stahl has established EcoVadis ratings targets for its suppliers. These targets are part of the ESG Roadmap for 2023 and 2030 and progress is monitored continuously. By the end of 2020, Stahl's EcoVadis-rated suppliers represented 67% of the company's direct purchasing spend on raw materials.

Stahl itself was evaluated in 2020 and awarded a silver medal by EcoVadis. The company is ranked among the top 10% of peers that have a confirmed CSR engagement, and in the top 1% of companies on sustainable procurement.



Industry governance

- The company is proactively involved in many industry ESG advocacy groups, like the Renewable Carbon Initiative, which Stahl joined in 2020 as a founding core Advisory Board member. The goal of the RCI initiative is to create awareness around renewable feedstocks and de-fossilization in the chemical industry.
- Stahl is on the Executive Committee of the Leather Working Group (LWG), a multi-stakeholder association with a mission to raise the bar of environmental stewardship through its audit protocol. The LWG Executive Committee consists of four clothing/footwear brands (currently Inditex, VF Corporation, LVMH and Adidas), four leather manufacturers and one chemical supplier (Stahl).
- Stahl is an active value chain affiliate of the Zero Discharge of Hazardous Chemicals (ZDHC) foundation, one of the most influential non-profit groups in the textile and leather supply chains.
- Stahl was reconfirmed as a bluesign® system partner in Q4, 2020.

Sustainable development

- The five-year Public Private Partnership (PPP) between Stahl, Solidaridad, and PUM, launched in 2017, in Kanpur, India (see SDGs), continued in 2020, albeit on hold for much of the year due to lockdowns in India. 2021 is the final year of the project, after which a summary report will be issued about the work implemented.

- The PPP in Ethiopia, with several partners and NGOs, was put on hold for much of 2020 due to the lockdowns. The project is focused on pollution reduction in the tanning sector. Stahl's contribution to this project is training and implementation of cleaner technologies, including Stahl Campus® training on relevant modules.
- The project initiated in Bangladesh by three key members of the Tegewa Group of chemical suppliers (Stahl being one of them) and the Dutch NGO Solidaridad officially kicked off in Q1 2020. The project is focused on practical ways to improve the safe handling of chemicals in the leather manufacturing cluster of Savar, in Dhaka, and on the well-being of factory workers in the cluster. A detailed training campaign began on the ground in 2020, albeit temporarily halted by the pandemic restrictions.

External education and training (Stahl Campus®)

Stahl is committed to filling the talent gap observed in some of the markets that the company serves by actively seeking ways to educate and train university students, NGOs, brands, suppliers, distributors, customers and other stakeholders in the supply chain. Stahl Campus® is the global knowledge center established by Stahl to achieve this. It started in 2014 in Waalwijk (Netherlands) and was then extended to León (Mexico) in 2015, Guangzhou (China) in 2016, and Kanpur (India) in 2019. The goal of Stahl Campus® is to promote good practices and transparency throughout the supply chain by hosting trainees in Stahl's state-of-the-art laboratories to strengthen their knowledge of chemistry and materials science via theoretical and practical training modules. Stahl Campus® is a key element of the company's strategy of promoting transparency throughout the supply chain.

In 2020, more than 1,000 people from 131 organizations attended Stahl Campus® training courses around the world. This included 52 on-site training courses, and 79 on-line webinars.

Notably in 2020, the Automotive Leather Finishing Post Graduate Certificate course was held for the second time in Stahl Campus® Mexico - a six-week course (3 x 2-week modules held over the academic year) developed in collaboration with the University of Northampton (UK), in which students receive a Post Graduate Certificate upon completion. The second 2-week module was completed in February 2020, but the final module, planned for Q2 2020, was postponed due to the lockdown in Mexico and will be completed in 2021. A third PG course is planned for October 2021.

4.2.5.8 Duty of Care

Duty of Care

Stahl carried out a review of its risk assessment and control policies within the scope of the French laws on Duty of Care. This review covered the risks linked to its employees, suppliers and customers/external markets. Stahl has adopted governance policies covering health and safety, the environment and human rights in order to mitigate such risks. These policies are included in the risk mapping section below.

Vigilance Team

In 2019 Stahl established a Vigilance Team. In 2020, 2 members were added to the team, which now includes Operations (COO), Human Resources (Group director), Legal & Compliance (manager), Finance (CFO), ESG (Environment Social & Governance Group director and manager) and Risk Management (manager). The Vigilance Team meets each quarter to monitor the effectiveness of the Vigilance plan and to monitor progress on EFPD and Sapin II.

Vigilance Plan

Stahl's vigilance plan corresponds to French Law 2017-399 (March 2017) on Duty of Care. The vigilance plan identifies and aims to prevent the risk of serious violations of human rights and fundamental freedoms as well as harm to human health, safety and the environment. The Stahl Vigilance team meets periodically to monitor the effectiveness of the vigilance plan.

The vigilance plan focuses on the following 3 risks:

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

Risks linked to human rights and the societal impact of Stahl's activities, e.g. forced labor, freedom of association, modern slavery, discrimination, diversity and inclusion.

Gross risk: Modern slavery, lack of diversity and discrimination need to be eliminated from the industry, and it starts with employees and corporate policies. Violations or prosecutions in this respect could also have an impact on the company's financial performance and reputation.

Mitigation examples:

- Code of Conduct (CoC). The Stahl Employee CoC has chapters on modern slavery, conflicts of interest, business practices, data and IP protection, financial reporting and also outlines the whistleblower rules. Stahl has a CoC for business partners (updated in 2020 with the 10 principles of the UN Global Compact). Suppliers are evaluated using the EcoVadis rating system. The business partner CoC is a standard part of contracts with third parties. Both Codes of Conduct are discussed at the monthly Management Team and quarterly meetings with the Executive Control Group;
- whistleblowing: The Stahl whistleblower policy allows employees and third parties to report suspicious behavior, by e-mail or phone, that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistleblower in question;
- training: To ensure that employees understand the issues of modern slavery, diversity, discrimination, equal treatment, sexual harassment etc., with regard to their own behavior and that of business partners, regular corporate training on the issues is recommended. Stahl has completed different levels of online training on these topics. Training hours are reported in the annual Stahl ESG report.

Monitoring the policies/activities in place and measuring their effectiveness:

- whistleblower cases are all treated and a KPI is reported annually;
- cases of corruption/bribery/harassment/non-compliance are reported annually in the Stahl Corporate Compliance report;
- the CoC covers non-compliance of third parties;
- EcoVadis is used to track and monitor performance of suppliers;
- letter of representation, signed by local Stahl managers each year, will include CoC related risks.

Risks linked to the health and safety of Stahl's employees & contractors, including accidents, injuries, illness, exposure to chemicals.

Gross risk: The risks in this category range from injuries to employees from slips or falls, to more significant accidents involving chemical spills, machinery operations or exposure to dangerous substances. These are well known in the (heavily regulated) chemical industry and Stahl holds itself to the highest health and safety standards in this respect.

Mitigation:

- strict legislation. Stahl is audited by external organizations, including governmental bodies (like national and local authorities on permits and by auditing firms on ISO certification) on a regular basis. Stahl's policy is to adopt the highest regulatory standards and apply them throughout its operations globally;
- effective SHE policies with clear rules, guidelines and KPIs. Stahl has a zero tolerance policy towards unsafe acts;
- auditing and reporting on safety and health, including accidents and incidents. This is done monthly and annually by Stahl;
- training: Courses on chemicals management and handling of flammable materials;
- identify and take action on safety and health risks for customers who use Stahl chemicals.

Monitoring the policies/activities in place and assessing their effectiveness:

- Stahl reports on accidents, incidents, frequency rates and chemical spills each month in its SHE report, which is communicated throughout the company and to its shareholders;
- incidents and accidents are closely tracked and monitored and action is taken based on data;
- the effectiveness of Stahl policies (like R20) is assessed by measuring safety and spills performance at each site, taking action in the cases where the data is trending the wrong way;
- Stahl is involved with selected projects with NGOs and government on training workers who use its chemicals, e.g. the safe handling of chemicals project in Bangladesh, where training statistics and improvement in incident rates will be tracked.

Risks linked to the protection of the environment, e.g. air & water pollution, water consumption, waste management, restricted chemical substances, climate change, biodiversity, local community impact.

Gross risk: These risks are linked to unplanned releases to the environment of hazardous materials from Stahl sites, as well as the risks linked to the environmental stewardship practices of Stahl customers in the supply chain, who use Stahl products in their manufacturing operations.

Mitigation:

- alignment to the 17 UN Sustainable Development Goals;
- effective SHE policies, e.g. covering the risks linked to spills or releases into the environment, a dedicated spill team which is trained on a regular basis;
- regular reporting of spills, releases, incidents, emissions, waste and other environmental KPIs;
- climate change resilience plan - how the company adapts to climate change events;
- active involvement in environmental stewardship projects in the supply chain;
- ESG long term targets (Roadmap);
- the use of CE certified equipment is mandated, as well as the associated training;
- Stahl also takes into account potential safety and health risks for customers who use its chemicals, and this also requires action for mitigation. Indeed many of its customers work in environments which are not as highly regulated as the chemical industry. Stahl has taken action, either alone or in conjunction with other peer companies and non-governmental organizations, to train users in these cases on (1) the safe use of chemicals, (2) the correct use of personal protective equipment, and (3) communicating clear rules on exposure prevention for potentially harmful chemicals. In addition to this, Stahl itself regularly hosts seminars around the world, for example in India, Pakistan and Bangladesh, which are attended by large groups of customers, which focus on safety, health, environmental stewardship and sustainability in general.

Monitoring the policies/activities in place and assessing their effectiveness:

- environmental KPIs are reported quarterly and communicated throughout the organization;
- environmental KPIs are reviewed continuously;
- global targets for some environmental KPIs exist (e.g. CO₂) but not for others (water, energy, waste). This is being investigated as part of the Stahl ESG Roadmap, for 2023 and 2030.

4.2.5.9 Reporting scope & methodological precisions

Reporting scope

- Unless otherwise indicated, HR and Safety data are reported for all Stahl entities worldwide;
- For environmental data the manufacturing sites are included as indicated below:

Site	2020	2019	2018	2017	2016	2015
1 Brazil, Portao	Y	Y	Y	Y	Y	Y
2 China, Suzhou	Y	Y	Y	Y	Y	Y
3 France, Graulhet	Y	Y	Y	Y	-	-
4 Germany, Leinfelden	Y	Y	Y	Y	Y	Y
5 India, Kanchipuram	Y	Y	Y	Y	Y	Y
6 Italy, Palazzolo	Y	Y	Y	Y	Y	Y
7 Mexico, Toluca	Y	Y	Y	Y	Y	Y
8 Netherlands, Waalwijk	Y	Y	Y	Y	Y	Y
9 Singapore, Singapore	Y	Y	Y	Y	Y	Y
10 Spain, Parets	Y	Y	Y	Y	Y	Y
11 USA, Calhoun	Y	Y	Y	Y	-	-
India, Ranipet	-	Y, until & including June	Y	Y	Y	Y
Spain, Hospitalet	-	Y, until and including June	Y	Y, from October onwards	-	-
USA, Peabody	-	-	-	Y, until and including Sept.	Y	Y

Y = Yes, full year and - = not reported.

Social indicators**Total workforce**

The total workforce is the number of employees with a permanent or fixed-term contract with the Stahl Group on the last calendar day of the month. The data is reported in terms of full-time equivalents.

Safety indicators**Population considered**

In the KPI preparation, the following types of population are considered:

- contractor specific: A contractor present at Stahl only for specific projects or work;
- contractor usual: A contractor present at Stahl on a regular basis *i.e.*, maintenance personnel, security guards or personnel working in the canteen;
- Stahl worker: any person having a personal work contract with Stahl.

Based on this definition, the impact of workers on the KPIs is as follows:

Relation with Stahl	Reported by site in case of injury	Consideration in Stahl SHE&PS Injury KPIs	Consideration in Stahl SHE&PS Days lost, LTI KPI and Severity Rate
Stahl Worker	YES	YES	YES
Usual Contractor	YES	YES	NO
Specific Contractor	YES	NO	NO

The reasons for these criteria are summarized as follows:

- injuries (injuries KPIs): when a "specific contractor" is at Stahl, it means that he or she is at Stahl only for specific tasks for a short time, not on a regular basis. If there is an injury to a specific contractor, it is reported, investigated, managed and the necessary actions taken, but it is not included in the Stahl injury KPI calculation. These injuries are entered into the management system in terms of permits, coordination of activities and supervision. Though specific contractor behavior is their own responsibility, if Stahl identifies a contractor misbehaving in terms of safety, the company will prohibit that person from working at Stahl for a defined period of time or permanently;
- some contractors work at Stahl on a regular basis (in certain cases: daily). For this reason, they are more involved with Stahl and, in a sense, operating under its management system and criteria. If one of these "usual contractors" gets hurt in an incident, the incident is reported and included in the company's injury KPI calculation;
- in terms of lost time (LTI KPIs), contractors are defined as workers from an external company with which Stahl has a service contract. If any such contractor is injured, the service company provides a replacement the next day, ensuring that the service is not interrupted. Therefore, the service company may report lost time, but contractors are not (neither specific nor usual) included in Stahl's 'number of days lost' KPI.

Total recorded injuries frequency rate

The total recorded injuries (TRI) frequency rate is calculated on the basis of the number of total recorded number of injuries in the last twelve months over the total number of worked hours and referenced to a base of 1,000,000 h.

Lost-time injury frequency rate

The lost-time injury frequency rate is the number of accidents involving the loss of one or more days of working time in the last twelve months over the total number of worked hours and referenced to a base of 1,000,000 h.

Severity rate

The severity rate is the number of lost working days due to injuries in the last twelve months over the total number of worked hours and referenced to a base of 1,000 h.

Environmental indicators

CO₂ emissions

The CO₂ emissions are calculated according to three scopes of emissions:

- direct Greenhouse Gas (GHG) emissions are those that occur from sources that are owned or operationally controlled by the company—company owned or leased cars, other company vehicles, gas and oil used on its sites (Scope 1);
- indirect emission sources related to energy (in the form of electricity, steam, heat and cooling) are purchased from the grid or district (Scope 2).
- expected other indirect emission sources (scope 3) following the Green House Gas protocol.

The source of its emission factors are:

- oil: IPCC, guidelines for National Greenhouse Gas Inventories, volume 2,
- gas: IPCC, guidelines for National Greenhouse Gas Inventories, volume 2,
- steam: emission Factors for Greenhouse Gas Inventories,
- electricity: Ecometrica (2011) electricity-specific emission factors for grid electricity.

Carbon footprint data is reported quarterly and annually.

The reporting methods for certain CO₂ indicators for Scope 3 emissions may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data.

Stahl reports its scope 1 and 2 emissions each year. Indirect scope 3 emissions have been quantified since 2017. Stahl worked with an external consultant to calculate its scope 3 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, 2019 and 2020. This report contains a summary, which is required to report on the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard (chapter 11)".

Standard

Stahl's scope 3 emissions have been quantified based on the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". This standard lists 15 sources of scope 3 emissions.

Category	Methodology
Cat 1: Purchased goods and services	Emissions related to raw materials have been estimated based on top 30 raw materials purchased, top 15 chemical groups and top 10 types of packaging used.
Cat 12: End-of-life treatment of sold products	End-of-life emissions from sold finished goods have been estimated by assuming a carbon content of 80% and the assumption that all finished goods (i.e. coatings on leather) will be incinerated at the end of the product lifecycle.
Cat 4: Upstream transportation and distribution	Available transport data for Waalwijk, including information about weight, destination, type of transport (internal/external, paid for by Stahl or not) and mode of transport, has been extended to include estimations for traveled distance per destination. Distances by truck have been estimated using Google Maps. Intercompany trips were adjusted for by a correction factor of 50%. Extrapolation from Waalwijk data to Global data has been done based on the amounts (kg) shipped from Waalwijk <i>versus</i> amounts shipped globally.

For CO₂ eq emissions from scopes 1, 2 and 3, there are uncertainties due to the intrinsic uncertainties from emission factors. Increasingly using LCA data for conversion factors will make these data more accurate. Stahl reports Scope 3 emission in a range of 30 million CO₂ eq, since indirect emissions are an estimated calculation as per the GHG protocol.

Energy

The energy consumption includes all energy sources consumed by the Stahl production sites around the world. The figures indicated do not include energy consumed by offices and laboratories that are not geographically connected to one of the production sites.

Water

The water consumption includes all water sources consumed by the Stahl production sites around the world. The figures do not include water consumed by offices and laboratories that are not geographically connected to one of the manufacturing sites.

Waste

The waste indicator includes all hazardous and non-hazardous wastes generated by the Stahl production sites around the world. The figures do not include waste generated by offices and laboratories that are not geographically connected to one of the production sites.

Furthermore, Stahl reports wastewater that is sent to an external treatment center. This data only relates to the sites in Waalwijk, Calhoun and Toluca. The other manufacturing sites have their own wastewater treatment plant.

Consolidation and internal controls

The HR and SHE departments are responsible for consolidating social and safety data based on the information provided by the Group.

At each site, the SHE Manager reviews safety and environmental data reported before the Group-level consolidation is performed.

The social data relating to the workforce are compared against the consolidated data in the Group's finance database for consistency.

4.3 Report of one Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

For the year ended December 31, 2020

To the Shareholders,

In our capacity as Statutory Auditor of Wendel, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2020 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Executive Board is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on request at the headquarters of the entity and its portfolio companies.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information*).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity and the description of the principal risks associated;
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important⁽¹⁾;
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- We carried out, for the key performance indicators and other quantitative outcomes⁽²⁾ that in our judgment were of most significance:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
 - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing sites of some controlled companies, listed as follow:
 - For Constantia Flexibles: C-Pirk Folien (Germany) that cover between 2% and 15% of the consolidated data for this subsidiary,
 - For Cromology: Réseau Tollens (France) and Porcari (Italy), that cover between 3% and 47% of the consolidated data for this subsidiary,
 - For Stahl: Kanchipuram (India) and Palazzolo (Italy), that cover between 5% and 39% of the consolidated data for this subsidiary;
- We have been informed of the work and the conclusion of Bureau Veritas' independent third party;
- We assessed the overall consistency of the Statement in relation to our knowledge of Wendel.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work engaged the skills of five people between August 2020 and March 2021;

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around forty interviews with people responsible for preparing the Statement.

(1) Qualitative information at Wendel level: Evolution of the ESG 2023 roadmap; Integration of ESG criteria throughout the investment cycle; Policies implemented to control risks related to business ethics: implementation of the Wendel Protect tool and alert procedure; Assessment of the exposure of portfolio companies to climate risks and alignment with the TCFD. Qualitative information at the level of each subsidiary (excluding Bureau Veritas): Policies and measures implemented according to the main risks identified within each subsidiary, namely related to environmental, social, health and safety issues, the integration of ESG criteria into products and services, and to supplier relationships.

(2) Quantitative information at Wendel level: Headcount at the end of the period (including hires and departures); Percentage of women in total headcount, in investment teams, in management positions, and in decision-making bodies; Percentage of investment opportunities screened through the Wendel's exclusion list and through the identification of material ESG risks and opportunities; CO₂ emissions intensity (scope 1, 2 and 3) per employee. Consolidated quantitative information at Wendel level (including subsidiaries): Percentage of portfolio companies with an ESG roadmap; Percentage of portfolio companies' CEOs whose variable compensation is conditional on progress made vis-à-vis their ESG roadmaps; Percentage of portfolio companies with a GHG emissions reduction plan; Percentage of portfolio companies that have i) an environmental management system, ii) adopted a continuous improvement approach to health and safety at work, iii) a commitment to improve the gender mix of their workforce, iv) identified product and services impact priorities and defined associated action plans. Frequency rate of work accidents with lost time. Quantitative information at the level of the selected subsidiaries, when published: Headcount at the end of the period (including hires and departures); Headcount at the end of the period breakdown by gender; Turnover rate; Training hours; Frequency and severity rate of work accidents; Deployment of the 5S method in points of sale; Emissions into water (COD, TSS); Greenhouse gas emissions (scopes 1 & 2) and other air emissions (VOC); Water consumption and quantity of wastewater sent to external treatment; Energy consumption; Share of renewable energy; Volumes and recovery rate of waste; Air shipments avoided compared to previous year; Catalog page count reduced compared to previous year; Suppliers audits carried out; Share of raw materials purchasing volume covered by suppliers who have signed the Responsible Purchasing charter; Direct purchasing spend represented by EcoVadis assessed suppliers; Revenue from eco-certified products launched within the last three years; Revenue generated by eco-certified products; Share of Recyclability of product portfolio.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comments:

As mentioned in the Non Financial Statement:

- The scopes of reporting concerning the consolidated indicators at Wendel's level differ depending on the controlled companies taken into account for each of them.
- The scopes of reporting of some indicators disclosed by Cromology and CPI are limited.

Paris-La Défense, March 17th, 2021

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