

4. MAIN RISKS RELATED TO ESG

4.1. INTRODUCTION

For the three divisions, analyzing the opportunities is just as important as analyzing the risks associated with our business lines. The sustainable strategies - including the materiality exercise, whereby it is possible to determine the themes in which each of the three divisions have the greatest impact - have been developed with this in mind.

4.2. MAIN RISKS AND OPPORTUNITIES ASSOCIATED WITH ESG AT DEME

To understand the key sustainable development goals and the sustainability themes where we can have the most impact, extensive consultations with the stakeholders were conducted in 2017 and 2018, including:

- Consultations with the Executive Committee, the heads of the various business lines and the managers of operational and support services. All interviewees were asked to assess the relevance and impact of the various sustainable development goals (SDG) for us and our external stakeholders. We also discussed the opportunities and challenges that our company will face in the future, in order to define the importance of the SDG in our business context.
- A survey on sustainable development, an online survey and several workshops at the DEMEX 2018 innovation conference. More than 200 young DEME professionals explored the challenges of the sustainable development goals and their impact on the success of our company.
- Research on the key sustainable development themes of and for our external stakeholders.

As a result of these consultations, the major risks and opportunities for DEME were identified. These include:

- Safety
- Business ethics
- Innovation
- Partnerships
- Health and well-being
- Renewable energy sources
- Energy efficiency
- Climate adaptation
- Greenhouse gas emissions
- Water quality
- Attracting and retaining talent
- Corruption
- Human rights
- etc.

4.3. DEME'S MATERIALITY MATRIX

These extensive stakeholder consultations and additional research have resulted in a materiality matrix reflecting the key priorities, based on business impact and importance for our stakeholders. The materiality assessment helped us define our sustainable development strategy, resulting in eight key sustainable development themes that are the drivers of our sustainable performance.

Setting those priorities will help us to align our business decisions with the sustainable development goals on which DEME can have the most impact.



In some cases, themes have been grouped together. For instance, the 'Health & well-being' and 'Safety' themes have been included in one goal: 'Health, safety & well-being'. Similarly, 'Climate adaptation', 'Energy efficiency' and 'Renewable energy sources' have become the 'Climate & energy' goal.

Hence, in line with the operational and strategic approach, the eight themes have been systematically applied in those two directions (Excel and Explore). Those goals will help DEME to create real sustainable value. The eight themes are: 'Climate & Energy', 'Natural Capital', 'Sustainable

innovation', 'Waste and resource management', 'Health, safety & well-being', 'Diversity and opportunity', 'Ethical business' and 'Local communities'. All these themes are described in detail in DEME's sustainability report (www.deme-group.com/sustainability).

The high materiality themes selected are therefore:

CLIMATE & ENERGY



Explore sustainable business solutions: our 'Explore' approach to achieving our climate and energy vision focuses on infrastructure. We are building a climate change resilient infrastructure, better adapted to climate hazards. In addition, we are helping to advance the energy transition by developing our renewable energy solutions. We are continuing to explore new marine solutions for energy production. Together, those projects improve access to affordable energy, increase the share of renewable energy and enhance energy efficiency.

Operational excellence: our 'Excel' approach to become climate neutral has already begun with a switch to climate-neutral vessels and programmes that reduce greenhouse gas emissions in the value chain of our projects.

SUSTAINABLE INNOVATION



Explore sustainable business solutions: our 'Explore' approach is aimed at setting up multilateral partnerships and inter and intra-industrial collaborations to guide the transition to sustainable development and holistic solutions.

Our 'Excel' approach consists of improving scientific research, modernizing technological capabilities, and fostering sustainable development and innovation in our projects.

ETHICAL BUSINESS



Explore sustainable business solutions: our 'Explore' approach leads us to conduct our business with integrity with a view to actively and proactively preventing corruption or fraud in whatever form. Our ethical commitment is enshrined in our STRIVE values.

Operational excellence: our 'Excel' approach consists of incorporating an ethical mindset in the organization and only working together with third parties that apply the same standards. This includes, but is not limited to, the respect for human rights as defined in the United Nations Universal Declaration of Human Rights.

HEALTH, SAFETY & WELL-BEING



Explore sustainable business solutions: our 'Explore' approach to health, safety and well-being is

to develop sustainable infrastructures that improve prosperity and well-being and guarantee a safe environment.

Operational excellence: our 'Excel' approach consists of ensuring a safe and healthy work environment for all the people involved in our operations.

The medium materiality themes are:

NATURAL CAPITAL



Explore sustainable business solutions: our 'Explore' approach is aimed at preventing and reducing marine pollution while at the same time sustainably revitalizing and rebuilding the maritime, coastal and inland zones, waterways and terrestrial ecosystems.

Operational excellence: our 'Excel' approach focuses on working with nature in order to minimize the environmental impact of our operations and, as far as possible, have a net positive impact on biodiversity and ecosystems.

WASTE AND RESOURCE MANAGEMENT



Explore sustainable business solutions: our 'Explore' approach consists of making a transition in terms of the choice of resources aimed at increasing the sustainable supply of resources.

Operational excellence: our 'Excel' approach to waste and resources that consists of supplying sustainable alternatives for building materials and minerals. Our technology reuses treated waste materials to maximize the efficient and circular use of materials throughout our projects.

DIVERSITY AND OPPORTUNITY



Explore sustainable business solutions: our 'Explore' approach to diversity is founded on the opportunity to create decent jobs and on career development opportunities within the group based on appropriate qualifications, experience and training.

Operational excellence: our 'Excel' approach is aimed at ensuring an inclusive workplace where every person is treated equally and with dignity and respect. Furthermore, we strengthen the competences of our employees by facilitating talent development and the promotion of sustainable development.

LOCAL COMMUNITIES



Explore sustainable business solutions: our 'Explore' approach aims to increase the resilience of communities so that they can face economic, environmental and societal challenges.

Operational excellence: our 'Excel' approach consists of establishing collaborative relations with the local communities through consultation, commitment and participation.

4.4. MAIN RISKS AND OPPORTUNITIES ASSOCIATED WITH ESG AT CFE CONTRACTING AND BPI

The main trends in the construction and real estate sector that are currently emerging are:

- **'Safety'**: There are numerous risks on building sites. Both employees and third parties are exposed to them there. Work accidents can be serious and have severe consequences. That is why it is essential that safety regulations are applied on building sites.
- **'The talent war'**: people are more than ever at the heart of our business. Nevertheless, it remains difficult to recruit and retain qualified people for a job in the construction industry on account of the problems of image and working conditions that may seem less appealing (such as night and weekend work, outdoor activity and sites). Moreover, young starters often lack sufficient qualification and need additional training.
- **'Complex collaborations'**: the construction industry is both fascinating and complex, particularly in terms of the number of parties involved (architects, engineering firms, institutions, customers, suppliers, etc.) and the relations between them throughout the design and execution process.
- **'Lack of a long-term view'**: at present, it is still very difficult to convince the parties involved to have a long-term and global view of the life cycle costs. The sometimes too short-term view of the project authors continues to inhibit innovation, technological optimization or the use of more ecological materials.
- **'Resource scarcity and waste generation management'**: the management of resources and waste, either by limiting waste or by reuse or recycling, is a crucial issue. Circularity is more than ever a major stake for our business lines.
- **'Complex legislation'**: the various stringent European, national or regional regulations often overcomplicate our activities and restrict opportunities for innovation.
- **'Mobility'**: in Belgium and Luxembourg in particular, the transport of personnel and materials is a complicating factor in our work. Employees, subcontractors and suppliers lose a lot of time in transport. The problem will only get worse as more cars and trucks come onto the road each year. This means discouraging any long travel time for staff and difficulties with efficient planning of deliveries.
- **'Cyber security'**: In the digital and teleworking era, IT risks increasingly constitute threats that are liable to slow down the activities of the group's companies or compromise the integrity of their most valuable resources and data. The main IT risks are: viruses and malware, fraudulent emails, hacking (cyber attacks), loss of confidential information, operating errors, risk of physical loss or theft, and misappropriation. This particular risk is described in more detail in the IT security risk chapter, Chap. II.1.2 of the consolidated annual accounts.

Internal consultations have made it possible to define some thirty concrete goals linked to these different categories of risks or opportunities. In order to adopt these goals and create an internal and external communication campaign specific to CFE Contracting and BPI, these goals have been grouped together according to four relevant themes, thus defining the vision of CFE Contracting and BPI in terms of sustainable development: 'Build for the future', 'Be a great place to work',

'Offer innovative solutions', 'Towards climate neutrality'. The concept of partnership permanently underlies all those themes.

The link with the SDGs is permanently maintained to ensure that the goals are in keeping with the logic of the seventeen SDGs.

BUILD FOR THE FUTURE

As designers and builders, we are the key players to rethink the cities and infrastructures of tomorrow and to participate in their transformation. Rethinking the ways of working from the viewpoint of sustainability opens up many new opportunities. By making a sustainable choice of materials, limiting the production of waste, recycling or thinking in a circular manner, building methods can be sustainably adapted. Modular and prefab construction not only makes it possible to limit waste, but also to improve the working conditions of employees and limit the inconvenience for the neighbourhood. From the design stage, it is essential that we optimize our buildings and the different technical elements that make them up. By taking into account the maintenance, the durability of the technical elements and the life cycle costs, relevant choices can be made for a well-designed and sustainable building. The main goals established in this respect are: 'Waste and packaging reduction', 'Modular & circular principles in our projects', 'Water management', 'Ease of maintenance' and 'Re-use or recycling of construction waste'.

OUR MAIN OBJECTIVES TO BUILD FOR THE FUTURE	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15
WASTE AND PACKAGING REDUCTION		•			•
MODULAR & CIRCULAR PRINCIPLES IN OUR PROJECTS		•		•	•
WATER MANAGEMENT	•				•
EASE OF MAINTENANCE		•		•	•
RE-USE OR RECYCLING OF CONSTRUCTION WASTE				•	•
ECO-FRIENDLY CONSTRUCTION MATERIALS USE				•	•
ANTICIPATION OF CLIMATE RISKS IN OUR PROJECTS			•		•
PARTNERSHIPS WITH NGO OR LOCAL ASSOCIATIONS		•	•		•
SUSTAINABLE INFRASTRUCTURE UPGRADE			•		•
PUBLIC PRIVATE INVESTMENTS			•		•
RELATIONSHIPS WITH AFFECTED NEIGHBORHOODS			•		•

BE A GREAT PLACE TO WORK

People are, more than ever, at the heart of CFE Contracting and BPI's concerns. The well-being and physical and mental health of all employees and all parties involved in our projects are absolute priorities. Beyond that, it is essential that each employee is allowed to develop his talents and to grow within our organization according to his abilities. CFE makes every effort to develop a climate of confidence in which every employee can fully develop his abilities, thus contributing to a healthy corporate culture. What better ambassadors can there be than satisfied employees to attract new

talents? Obviously the fundamental values of respect, transparency and integrity must be practised and propagated by all. The main goals established in this respect are: 'Health and safety', 'Decent working conditions for all', 'Talent attraction, training & retention', 'Strong corporate governance' and 'Career development for all employees'.




OUR MAIN OBJECTIVES TO BE A GREAT PLACE TO WORK

							
HEALTH & SAFETY	•						•
DECENT WORKING CONDITIONS FOR ALL				•	•		•
TALENT ATTRACTION, TRAINING & RETENTION	•	•					•
STRONG CORPORATE GOVERNANCE				•			•
CAREER DEVELOPMENT FOR ALL EMPLOYEES	•	•					•
CLEAR SUSTAINABILITY REPORTING						•	•
DIVERSITY & INCLUSION			•		•		•

OFFER INNOVATIVE SOLUTIONS

LEAN, which is already an integral part of most of our projects, may be extended to all our activities. The digitalization, the continuous improvement of our processes, the search for innovative solutions in our activities and throughout the production chain are all avenues for a sustainable re-thinking of our business. Four goals have been defined: 'Innovation across our businesses & supply chains', 'Product as a service', 'Implementation of LEAN philosophy', 'Administrative procedures simplification'.

OUR MAIN OBJECTIVES TO OFFER INNOVATIVE SOLUTIONS

			
INNOVATION (ACROSS OUR BUSINESSES & SUPPLY CHAINS)	•	•	•
"PRODUCT AS A SERVICE" IN OUR BUSINESS OFFERINGS		•	•
IMPLEMENTATION OF THE LEAN PHILOSOPHY IN EACH ACTIVITY	•		•
ADMINISTRATIVE PROCEDURES SIMPLIFICATION	•		•





GO TOWARDS CLIMATE NEUTRALITY

CFE Contracting and BPI are also aware of the impact of our activities on society and the environment. The field of transport looks to be a major challenge for the future, and for that reason we are now developing an innovative mobility strategy for our people and our materials. An optimization of material transport that can be combined with an optimization of waste transport is also being developed. A limitation of CO₂ production is also achieved through a reduction of emissions by our headquarters, offices and building site equipment, as well as through an optimal use of renewable energy. The main goals established in this respect are: 'Material and waste transport optimization', 'GHG emissions reduction (fleet – offices & sites – equipment)', 'Alternative transport modes pro-

motion', 'Renewable energy procurement & production' and 'Biodiversity'.

OUR MAIN OBJECTIVES TO GO TOWARDS CLIMATE NEUTRALITY



				
MATERIAL AND WASTE TRANSPORT OPTIMIZATION		•		•
GHG EMISSIONS REDUCTION (FLEET)		•		•
ALTERNATIVE TRANSPORT MODES PROMOTION		•		•
100% RENEWABLE ELECTRICITY PROCUREMENT	•	•		•
GHG EMISSIONS REDUCTION (OFFICES & SITES)		•		•
RENEWABLE ENERGY PRODUCTION	•	•		•
GHG EMISSIONS REDUCTION (EQUIPMENT)		•		•
BIODIVERSITY			•	•
ENERGY STORAGE	•			•
SOIL POLLUTION			•	•

4.5. CFE CONTRACTING MATERIALITY MATRIX

MATERIALITY PRINCIPLE

In a spirit of continuous improvement, a regular materiality assessment allows a reassessment of the impact of different goals and to focus efforts on the most strategic areas. This assessment involves an internal analysis as well as awareness of the real needs of the outside world and its evolution.

METHODOLOGY

With regard to the assessment of the importance of the goal in terms of business impact, the analysis was performed in consultation with the Executive Committees of CFE Contracting. On the basis of their detailed knowledge of the business, the impact of each goal was rated as low, medium or high.

The pooling of those data made it possible to identify the most relevant goals for CFE Contracting and BPI. Since those two divisions have widely different ways of impacting on the goals, it naturally follows that each has developed its own materiality matrix. BPI's materiality matrix is explained in more detail in the following chapter.

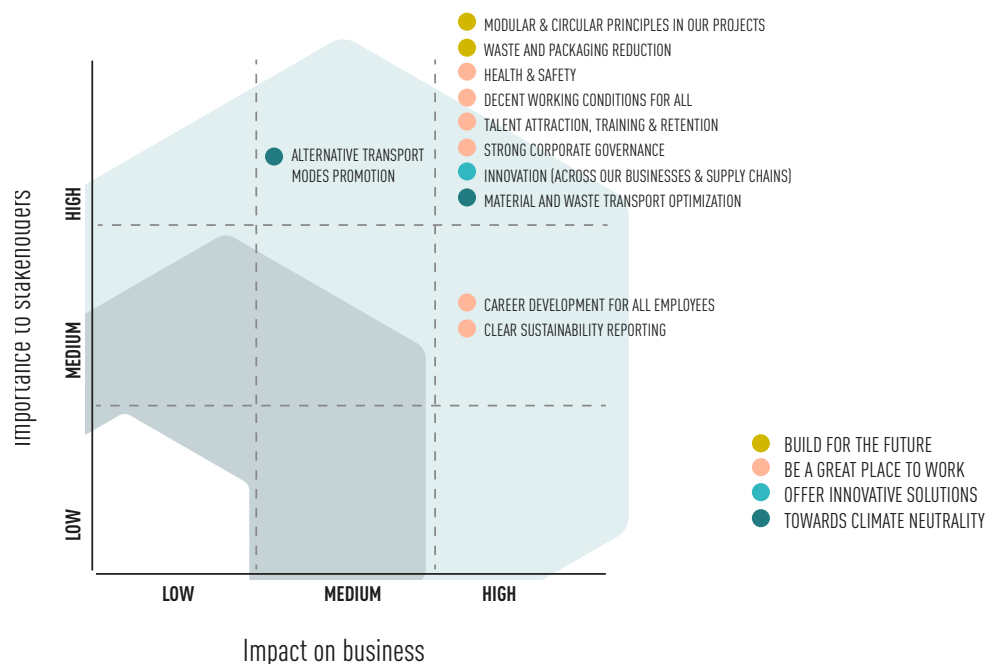
All the high materiality goals (priority goals), i.e. having a high impact on the business of CFE Contracting and BPI and high importance for the stakeholders, will be closely monitored. Short, medium and long-term actions are defined for each of those goals. By means of specific KPIs, the impact of those actions will be monitored and will allow clear communication both internally and to all stakeholders.



Certain medium materiality goals will be treated in the same way as high materiality goals. The other medium materiality goals and the low materiality goals will at first not be closely monitored.

The priority goals concern all areas of sustainability. As regards CFE Contracting, this especially means taking into account the safety and health, in the broad sense, of all employees; optimizing the transport of materials and waste; reducing waste and packaging materials in particular; ensuring decent working conditions for all workers; encouraging talent attraction, retention and training; establishing strong governance and stimulating innovation at all levels in the production chain.

The three medium goals chosen as the most relevant are taken into account in the same manner. These include: 'Career development', 'Clear sustainability reporting' and 'Alternative transport modes promotion'.



SOCIAL AND PERSONAL MATTERS

People are a central concern of the CFE group. Attention to safety is part of the group's DNA, since all people come to work to earn their living, not to lose it! The same applies to the health and well-being, in the broad sense, of all employees. Prevention, awareness-building and training are the key tools to achieve this. In the same sense, the mental and physical health of all employees must be preserved. Special attention is paid to allowing employees to achieve a healthy work-life balance. The well-being of all has to be worked on every day, and several concrete actions take place during the year at the different entities.

The priority goals linked to those themes are: 'Health & safety: Provide a safe and healthy workplace for all & Continuously work on a healthy work-life balance for both our office and on site workers' and 'Reduce traffic time to and from site or office'.

The same attention should be paid to the different parties involved in our projects, and subcontractors in particular. The corporate governance charter and the procedures specify the minimum measures in the area of ethics, non-discrimination and respect for human rights. Beyond that, it is our responsibility as a company to ensure that every person involved in our projects is treated with dignity.

The priority goal linked to this theme is: 'Guarantee respectful and decent working conditions for all'.

The greatest asset of our group are the men and women who work for us. It is also very difficult nowadays to find new qualified staff. Remaining a first-rate employer to attract and retain competent and motivated employees who are proud to belong to the CFE group is therefore a major challenge. The training and follow-up of the personal career development of all employees, irrespective of their status, are equally important to allow the development of a climate where confidence is built and talent can thrive within the CFE group and to build a true corporate culture.

The priority goals linked to those themes are: 'Inspire people to join our company', 'Provide training opportunities, both for our office and on site workers' and 'Follow-up personal career development for all employees'.

ENVIRONMENT

CFE Contracting is also aware of the impact of our activities on society and the environment. The field of transport looks to be a major challenge for the future, and for that reason we are now developing an innovative mobility strategy for our people as well as for materials and waste.

To achieve this, the priority goals linked to those themes are: 'Optimize materials and waste transport systems' and 'Promote and stimulate the use of alternative transport modes for our employees'.

Special attention should go to limiting waste on our building sites and in our offices. Besides reuse, recycling or a circular view on our materials, we also need to minimize the production of waste by developing a culture of sensible consumption and also by involving our partners in that process. This applies to materials as well as to the optimization and reduction of packaging. On the latter point, close collaboration with our main suppliers is obviously necessary.

The priority goal linked to this theme is: 'Collaborate (with suppliers) to reduce packaging waste and reduce waste in general'.

GOVERNANCE

Finally, CFE Contracting provides strong governance by means of a charter and specific procedures.

The priority goal linked to this theme is: 'Develop a governance model based on integrity and respect and fight social fraud'.

To ensure total transparency and satisfy the goal of clear sustainability reporting, regular internal communication with all employees will be put in place. The implementation of specific KPIs for each goal allows real transparency as well as the regular assessment of progress made and the ef-



facts of the actions taken.

The priority goal linked to this theme is: 'Transparently communicate on our sustainable performance and progress'.

INNOVATION

All these goals call for close collaboration between the entities as well as with all the other partners. It is also necessary to stimulate innovation in our different business lines as well as across the whole value chain. Opening up to the outside world and to other partners should not be neglected. Innovation is fostered by partnerships with other players in the industry such as ADEB, research centres, universities or suppliers, as well as by knowledge sharing between the different entities and business lines of the group.

The priority goal linked to this theme is: 'Develop systemic innovative solutions across our divisions and throughout our supply chains'.

More particularly, the synergy between the two divisions makes it possible from the outset to design innovative buildings from an architectural and stability point of view, as well as the use of special techniques. In this sense, the introduction of new materials and of modular or circular construction is a goal in itself.

The priority goal linked to this theme is: 'Incorporate modular and circular principles in our project design'.

4.6. BPI REAL ESTATE MATERIALITY MATRIX

As their areas of activity are closely linked, CFE Contracting and BPI Real Estate have chosen from the outset to work together to develop their sustainable strategies. BPI Real Estate has therefore participated in all the stages of development of these strategies (see previous chapter) and continues to be actively represented on the sustainability board. This working group, composed of representatives from the various subsidiaries of CFE Contracting and from BPI Real Estate, meets on a monthly basis. The goal of this working group is, among other things, to share best practices, to ensure that the sustainability strategy is followed in the various subsidiaries and to advise the Executive Committee on sustainability issues.

As a developer of real estate projects, BPI Real Estate sees its sustainable impact start right from the design stage of a new project.

BPI Real Estate has defined the following themes as priorities in its strategy:

- **Circularity:** the choice of materials is a crucial stake in a building's carbon footprint. The integration of circular materials can only be done efficiently if this approach is adopted in the design phase.
- **Energy:** having low-energy buildings, choosing the best energy solutions and always having energy optimization in mind are all key factors.
- **And, finally, mobility:** as 'Urban shapers'; BPI Real Estate is committed to integrating its projects in towns and cities. Mobility is a crucial issue for the towns and cities of tomorrow and

BPI intends to address it with its projects.

To ensure that it is at the top of its game in these areas, BPI Real Estate is focusing above all on innovation.

All these themes will involve the entire value chain of BPI Real Estate's construction projects, thus giving the notion of partnership its full meaning.

5. OUTCOMES OF THOSE POLICIES

PROOF BY EXAMPLE

The various examples and projects shown on pages [15] highlight the attention already being paid to the different themes and goals for the three divisions.

MEASURING THE EFFECT OF ACTIONS

For the group's three divisions, the control of clear KPIs and close monitoring of concrete actions is a priority. This control allows the effect of the actions undertaken to be assessed as quickly as possible and for any appropriate measures to be taken.

This data collection goes hand in hand with an alignment of the actions by division in the different entities to ensure a significant impact. Structured goals and actions will therefore be clearly favoured.

A QUESTION OF MINDSET

Lastly, the three divisions are committed to making sustainability a core principle among all employees and making it a real corporate culture. As a result, targeted actions will concern both large-scale projects and simple everyday actions. However simple the latter, they will help raise awareness among all employees. It is also essential to integrate all the links of the production chain into this approach.

5.1. OUTCOMES OF THOSE POLICIES AT DEME

The basis of DEME's compliance programme is the Corporate Code of Ethics and Integrity. This code reflects DEME's core values, expressed by the acronym 'STRIVE', which stands for Safety, Technical Leadership, Respect & Integrity, Innovation, Value Creation and Environment. In addition to legal compliance, which is a sine qua non, respect and integrity are of paramount importance for all DEME staff, and all those who wish to work with DEME must uphold the same standards.