



W E N D E L

TCFD REPORT 2023

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1. Governance

1.1 Board's oversight of climate-related risks and opportunities

Wendel's Supervisory Board comprises 10 members appointed by the Annual Shareholders' Meeting, including 4 independent members, and 2 members representing employees appointed by Wendel's Social and Economic Committee, for a total of 12 members. The operating rules of the Supervisory Board and its committees (derived from the law, the by-laws and the Afep-Medef Code) are set out in the Supervisory Board's internal regulations (described in section 2.1.1 of Wendel's 2023 Universal Registration Document). These internal regulations are periodically reviewed in order to adapt them to changes in legislation and governance practices.

For the Board to fulfill its responsibilities under optimal conditions, its internal regulations stipulate that discussions on certain topics should be prepared in advance by standing committees. There are two such committees: the Audit, Risks and Compliance Committee, and the Governance and Sustainability Committee. With regard to ESG, after analyzing the specific characteristics of Wendel SE in this area, it was decided to entrust the work related to this topic to the Board's two current Committees, rather than create a dedicated committee (described in section 2.1.2, of Wendel's 2023 URD).

Governance is involved in the E, S, G themes in the broader meaning. This includes strategy and climate-related issues for Wendel. Indeed, climate is one of the 4 Wendel's ESG priorities. Missions of the Supervisory Board are described in section 2.1.1.4 of Wendel's 2023 URD. The climate-related tasks of the Supervisory Board and its Committees are declined as follows:

Supervisory Board	Audit, Risks and Compliance Committee	Governance and Sustainability Committee
<p>ESG strategy and consideration of ESG issues</p> <ul style="list-style-type: none"> Review ESG strategy (mission statement and values, roadmap and priorities) Take ESG issues into account in the Group's main decisions, particularly in terms of investment; Review the work of the committees regarding ESG Review the gender diversity policy in governing bodies Gender and pay equality Succession plan of the Executive Board and the Supervisory Board 	<p>Non-financial information</p> <ul style="list-style-type: none"> Review non-financial information intended for publication Monitor the achievement of key ESG performance indicators Ensure that non-financial information comes from a structured process, including CSRD implementation Be informed of the selection process of the independent third party, and its annual audits Participate in the CSRD sustainability auditor selection process Inform the Supervisory Board of any observations it considers relevant with regard to ESG reporting 	<p>Monitoring objectives and ESG skills at Governance level, including climate issues:</p> <ul style="list-style-type: none"> Ensure that the Board has the required skills to assess ESG issues, risks and opportunities, and understand applicable rules and standards in this area Review the choice of the main ESG performance indicators made by the Executive Board Define and assess ESG objectives applicable to the short term and long term Executive Board members' compensation items

1.2 Supervisory Board training on ESG and climate change

In 2023, the members of the Board benefited from a training session dedicated to ESG, provided by external experts, following their expressed wish during the Supervisory Board's 2022 assessment. This training enabled the Supervisory Board members to deepen their knowledge of Green Taxonomy regulation, and to better understand their role in this area.

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

1.3 ESG and climate issues on the agenda in 2023

- Supervisory Board:** European Green Taxonomy training – 1 session;
- Governance and Sustainability Committee:** monitoring of Wendel's non-financial ratings; definition (for 2023) and assessment (for 2022) of ESG and climate objectives underlying the Executive Board's annual variable compensation; assessment of the achievement of performance conditions (including ESG conditions) for stock option and performance share plans; review of the results of the assessment of the functioning and work of the Supervisory Board and committees and presentation of recommendations to the Board, notably concerning the enhancement of ESG skills – 3 sessions;
- Audit, Risks and compliance committee:** Audit, Risks and Compliance Committee: monitoring of the implementation by controlled portfolio companies of corrective action plans to address their climate risks; review of resilience plans of controlled portfolio companies; monitoring of non-financial performance indicators (notably ESG); review of GHG emissions mitigation commitments at Wendel level (SBTi commitment); follow-up of the processes deployed at the level of Wendel and its portfolio companies concerning the European Taxonomy; review of approaches to achieve CSRD compliance; follow-up of the work of the independent third-party organization on the NFPS; preparation of the selection process for the sustainability auditor – 4 sessions

1.4 Management's role in assessing and managing climate-related risks

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

The Executive Board is supported by an **ESG Steering Committee**. The committee is chaired by David Darmon, member of the Executive Board, and is made up of two of the Company's Operating Partners and representatives from Wendel's different business and support divisions: Internal Audit department, General Secretariat, Sustainable Development and Communications department, Financial Communications department, Human Resources and Operational Resources department. It meets every six weeks to monitor the Group's and its portfolio companies' ESG performance and progress made on rolling out the 2023 ESG roadmap including climate objectives.

The **Sustainable Development department** established by Wendel in 2011 reports directly to the Executive Board and coordinates initiatives in this area. The ESG department is in charge of implementing and monitoring the ESG roadmap, climate objectives and compliance with regulatory obligations in terms of non-financial reporting. It provides technical expertise on climate issues.

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

Climate issues on the agenda in 2023:

- Executive Board: presentation of non-financial results for 2022, approval of objectives for the GHG emissions mitigation plan (Wendel and portfolio) as part of Wendel's SBTi commitment in 2023;
- ESG Steering Committee: approval of Wendel's SBTi targets, ESG integration of Scalian, preparation of CSRD implementation for 2024, presentation of non-financial ratings, presentation of the NFPS 2023, etc.

2. Strategy

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

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

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

2.1 Risks and opportunities identified over the short, medium and long-term

Transition risks and opportunities					
Transition risk/opportunity	Risk/opportunity	Description	Exposure level	Time horizon	Measures in place or recommended
Transition risk – Emerging regulation	Carbon price increase	<p>Estimates from the International Energy Agency anticipate a 250% increase in the price per metric ton of carbon by 2050, assuming a low-carbon transition.</p> <p>No portfolio companies currently have facilities subject to the emissions trading scheme. This increase will mainly have indirect effects in the value chain of the portfolio companies (transportation, energy, commodities, etc.).</p>	*	Long-term	<p>Measuring and anticipating the potential cost generated by a carbon emissions tax.</p> <p>For the portfolio companies and for future investment opportunities studied, a carbon cost is estimated when material. GHG emissions mitigation targets for Wendel and the portfolio companies according to SBTi standards.</p> <p>Vigilance with regard to the applicability of emissions trading systems (size of facilities, choice of geographical location, etc.).</p>
Transition risk – Emerging regulation	Stricter regulations on emissions generated	<p>Recent examples related to the EU taxonomy and European “Fit for 55” package demonstrate the strongly evolving nature of the regulations related to low-carbon alignment and emissions reduction.</p> <p>These new regulations generate direct costs (internal and external resources mobilized to verify compliance) as well as indirect costs over the long term (operational transformations necessary for compliance).</p>	**	Mid-term	<p>As a listed company, Wendel monitors changes in European and international regulations on climate impact reduction. It also encourages the controlled companies to respect the best standards in terms of reducing their emissions (e.g., emissions reduction pathway approved for Stahl, Bureau Veritas and Tarkett).</p> <p>The companies in the portfolio also carry out more specific monitoring of certain subjects to which they may be exposed (e.g., the carbon credit market, environmental labeling, circular economy, etc.).</p>
Transition risk and Opportunity – Market	Change in commodities costs	<p>The energy transition requires a rapid increase in renewable energy production capacity.</p> <p>Nevertheless, this transition to renewable energy will automatically reduce the current costs of renewable energy. Wendel and its portfolio companies are all committed to significantly increasing the share of renewable energies in their total consumption.</p> <p>Renewables currently account for 19% of the Group's total consumption.</p>	**	Short-term	<p>Securing multiple and diversified supply chains.</p> <p>Wendel monitors and controls the deliberations of the portfolio companies in order to optimize the quantities of products used.</p> <p>Participation in the improvement of recycling capacities in order to promote the reuse of certain commodities.</p> <p>In 2024, Wendel will roll out an application that analyzes climate risks in the value chain, particularly for the most exposed companies in its portfolio.</p>
Transition opportunity – Product and Services	Substitution of existing products and services in favor of low-carbon solutions	<p>The transition to a low-carbon economy requires the transformation or discontinuation of certain products and services, the manufacture and consumption of which will become difficult to reconcile with the emission levels to be respected.</p>	***	Mid-term	<p>Wendel encourages its portfolio companies to monitor emerging trends and the risks of substitution in their respective products. The share of sales linked to products or services with environmental added value illustrates Wendel's determination to seize transition opportunities and bring portfolio companies on Board.</p> <p>Accordingly, the majority of the controlled portfolio companies have defined low-carbon products and services:</p> <ul style="list-style-type: none"> - Bureau Veritas' Green Line segment on energy efficiency and low-carbon transition; - Segment of Scalian's sustainability offering, including decarbonization strategy services; - Stahl's development of water-based products eligible for the European Taxonomy (with a better carbon footprint than solvent-based products). <p>Wendel and its controlled portfolio companies are working to increase the share of these products and services.</p>
Transition opportunity – Markets	Changes in consumer expectations	<p>The transition to a low-carbon society is transforming the needs and consumption habits of society as a whole. While some products may be abandoned, new needs may emerge. The main examples within the Wendel portfolio are:</p> <ul style="list-style-type: none"> - the development of needs related to corporate social responsibility, eco-efficiency, emissions reduction and climate change adaptation, as expressed by Bureau Veritas and Scalian group customers via the Net Promoter Scores calculated; - the management and support of trauma related to natural disasters or severe weather events. 	**	Mid-term	<p>Bureau Veritas' Green Line offering addresses all emerging needs related to the low-carbon transition (renewable energies, new forms of mobility, low-carbon buildings, etc.).</p> <p>Scalian's sustainability offering specifically addresses issues related to ESG performance, decarbonization of organizations, ESG reporting and life cycle analysis. CPI is involved in managing people who have survived severe climatic events, and its training includes emergency care workers and hospitals.</p> <p>Lastly, Stahl is actively involved in the Zero Discharge of Hazardous Chemicals (ZDHC) program, which is designed to promote the sustainable management of chemicals in the fashion industry. It is also a founding member of the Renewable Carbon Initiative.</p>

Physical hazards and opportunities – moderate or severe risks

At the Wendel portfolio level, excluding Bureau Veritas, four sites have been identified to date as vulnerable to potentially moderate or severe physical hazards by 2050.

Bureau Veritas estimates the number of sites exposed to high risks at 431 in 2050, according to the RCP 8.5 scenario. (1).

The identification of sites at risk of hazards is based exclusively on the RCP 8.5 scenario projections for 2050. This process does not therefore include the existence of protection measures put in place by the Company or by third parties (such as the local authority where the Company is located). This assessment of actual and effective risks at the most vulnerable sites was prepared in 2022 as part of the climate resilience plans of the relevant portfolio companies.

(1) *For more information, see “Climate change adaptation” in the Bureau Veritas 2023 Universal Registration Document*

2.2 Impact of climate-related risks and opportunities on the strategy

Wendel's approach as a long-term investor, strongly oriented towards value creation through ESG leverage, demonstrates that sustainability issues are at the heart of its strategy. Climate change management is positioned as one of the four ESG priorities established by the Company. Wendel's ESG team and the operating partners ensure that climate issues are integrated into the strategy of the portfolio companies. As such, the portfolio companies (except ACAMS, which joined Wendel's consolidated scope in 2022) have all defined low-carbon products and services:

- Bureau Veritas' Green Line segment on energy efficiency and low carbon transition;
- Stahl's development of water-based products (with a better carbon footprint than solvent-based products);
- Scalian's sustainability segment offering including decarbonization strategy services;
- Digitalization of CPI's training courses.

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

During the holding phase, Wendel requires each investment to have an ESG roadmap. These roadmaps, which are reviewed annually by Wendel's Executive Board and by the executive and non-executive governance of each portfolio company, include action plans on climate issues in connection with one of Wendel's 4 ESG pillars. This is the case, for example, of Bureau Veritas, which, through its Climate Plan, has carried out an assessment of the financial impact of physical climate risks. At Wendel Group level, excluding Bureau Veritas, four sites have been identified as vulnerable to potentially moderate or severe physical risks by 2050. Bureau Veritas estimates the number of sites exposed to high risk at 431 according to the RCP 8.5 scenario. Bureau Veritas' detailed climate risk analysis is published and publicly available in the Bureau Veritas 2023 Extra-Financial Performance Statement.

The identification of sites at risk is based on the **RCP 8.5 scenario projections** for 2050. This process therefore does not include the existence of protection measures put in place by the company or by third parties (such as the local authority where the company is located). This assessment of actual and effective risks at the most vulnerable sites was prepared in 2021/2022 (updated in 2023 for Bureau Veritas) as part of the climate resilience plans of the relevant portfolio companies.

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

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

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

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

All these risks and opportunities are presented in the ESG performance report on Wendel's portfolio participations, available on Wendel's website (<https://www.wendelgroup.com/esg-performance-2023.pdf>). When significant risks have been identified, climate resilience plans have been approved at the board level of each participation in 2022 (Bureau Veritas and Stahl). The climate resilience plans approved by the board of portfolio companies include an action plan to address short, medium- and long-term risk for transition risks and physical risks.

For each new company in its portfolio, Wendel requires management to carry out an analysis of transitional and physical risks within 18 months of their integration.

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

4. Metrics and targets

4.1 Metrics used to assess climate-related risks and opportunities GHG emissions of Wendel and its portfolio companies

As a long-term investor committed to value creation, Wendel requires all its companies in portfolio to report on their greenhouse gas emissions through an accurate carbon footprint. To date, 100% of its controlled companies in portfolio assess their carbon footprint yearly in accordance with GHG Protocol standards on scopes 1, 2 and 3. All of the Wendel Group's scope 1 and 2 emissions (Wendel SE and controlled companies in portfolio) are audited by an independent third-party organization (please see pages 211-213 of Wendel's URD 2023), and Wendel has chosen to have its information verified with a higher level of verification ("**reasonable assurance**" meaning beyond mandatory law requirements). With regard to scope 3 emissions, only those from Wendel SE (except 3.15 category) have been audited to date by our independent third-party organization in fiscal year 2022 and in fiscal year 2023.

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

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

Transition risks: the **share of products and services with environmental added value** offered by portfolio companies This indicator reflects the proportion of sales of products and services that contribute to environmental objectives (circularity, environment-related services and inspection climate change mitigation, etc.). Wendel also calculates its **alignment with the taxonomy** on its consolidated scope for climate change mitigation and adaptation objectives.

Physical risk: For each of its portfolio companies, Wendel tracks the **number of sites exposed to physical risks related to climate change**. For all participations, the identification of sites at risk is based on at least the RCP 8.5 scenario projections for 2050.

4.2 GHG emissions of Wendel and its portfolio companies

Indicators	Wendel SE	Bureau Veritas	Stahl	CPI	ACAMS	Scalian	Wendel consolidated (financial control)
Scope 1	18	74,412	10,453	0	0	945	85,828
Scope 2	98	74,994	2,127	1,014	0	71	78,305
Scope 3	6,281	592,278	630,557	2,190	1,112	6,794	1,828,264⁽¹⁾
3.1 Purchased goods and services	2,605	351,282	545,196	182	6	2,661	901,933
3.2 Capital goods	3,324	0	9,945	0	0	0	13,269
3.3 Fuel- and energy-related activities (not included in scope 1 or scope 2)	19	50,057	6,311	91	0	233	47,628
3.4 Upstream transportation and distribution	0	0	55,920	574	0	0	56,494
3.5 Waste generated	4	5,828	759	3	0	253	6,847
3.6 Business travel	310	82,750	2,691	888	1,059	1,883	98,663
3.7 Employee commuting	19	41,449	1,427	418	46	1,762	44,428
3.8 Upstream leased assets	0	60,911	0	0	0	0	60,844
3.9 Downstream transportation and distribution	0	0	3,914	19	0	0	3,933
3.10 Processing of sold products	0	0	0	0	0	0	0
3.11 Use of sold products	0	0	0	0	0	0	0
3.12 End-of-life treatment of sold products	0	0	4,394	14	0	2	4,410
3.13 Downstream leased assets	0	0	0	0	0	0	0
3.14 Franchises	0	0	0	0	0	0	0
3.15 Investments	0	0	0	0	0	0	589,052⁽²⁾
Other (upstream)	0	0	0	0	0	0	0
Other (downstream)	0	0	0	0	0	0	0
Total	6,397	741,684	643,138	3,204	1,112	7,810	1,992,397

(1) Wendel consolidated total scope 3 is not equal to the sum of the row. This is explained by the inclusion of the "3.15 Investment" category in the Wendel consolidated scope 3 total.

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

Scope 3 emissions exclude GHG protocol categories that are not relevant for the respective entities. For that reason, several null data are displayed in the table above.

4.3 Emissions generated by Wendel and its portfolio companies in 2023: consolidation using GHG Protocol's financial control approach

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

GHG emissions (tCO ₂ eq)	Total emissions – financial control approach 2022 ⁽²⁾	Total emissions – financial control approach 2023 ⁽¹⁾	2022/2023 change (%)
Scope 1	203,705	85,828	-58%
Scope 2⁽³⁾	167,206	78,305	-53%
Scope 3⁽⁴⁾	3,417,154	1,828,264	-46%
TOTAL	3,788,065	1,992,397	-47%

(1) IHS Scopes 1 and 2 for 2023 are not available at the date of publication of this report. The 2022 emissions have been taken into account for 2023. IHS Towers' Scope 3 emissions are not available. Scopes 1, 2 and 3 emissions for Scalian are not available for 2023. The 2022 data have been used.

(2) GHG emissions for 2022 have changed slightly compared with emissions published in the previous report. IHS scopes 1 and 2, and Constantia Flexibles scope 3, have been updated with 2022 data made available after the report was published in 2023. Wendel SE's 2022 emissions were recalculated during the 2023 financial year following the updating of certain emissions factors.

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

(4) The emission items included in the controlled portfolio companies' Scope 3 emissions are listed in 4.2 ESG performance of controlled portfolio companies in the 2023 Wendel URD. These emissions items can also be found in the previous table. Downstream and/or upstream emissions are included depending on their materiality by business sector.

Overall portfolio emissions were down 47% in absolute terms compared to 2022. This decrease is mainly due to the exit from the portfolio of Constantia Flexibles, which in 2022 represented 45% of emissions consolidated according to the financial control method. **On a like-for-like basis, emissions decreased by 4% in absolute terms.** The intensity ratio of tons of CO₂ per million euros of consolidated sales was down 46% with the exit of Constantia Flexibles and down 6% on a like-for-like basis.

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

The scope 3 financed absolute emissions, also known as scope 3 category 15, is a category of emissions associated with the reporting company's investments in the reporting year. Within the scope of Wendel, and in accordance with the PCAF guidelines, these emissions correspond to those of Tarkett and IHS. On 31 December 2023, these two companies are not under control of the Wendel Group. The following emissions correspond to scopes 1, 2 and 3 of those companies, in proportion to its share in the holding.

Participation	Asset class	Sector	Country	Total Scope 3 – financed emissions 2022 (tCO ₂ eq)	Total Scope 3 – financed emissions 2023 (tCO ₂ eq)	2022/2023 change (%)	Carbon footprint (tCO ₂ e/ M€ portfolio market value at December 2023)
Tarkett	Listed equity	Flooring industry	France	435,956	399,533	-8.4%	9,988
IHS (1)	Listed equity	Telecommunication	United Kingdom	192,425	189,519	-1.5%	755
Total	-	-	-	628,381	589,052	-6.3%	2,024

(1) IHS Scopes 1 and 2 for 2023 are not available at the date of publication of this report. The 2022 emissions have been considered for 2023. IHS Towers' Scope 3 emissions are not available. The difference between the 2023 and 2022 GHG emissions is explained by the change in Wendel's ownership ratio at the end of each financial

year.

4.5 Carbon targets at Wendel SE and portfolio companies' level

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

Wendel has committed to set near-term company-wide emission reduction targets in line with climate science with the SBTi. Wendel's targets have been submitted to the SBTi and are awaiting approval.

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

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

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

All investments held in listed assets are considered eligible under the SBTi methodology. For investments in private equity assets, eligibility depends on the following conditions:

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

4.5.1 Wendel's SBTi commitment

GHG emissions from offices Scopes 1 & 2	GHG emissions from the eligible companies in portfolio (controlled and not controlled) - Scope 3 cat. 15
Perimeter: Wendel Scopes: 1 and 2 of Wendel	Perimeter: - All listed portfolio companies: Bureau Veritas, Tarkett and IHS - Eligible private equity portfolio companies: Stahl, CPI, ACAMS and Scalian Scopes: 1, 2 and 3 of the portfolio companies

Target: -42% in 2030 versus base year 2022

Target: Wendel commits to 96.8% of its listed and eligible private equity portfolio by GHG emissions setting SBTi validated targets by 2028, and 100% by 2030, from a 2022 base year.

As part of the SBTi framework for financial institutions, Wendel has calculated the percentage of its investment activities covered by its SBTi objectives.

As of 2022, Wendel's portfolio targets cover 76% of its total investment and lending by asset value. As of that year, required activities made up 76% of Wendel's total investment and lending by asset value while optional activities made up 2% and out of scope activities made up 22%.

4.5.2 Consolidation of emissions using the financial control approach – SBTi method

In tCO ₂ eq	Total emissions – financial control approach SBTi 2022	Total emissions – financial control approach SBTi 2023 ⁽¹⁾	2023-2022 change (%)
Scope 1 - Wendel SE	20	18	-11%
Scope 2 – Wendel SE	140	98	-30%
Scope 3 – Portfolio Companies	3,784,636	1,986,000	-48%

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

To date, 90% of Wendel SE portfolio companies GHG emissions are covered by Science-Based Targets approved by the SBTi:

- 98% of GHG emissions from unlisted assets in Wendel SE's portfolio come from companies with reduction trajectories approved by SBTi.
- 86% of the GHG emissions of the listed assets in Wendel SE's portfolio come from companies with reduction trajectories approved by the SBTi.

The SBTi approved portfolio participations and their respective reduction targets are as follows:

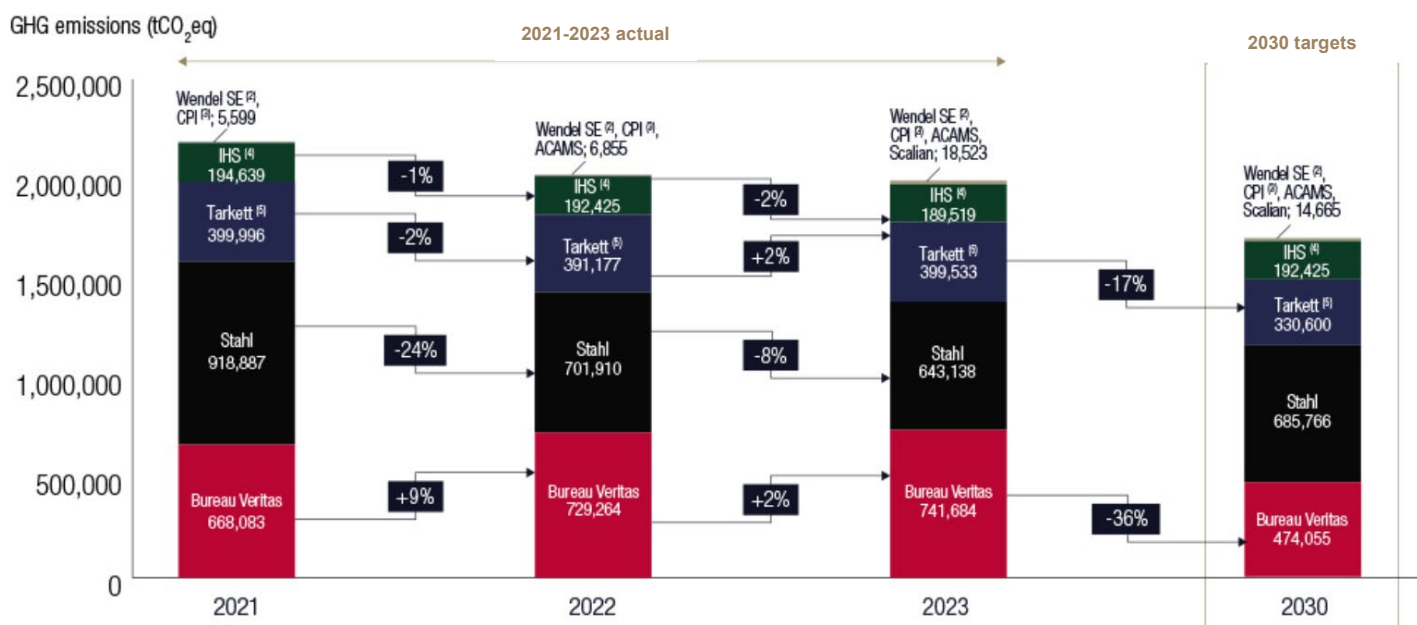
Participation	Asset class	Scopes 1 and 2 reduction targets	Scope 3 reduction targets
Bureau Veritas	Listed equity	-42% absolute GHG emissions by 2023 – <i>baseline year 2021</i>	-25% absolute GHG emissions by 2023 – <i>baseline year 2021</i>
Tarkett	Listed equity	-50% absolute GHG emissions by 2023 – <i>baseline year 2019</i>	-27.5% absolute GHG emissions by 2023 for categories “Purchased goods and services” and “End-of-life treatment of sold products” – <i>baseline year 2021</i>
Stahl	Private equity	-42% absolute GHG emissions by 2023 – <i>baseline year 2021</i>	-25% absolute GHG emissions by 2023 for category “Purchased goods and services” – <i>baseline year 2021</i>

The SBTi objective at Scope 3 level commits Wendel in particular to ensuring that all new portfolio companies implement objectives aligned with the Paris agreements according to the Paris framework.

Beyond these objectives, Wendel monitors and challenges its portfolio companies (at board and management level) in the deployment of action plans to achieve these objectives.

Below are presented the 2023 consolidated GHG emissions of Wendel Group according to the financial control approach of the GHG Protocol and the consolidated GHG emission targets for 2030 including the different SBTi approved reduction targets.

4.5.3 Portfolio emissions and 2030 reduction targets in absolute terms compared to baseline years ⁽¹⁾



Please refer to previous tables to get more information about reporting methodology.

(1) Scope 1, 2 and 3 emissions of the portfolio calculated according to the financial control approach of the GHG Protocol and the PCAF methodology.

(2) Wendel SE has set a target of -42% for scopes 1 and 2 by 2030, which is not shown in the graph.

(3) CPI has defined an intensity yearly reduction target of 10% per employee by the end of 2024, which does not appear in the graph.

(4) IHS Towers' emissions are weighted based on the holding ratio. IHS Scopes 1 and 2 for 2023 are not available at the date of publication of this report. The 2022 emissions have been considered for 2023. IHS Towers' Scope 3 emissions are not available. The IHS Towers reduction pathway is not shown in the chart because it is expressed in relative terms (-50% Scope 1 and 2 kWh intensity compared to 2021).

(5) Tarkett's GHG emissions are weighted based on stake held by Wendel on December 31, 2023 in order to best illustrate the carbon trajectory. For this reason, the emissions presented in this graph are different from the financed emissions presented in section 4.4.

5. Emerging risks

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

5.1 Military conflicts and civil unrest

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

- **Impact**

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

- **Mitigation actions**

Wendel and its portfolio companies pay utmost attention to the geopolitical context in which all business operations are conducted. Risks of international and internal tensions in the long term are systematically assessed and taken into account during pre-acquisition phase to minimize exposure. Investment teams and support teams can provide specific expertise on how to navigate challenges such as political instability, international sanctions and jurisdictional risks. Wendel's family ownership and permanent capital provide greater stability during periods of market instability. Moreover, as a French listed company, all controlled portfolio companies disclose their vigilance plan with regards to the Duty of Care French Law, which requires regular monitoring of situations where threats to human rights might arise.

5.2 Transformation of working methods

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

- **Impact**

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

- **Mitigation actions**

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