



W E N D E L

Double materiality - Wendel Group

Fiscal Year 2023

Context and methodology

Wendel has carried out a double materiality analysis with its controlled portfolio companies, as defined in the CSRD Directive's ESRS 1 standard.

This assessment was carried out with the aim of identifying both the material ESG impacts of Wendel Group on its internal and external stakeholders, and the financial risks and opportunities associated with sustainability issues for the Group. This assessment also makes it possible to anticipate the implementation of the CSRD by applying the criteria required by ESRS 1 of the Directive and by defining the Wendel Group's sustainability perimeter. These results will also enable a revision of Wendel's ESG roadmap for the period 2024-2027, as well as the ESG roadmaps of the Group's participations.

The results below relate to 2 distinct perimeters:

- i) **Wendel SE's double materiality:** represents the material sustainability issues within Wendel's scope as a long-term investor.
- ii) **The double materiality of the portfolio of controlled companies:** represents the material sustainability issues **consolidated on the perimeter of the controlled companies in the portfolio**. This matrix therefore represents the main material sustainability issues at the level of Wendel's current portfolio.

Scope of double materiality analyses

The Wendel Group's double materiality analysis covers all the controlled portfolio participations at 12/31/2023: Bureau Veritas, Stahl, CPI, ACAMS, Scalian. Wendel SE's analysis covers the three offices in Paris, Luxembourg and New York.

Methodology – double materiality of the portfolio

- a) Processes and governance

Wendel has developed double materiality assessment tools in line with ESRS 1 requirements.

These tools include a reference framework, a rating grid for sustainability issues (positive and negative impacts, financial risks and opportunities, etc.) listed in Appendix A of ESRS 1, and a standardized rating scale for all participations. The rating grid used is shown in Appendix 1 of this document.

Prior to the impact assessment, each participation mapped its stakeholders in order to define the stakeholders concerned or affected for each sustainability issue listed in Appendix A of ESRS 1. The financial risk assessment is based on the above tools, as well as on the risk maps of each participation when already existing.

All controlled companies in the Wendel portfolio have used these methodological elements to define a materiality analysis for their own scope.

The results of the double materiality analysis of the controlled portfolio companies have been validated by the governance bodies (executive and/or non-executive, depending on the portfolio companies).

The consolidated materiality matrix for the controlled portfolio companies and the materiality matrix for Wendel SE have been reviewed by Wendel's ESG Committee, the Executive Board and shared with the Audit, Risk and Compliance Committee, which is a Supervisory Board Committee.

The two materiality matrices (Wendel SE and portfolio of controlled companies) will be reviewed and updated annually. All the main ESG risks identified through these double materiality analyses are integrated into the Wendel Group's overall risk management process.

b) Consolidation methodology and materiality thresholds

- Impacts

For each sustainability issue listed in Appendix A of ESRS 1, the maximum (positive impact) and minimum (negative impact) ratings are used.

The impact rating scale ranges from -15 (negative impact) to +15 (positive impact). A sustainability issue is considered material from an impact point of view for the Wendel Group when its impact score is strictly less than -10 if it is a negative impact, or when its impact score is strictly greater than 7 if it is a positive impact.

- Risks and opportunities

The most relevant financial indicator for external stakeholders, and in particular shareholders, financial markets and portfolio analysts, is the Group's Net Asset Value (NAV), the methodology of which is described in the link opposite: <https://www.wendelgroup.com/espace-investisseurs/actif-net-reevalue/>

Based on the EBITDA impact ratings of the risks and opportunities for each participation and each sustainability issue, an impact on the NAV is calculated. These impacts on NAV are then consolidated for each sustainability issue.

A sustainability issue is considered material from a financial point of view for the Wendel Group when the maximum financial risk on NAV exceeds 10%.

c) Notion of transverse and specific issues

In order to take into account the diversity of business sectors and geographical locations of Wendel's portfolio companies, and in application of paragraph 3.7 of ESRS 1 (Level of disaggregation), 2 categories of issues are distinguished:

- Transversal materiality issue: issue exceeding one of the materiality thresholds at consolidated level and considered material for half or more of the controlled portfolio companies.
- Specific material issue: issue exceeding one of the materiality thresholds at consolidated level and being material for less than half of the controlled portfolio companies.

Methodology - double materiality of Wendel SE

The rating scale described in Appendix 1 for controlled participations was also used to assess the impact on the Wendel SE perimeter.

Financial risks and opportunities were assessed according to the rating scale used for the Group's risk mapping.

Limits of the results

The double materiality matrices below do not represent the final results that will be presented in the first sustainability report under the CSRD for fiscal 2024.

These results are subject to change due to:

- i) changes in Wendel's scope of consolidation, in particular the inclusion of IK Partners in the scope of controlled companies in 2024;
- ii) the work of the Wendel Group's sustainability auditors on the CSRD report for the 2024 financial year.

Presentation of results at Wendel SE level

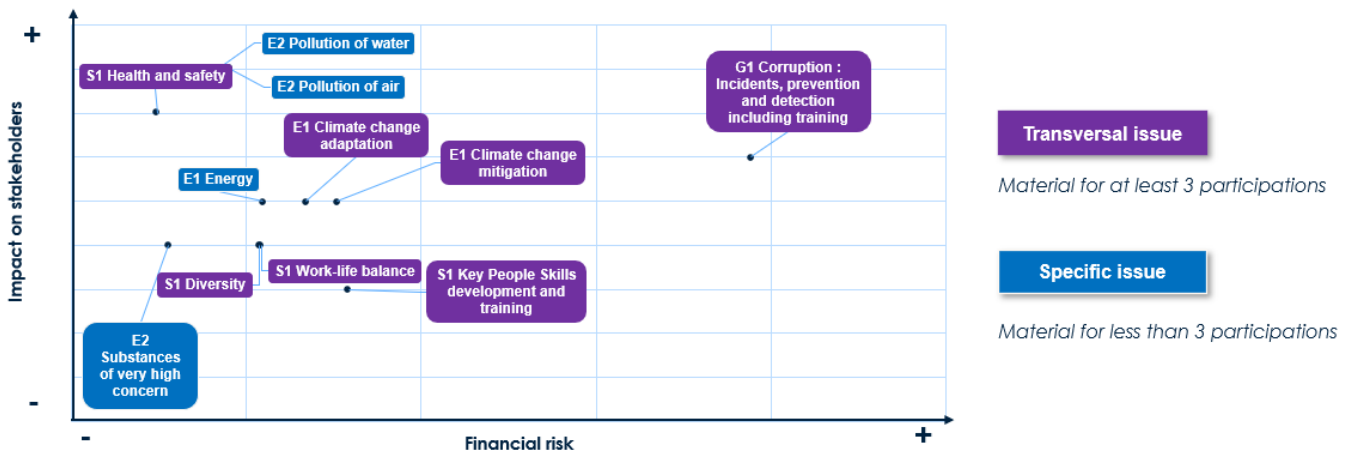
Within the Wendel SE scope, 5 sustainability issues exceed the materiality thresholds defined for impact and/or financial risks and opportunities:

- S1 Working hours
- S1 Key people - skills development and training
- S1 Diversity
- G1 Corporate culture
- G1 Corruption and bribery (incidents and prevention)

In addition to these sustainability issues defined as material and taken from Appendix A of ESRS 1, there is an issue defined by Wendel and not included in ESRS: "Wendel's ESG strategy as a responsible investor". This includes all the processes and strategies implemented by Wendel throughout the investment cycle.

Presentation of results at the level of the portfolio of controlled companies

Within the scope of the portfolio of controlled companies at 12/31/2023, the material issues of negative impact and/or financial risk are as follows:



The participations concerned by specific risks are as follows:

- E1 Energy : Bureau Veritas, Stahl
- E2 Substances of very high concern: Stahl
- E2 Water pollution: Stahl



Focus on the three main ESG risks for Wendel Group's long-term value creation

1. Wendel's ESG strategy as a responsible investor

As an investor, Wendel's long-term value creation depends on the performance of the companies in its portfolio and on the way in which Wendel is able to support its portfolio companies over the long term. It is therefore essential for Wendel to ensure that the investments it makes comply with the ESG procedures. These procedures aim to assess the maturity of companies using a 360-degree approach, to evaluate the levels of existing risks and opportunities, and to create adequate value creation plans. It is now recognized that ESG risks can be detrimental to a company's performance and that, on the contrary, ESG opportunities are a source of value creation. Wendel has implemented a comprehensive ESG strategy covering the entire investment cycle (pre-investment, holding and exit). Wendel's ESG strategy and ESG roadmap are presented in the Wendel's URD 2023 on pages 145-161.

2. Controlled portfolio companies' ESG issues

The main consolidated ESG issues of the Wendel Group portfolio are presented on the double materiality matrix (see previous page of this document). It is essential that portfolio companies analyze, evaluate, and implement control measures for their main ESG issues. Although it is still complex to reconcile ESG performance and financial performance at a global level, it is nevertheless possible to identify, by type of ESG risk or opportunity, the possible gains or costs generated. The deterioration in financial performance that could result from a lack of control would have a direct impact on Wendel's long-term shareholder value through a fall in its net asset value. Through regular dialogue and performance indicators, Wendel ensures that all the companies in its portfolio monitor their ESG issues. As a result, by 31 December 2023, 100% of controlled portfolio companies formalized an ESG transformation roadmap aligned with their global strategy and 100% of these roadmaps are reviewed each year by Wendel's Executive Board.

3. Climate change

Wendel and its stakeholders are conscious of the urgency of the fight against climate change and the need to take its impact into account in its strategic planning and operational management. The impact of climate change on business is growing all the time, and the resulting risks will become increasingly critical as the years go by. As the TCFD points out, businesses are exposed to two types of risk related to climate change: transition risks and physical risks. These risks involve all time horizons and exposure to these risks is quantifiable. However, climate change can also be a source of opportunities for companies capable of adapting to new conditions. Wendel needs to assess its exposure to climate change risks, both at the level of the parent company and at the level of the companies in its portfolio. Overexposure to these risks could lead to a loss of value in the companies held, and thus to a decline in the Group's performance. For example, Bureau Veritas, one of the portfolio companies, assessed that physical risks could have a total financial impact of up to 500 million euros by 2050. In order to manage climate change issue, Wendel continued and continues to assist its controlled companies with the management of their climate strategy, in particular by monitoring the action plans implemented following the 2022 climate risk analysis. Wendel ensures that its consolidated companies all analyze their carbon footprint every year and identify short-, medium- and long-term reduction paths and targets. On 31 December 2023, 100% of the controlled companies that have identified risks related to climate change adaptation have developed a climate resilience plan approved by their boards of directors.

Conversely, appropriate action plans to adapt would be a source of value creation and sustainability. Wendel also works closely with its portfolio companies to develop products and services with added environmental value. At the end of 2023, 53% of net sales were associated with this kind of products or services. This ratio for products and services with environmental added value therefore covers:

- Bureau Veritas' "Green Line" certification services offering, which represents 55.6% of its net sales, was up 0.9pp compared to 2022;
- Stahl's water-based products, eligible for the EU Green Taxonomy under the category "Other low-carbon manufacturing technologies", accounted for 52.9% of the company's sales in 2023 (a 3.9 pp decrease compared with 2022). On a like-for-like basis (excluding acquisitions), the ratio was up 1.8 pp. The composition of these products (high water and low solvent content) leads to a significant

reduction in CO2 emissions generated over the product life cycle. An emissions reduction target has been set; it is monitored on the basis of life cycle analyses carried out in accordance with ISO 14040/44;

- Scalian's sustainable development services, including support with carbon audits, decarbonization strategies, life-cycle analysis and ESG reporting. It represents 2% of Scalian's sales for 2023.



Focus on two Wendel Group sustainability issues impacting external stakeholders

1. Climate change

Climate change is one of the two main sustainability issues where the Wendel Group has a direct and indirect negative impact on its external stakeholders. The Group's impact lies mainly in its financing activities, and in particular through the participations in its portfolio which, depending on their activities, are the source of significant direct or indirect greenhouse gas (GHG) emissions. The Wendel Group's GHG emissions are calculated for the entire financial consolidation perimeter and according to the financial control approach in compliance with the GHG Protocol and the PCAF (*Partnerships for Carbon Accounting Financials*). GHG emissions within the Wendel Group are broken down as follows:

GHG emissions (tCO _{2e})	Scope 1	Scope 2	Scope 3	Total	% of total
Wendel SE	18	98	6 281	6 397	0,3%
Bureau Veritas	74 412	74 994	592 278	741 684	37,2%
Stahl	10 453	2 127	630 557	643 138	32,3%
CPI	0	1 014	2 190	3 204	0,2%
ACAMS	0	0	1 112	1 112	0,1%
Scalian	945	71	6 794	7 810	0,4%
3.15 Capital expenditure ¹	0	0	589 052	589 052	29,6%
Wendel Group	85 828	78 305	1 828 264	1 992 397	100%
% of total	4,3%	3,9%	91,8%	100%	-

The data in the table above show that almost all greenhouse gas emissions come from the activities of the Group's participations. Emissions linked to the Group's own operations represent 8.2% (scopes 1 and 2) of total emissions, while emissions relating to products/services and the value chain account for 91.8% of total emissions.

These GHG emissions have an impact on the sustainability issue of climate change.

¹ GHG emissions relating to category 3.15 Investment correspond to emissions financed by the Wendel Group via its minority interests over which the Group has no financial control.

2. Pollution

Through its own operations or the Research and Development activities of some of its participations, the Wendel Group has also identified pollution as a material sustainability issue with an impact on its external stakeholders. In the absence of control measures, the discharges generated by the activities of these participations could lead to water, air or soil pollution. This is particularly true for Stahl, whose main activity is specialty coatings and surface treatments for flexible materials. Pollution can originate both from its own activities and from its value chain, through which the various inputs required to manufacture its products pass.

Hazardous waste and wastewater are among the main possible sources of pollution.

In order to control and limit its impact, Stahl has developed policies, actions, targets and metrics, and monitors various indicators such as the quantities of hazardous waste produced or wastewater sent for external treatment. Over the past three years, Stahl has succeeded in reducing the volumes of waste and wastewater produced year after year, thanks to the implementation of ongoing policies and action plans:

Stahl	2023	2022	2021
Hazardous waste (tonnes)	7 826	10 516	12 222
Wastewater sent for external treatment (tonnes)	11 395	13 558	15 245



Appendix 1: Rating scales used

Impact rating scale

Magnitude	Scope	Reversibility
0 - No impact	0 - Not applicable	0 - No effect
1 - Not significant	1 - Limited	1 - Easily reversible (less than a year)
2 - Limited	2 - Concentrated	2 - Reversible effects (between 1 and 5 years)
3 - Moderate	3 - Moderately extensive	3 - Moderately reversible (between 5 and 10 years)
4 - Strong	4 - Very extensive	4 - Difficult to reverse (long term, over 10 years)
5 - Very strong	5 - Global	5 - Irremediable effects

Probability
0 - Almost improbable
1 - Very rare
2 - Quite rare
3 - Probable
4 - Very likely
5 - Extremely likely or actual

Impact score = (Magnitude + Extent + Reversibility) x probability

Financial risks and opportunities rating scale (double materiality portfolio)

Risk/opportunity	Probability
0 - No impact	0 - Almost improbable
1 - < 5% EBITDA	1 - Very rare
2 - Significant (5%-14% EBITDA)	2 - Quite rare
3 - Critical (14% - 27% EBITDA)	3 - Probable
4 - Very critical (>27% EBITDA)	4 - Very likely
-	5 - Extremely likely or actual

Risk score = (Risk/opportunity) x probability

Financial risks and opportunities rating scale (specific to Wendel SE double materiality)

5	Over €500m
4	Between €150M and €500M
3	Between €50M and €150M
2	Between €10M and €50M
1	Less than €10M