

SUSTAINABILITY REPORT 2023



TOGETHER WE BUILD

TRUSTED PARTNERS – CLOSE PROXIMITY
LEADING SCALE – SUSTAINABLY COMMITTED



TOGETHER WE BUILD SUSTAINABLY



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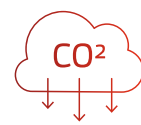


BME SUSTAINABILITY HIGHLIGHTS 2023



REVENUE €m

↓ -2%

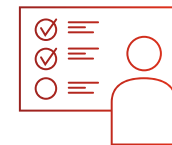


CARBON EMISSIONS M KG CO2*

↓ -12%



*Carbon emissions including emissions from acquisitions closed in 2021, excluding emissions closed in 2022 and 2023.



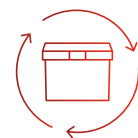
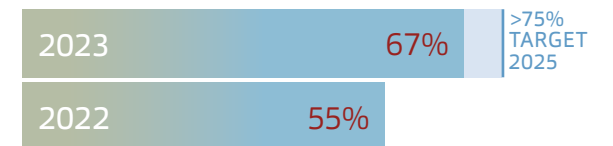
EMPLOYEES TRAINED IN BUSINESS CODE OF CONDUCT

↑ +1%-POINT



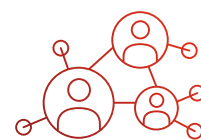
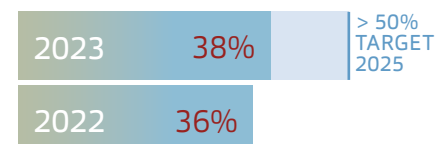
SPEND COVERED BY SUPPLIER CODE OF CONDUCT

↑ +10%-POINTS



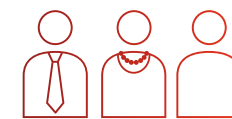
SALES FROM SUSTAINABLE PRODUCTS IN BMN

↑ +2%-POINTS



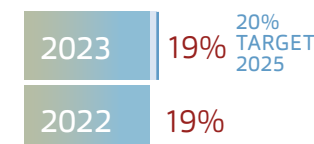
EMPLOYEE ENGAGEMENT

↓ -4%



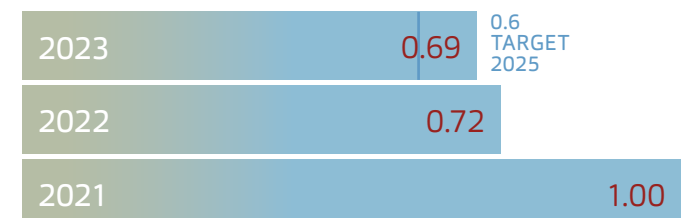
LEADERSHIP DIVERSITY

—



FREQUENCY RATIO OF ACCIDENTS

↓ -5%





I am very pleased to present our Sustainability Report 2023. Following our inaugural Report last year, I am keen to share the progress we have made this year and reflect on what lies ahead in achieving our ambition towards a more sustainable value chain.

The year 2023 was clearly marked as a year with challenging macro-economic conditions particularly driven by geopolitical tensions across the world.

As a consequence, we saw that building activity and volumes came down, particularly in North-Western Europe. The decline in market volume coupled with significantly lower level of inflation on our cost of goods was commonly felt across the sector. The sector also experienced high inflation levels on operating costs. This resulted in a drop in our Revenue and EBITDA.

Amidst these challenges, we have remained strongly committed to our sustainability ambition and continued to drive our Environmental, Social and Governance (ESG) agenda forward. Specifically, we acknowledge the growing regulatory focus on sustainable building renovations and decarbonization efforts across our geographies. Recognizing the significance for our customers and suppliers to meet these evolving sustainability benchmarks, we view our commitments not merely as a pathway to competitive differentiation but as a cornerstone for our enduring value and positive impact. This strategic orientation is pivotal in aligning to our stakeholders' needs and expectations and securing a sustainable future.

A MESSAGE FROM OUR CEO



Growing responsibly

As one of the largest and fastest growing B2B distributors of building products in Europe, we see it as our obligation to be a catalyst for a more sustainable building sector and an accelerator for sustainable and responsible business practices in the value chain. This all starts with our own footprint. In 2023, we managed to reduce our carbon footprint by 12% versus 2022. I am proud to say that we are on track to reduce our emissions by 25% versus a 2021 baseline in 2025. These are critical first steps towards our long term ambition of net zero emissions. Though our acquisitions continue to expand our overall carbon footprint, the carbon intensity of our acquisitions is higher compared to our organic businesses. This means that BME has a relatively lower carbon footprint compared to its acquisition targets. What is more important is that as part of our integration of acquisitions, BME ensures an ESG roadmap with clear improvement targets and concrete initiatives are put in place. As a result, we actively support reducing the carbon footprint in the value chain.

Close collaboration with our stakeholders

We believe that developing a more sustainable future is best done together. I feel incredibly proud and grateful for the close relationships we have been building with our suppliers and customers. This allows us to continuously drive improvement in the value chain in a true collaborative and partnership manner. One area that stands out is how we jointly uphold norms and values to ensure business is done in an ethical and responsible manner. We work with our suppliers to create commitment on our code of conduct and we test compliance through an Ecovadis self-assessment. A growing share of our procurement spend is now covered through Code of Conduct commitments and Ecovadis self-assessments. Ultimately, this increases the transparency in our value chain on how we do business. On the customer side, we collaborate increasingly to adopt sustainable building processes. We welcomed >2700 customers in our Greenworks Academies last year, providing training and workshops on how to build sustainably. We are heavily invested into disseminating knowledge and expertise on energy-efficient renovations and reducing emissions from buildings. The decarbonization of the built environment is a critical step into combating climate change.

Securing a great, flexible and safe place to work

People are at the heart of what we do. We are relentlessly focused on making sure that we offer a secure, great and safe place to work. Last year, we continued to improve on the safe-

ty of our employees with a further reduction of the frequency ratio of accidents, a sign that our group wide Health and Safety Compass Program is paying off. At the same time, we still have important steps to take to get to zero accidents and therefore, this will remain a key priority for the years to come. Another priority area for us is our employee engagement. The challenging macro-environment with declining consumer confidence, lower market demand, and our cost reduction initiatives created a less engaging environment for our workforce. Our determination to become an industry leader in employee engagement remains unwavering however. We have a clear path ahead to address key challenges, root causes and improvements, and initiated local and group wide action plans to implement improvements and strengthen our commitment to employee engagement.

Continuous improvement on our roadmap

Looking ahead, I am proud to say that our ESG roadmap is not static, but continuously reviewed to improve our stakeholder needs. Specifically, we expanded our ESG roadmap in 2023 to include a policy on waste management. As key intermediary between suppliers and contractors, we have a responsibility to reduce waste in the value chain. As of 2024, we will start to report on our waste footprint. There are already numerous initiatives across our businesses to reduce packaging and to switch to bio-degradable packaging. We also expanded our audits for high risk suppliers in 2023. We implemented a policy to have high risk suppliers audited by an independent third party (Amfori). The policy stipulates that under transgressions of key social performance areas - such as discrimination, child labour, decent working hours - we will cease to work with associated suppliers. Both additions to our ESG roadmap are a testament to our commitment to continuously improve sustainability across the value chain.

As we look to the future, our commitment to leading in ESG practices is firm, with the understanding that our current decisions and actions lay the groundwork for tomorrow's reality. Reflecting this, we have aligned our executive compensation directly to our sustainability achievements starting in 2023. I wish to express my heartfelt gratitude to our customers, suppliers, shareholders, and each and every colleague across BME Group for their passionate support on our journey to create a more sustainable future.

Remco Teulings
Group CEO



BME AT A GLANCE 2023

TOGETHER WE BUILD

TRUSTED PARTNERS – CLOSE PROXIMITY – LEADING SCALE – SUSTAINABLY COMMITTED

THE NETHERLANDS
 BMN, Galvano,
 Tegelgroep Nederland
 BME Bouwmaten
 (Bouwmaat*)

GERMANY
 BAUKING
 SHK – Paulsen,
 Bergmann & Franz, Detering
 hagebaumarkt*

FRANCE
 BME France –
 Raboni, Busca

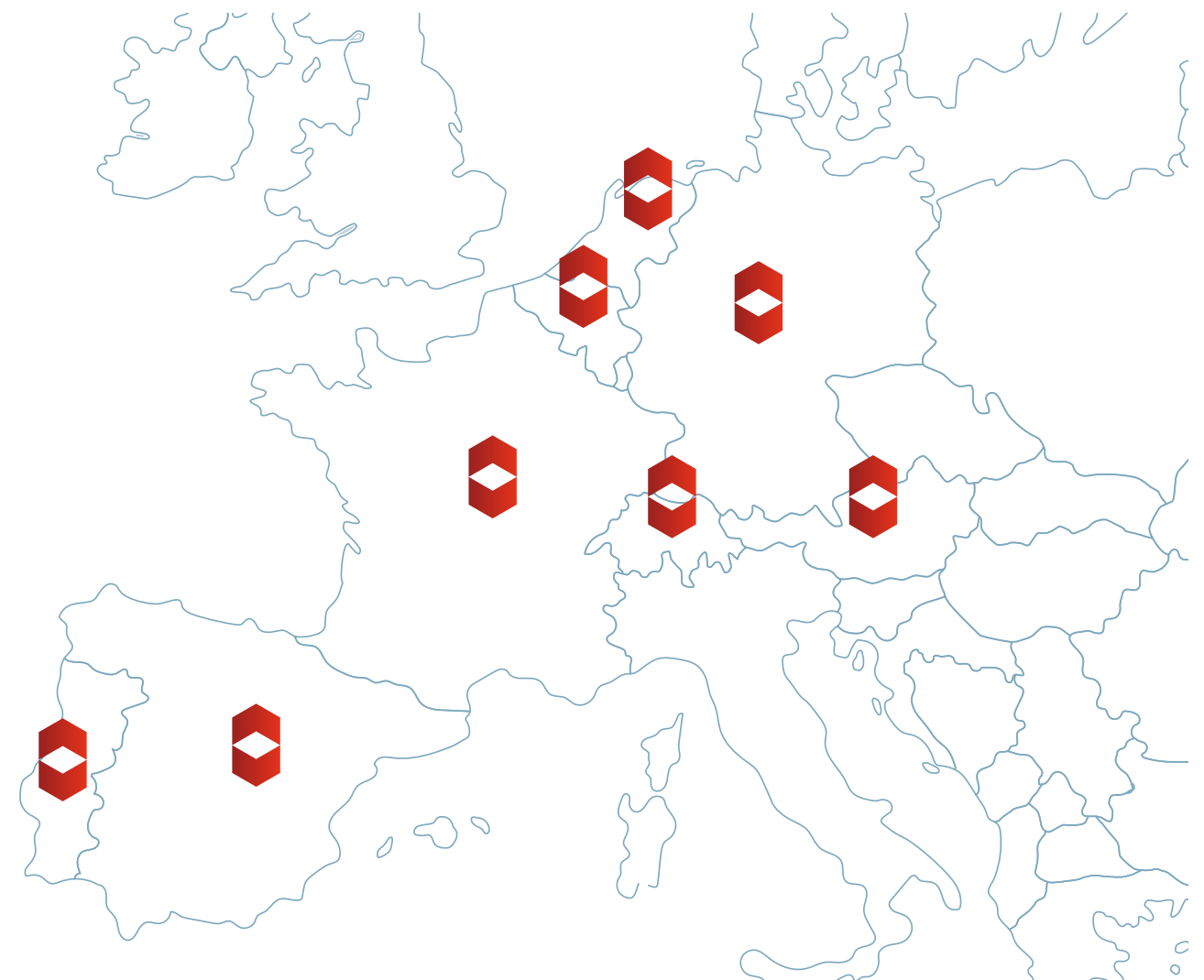
BELGIUM
 BMB
 STG – Sax, Schrauwen,
 Lambrechts, Induscabel

AUSTRIA
 Qvester

PORTUGAL
 Maxmat

SWITZERLAND
 BMS – Richner, Gétaz.
 Baubedarf, Regusci Reco,
 Miauton

SPAIN
 BME Spain –
 Isolana, La Especialista

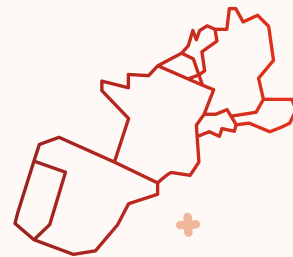


*Franchisee



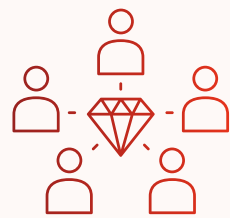
+ 349 +

Adjusted EBITDA
 (€M)



+ 8 +

Countries



+ >13,000 +

People (fte)



+ 5,368 +

Revenue 2023
 in million



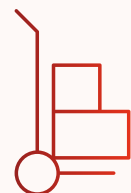
+ >940 +

Locations



+ >275,000 +

Customers



+ >1,000,000 +

Products



+ >20,000 +

Suppliers

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**TOGETHER
WE BUILD
SUSTAINABLY**



CELEBRATING 50 YEARS OF BME

1973
CRH expanding from Ireland to mainland Europe with the acquisition of Van Neerbos in the Netherlands



1990-2000
First European expansion to France with the acquisition of Raboni

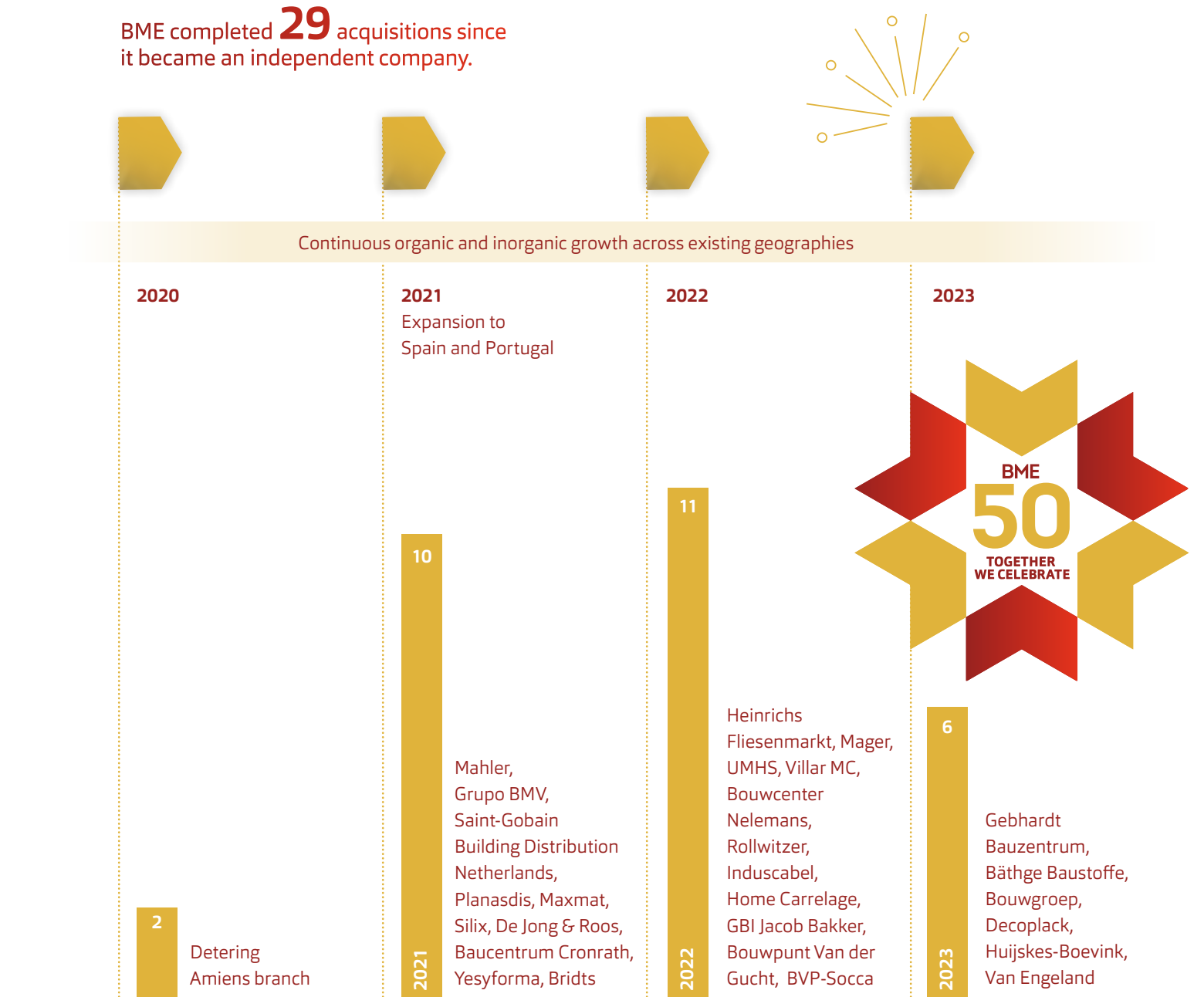
2000-2019
Expansion followed to Switzerland, Austria, Germany and Belgium

2019
CRH sold its European Distribution activities to Blackstone, creating a new multinational: **BME | Building Materials Europe**



BME has evolved from a local Dutch company to a multinational group, becoming a leading B2B distributor of building products in Europe. This journey involved numerous acquisitions, expansion into various European countries, and a significant growth strategy under the new leadership of Remco Teulings, Group CEO of BME.

BME completed **29** acquisitions since it became an independent company.



Today, BME is a natural consolidator in the market, leveraging its scale to drive synergies and sustainability in the value chain.

BME's history dates back to 1973 when CRH, an Irish company, acquired Van Neerbos, a Dutch builders merchant. Over the years, CRH expanded into Europe through multiple acquisitions, establishing a strong presence in mainly the residential repair, maintenance, and improvement market. This period marked the growth of strong, local brands with deep connections with the local building community.

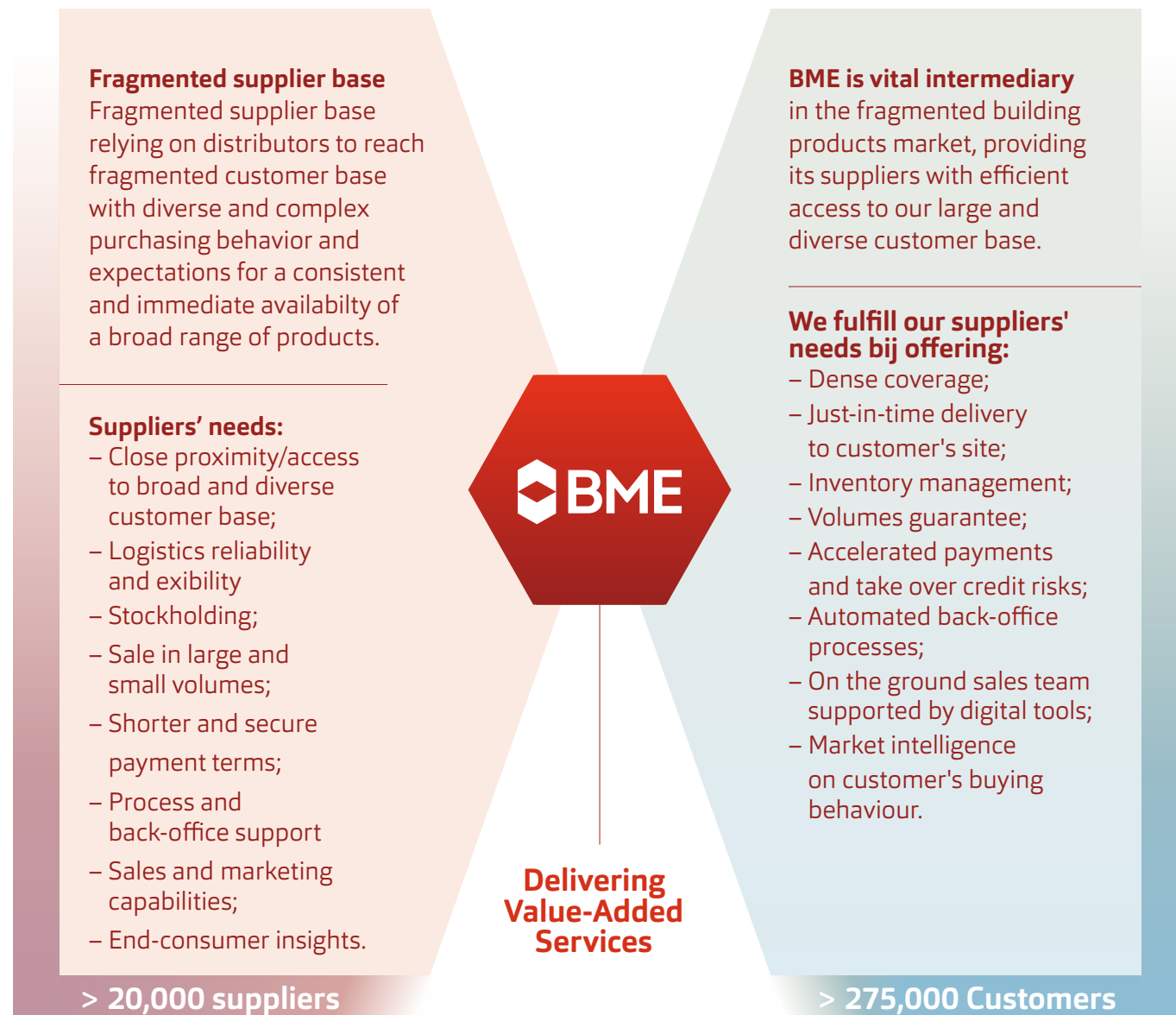
In 2018, BME sold its DIY activities in the Netherlands and Belgium to Intergamma. In 2019, CRH sold its European Distribution activities to Blackstone, marking the end of an

era and the beginning of a new chapter for BME. Under the new leadership, BME adopted a focused strategy to become the leading B2B distributor of building products. This strategy involved investing in people and functional capabilities, driving synergies across the Group, and accelerating the M&A strategy.

From 2019 to 2023, BME completed 29 acquisitions, expanding its footprint and market share in existing markets and expanding geographically to Spain and Portugal. This impressive expansion through M&A has made BME a natural consolidator in the market, leveraging its scale to drive synergies through successful integrations. This provides a platform for BME to be the leading driver of sustainability in the value chain.

THE WAY WE DO BUSINESS

As a leading, B2B distributor of building products in Europe, BME is a vital intermediary in the fragmented market of building products, providing over 20,000 suppliers with efficient access to our large and diverse customer base of more than 275,000 customers.



Specialist knowledge

Our success hinges on our deep industry knowledge and commitment to fostering long-term benefits for our suppliers and customers alike through informed decision-making. We empower our people to make decisions to deliver the best outcome in the long run, together with our suppliers and our customers.

Benefits of scale

Leveraging our substantial footprint, BME offers unmatched scale and geographic coverage, complemented by a comprehensive portfolio of products and services. This allows us to maintain premier positions in key markets across Europe and harness the advantages of our size to drive procurement efficiencies, attract top talent, and invest strategically in digital innovations to elevate operational efficiency and service quality.

Sustainability focus

Sustainability remains at the core of our strategy, as we endeavor to expand the proportion of sustainable offerings in our portfolio, alongside providing guidance and training to encourage eco-friendly practices and offering waste recycling services. These initiatives not only propels innovation among our suppliers but also steers our customers towards more sustainable practices.

Infrastructure and extensive network

Our robust infrastructure and extensive network, including over 920 locations, are pivotal in ensuring efficient product distribution and accessibility for our customers. Supported by a sophisticated digital infrastructure, we optimize our footprint, procurement, pricing, and inventory to meet customer demands promptly and effectively, reinforcing our commitment to excellence and sustainability in the building materials distribution sector.

Together We Build

Our strategic vision, 'Together We Build', encompasses six foundational pillars that drive our commitment to responsible and continuous growth. These pillars are:

1 Commercial Excellence

Through initiatives in Commercial Excellence, Procurement, Supply Chain, FF&R, Org. Efficiency and Focused Growth. We strive to implement best practices that enhance revenue and competitive positioning, focusing on areas such as pricing, sales effectiveness, and e-commerce.

2 Procurement

In Procurement, we leverage our group's scale to optimize sourcing of product and non-product related spend. The initiatives are mainly linked to driving for supplier concentration and assortment harmonization. Furthermore, our procurement teams are leading the building of our sustainable value chain thanks to their close relationship with our suppliers.

3 Supply Chain

Our chain efforts are dedicated to improving the efficiency and the effectiveness of our logistics, through continuous improvements on transportation and warehousing, optimizing inventory levels and developing service-delivery-centric solutions. These initiatives mainly relate to the optimization of our (central) warehousing, transportation/fleet, inventory. Beyond cost efficiencies and better customer service levels, it also reduces carbon emissions from our operations.

4 Format, Footprint & Real Estate

Format, Footprint and Real Estate initiatives aim to adapt our physical presence to evolving customer needs. Initiatives include optimizing our existing branch network, opening of new greenfield branches, innovating on formats and lastly, making our real estate more sustainable.

5 Organizational Efficiency

Focuses on streamlining processes for greater agility, supported by digital tools. These initiatives mainly relate to optimizing our back-office processes.

6 Focused Growth

Underlines our strategy to expand our market presence through selective acquisitions. These acquisitions complement and strengthen our existing market position and businesses across both our current geographies and in selective, attractive new geographies.

Strategic initiatives

Our Together We Build strategic framework is underpinned by the following enablers:

- > **Finance** plays a pivotal role in supporting our Operating Companies and key functional areas to achieve strategic objectives. This includes providing industry-standard financial reporting, insightful management information, and forecasts. Additionally, we offer comprehensive support to our businesses in tax, treasury, legal matters, risks management, insurance and internal audits, all while ensuring strict compliance with regulatory standards.
- > **People initiatives** focus on cultivating a high-performance culture that prioritizes exceptional experiences for our customers, suppliers, and team members. We are committed to nurturing and recruiting top talent to foster enhanced performance and growth across the organization.
- > **Digitization and IT** initiatives are centered on harnessing advanced technology to enhance experiences for customers, suppliers, and our team, while boosting operational efficiency. This includes modernizing ERP systems, providing an integrated online shopping and digital showroom experience, and implementing a Track & Trace system for precise delivery tracking.
- > **ESG themes** guide us towards becoming a sustainability leader in our sector, emphasizing carbon and waste reduction, diversity, health and safety, and integrity within our operations.



OUR VALUES

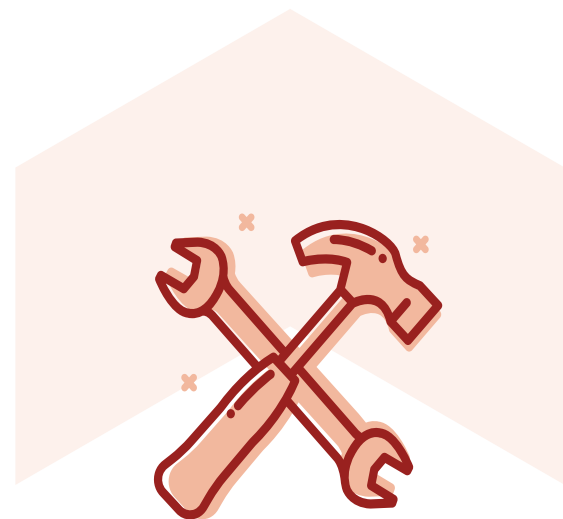
Our shared values give us direction and shared ways of working in everything we do.

Our culture reflects what we stand for and is focused on becoming a trusted partner for our customers and suppliers, being the easiest partner to work with and to deliver real added-value services to both. We work together to create partnerships and truly commit to what we do. In order to become the preferred partner, we have defined five values which are the foundation for how we run our business:

“By applying our core values we act as trusted partners helping to deliver the projects of our customers in an easy, better, timely and sustainable way”

DÉSIRÉ JANSEN |

GROUP SVP HUMAN RESOURCES



Dare

We consciously challenge the way things are. We approach work with an open mind. We actively look for (business) opportunities and take calculated risks. We drive change with a positive approach.



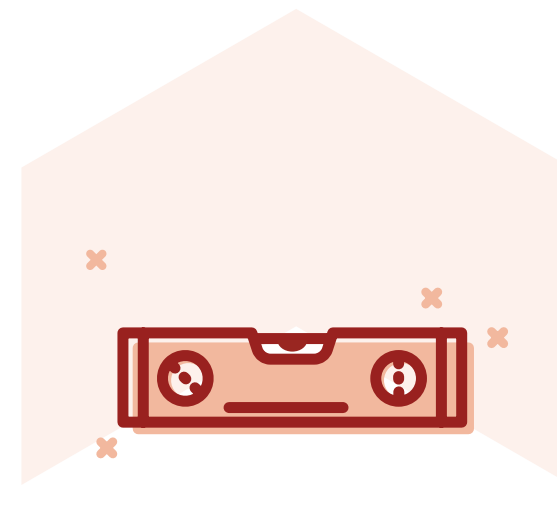
Care

We respect and take care of people. We notice and act on signals given by colleagues, the organization, our communities and the environment; we build lasting relationships and keep each other safe.



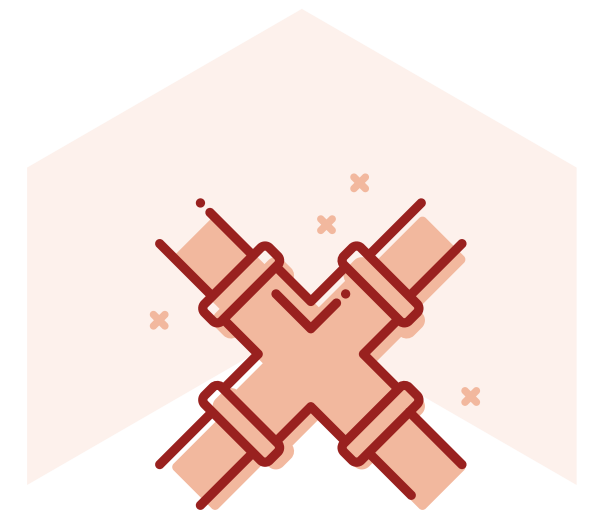
Do it

We drive towards top (business) performance with high integrity. We act now, push ourselves to beat goals and over-achieve. We look beyond the obvious. We love what we do and show our engagement.



Be real

We do what we commit to. We are honest and forthright. We take our fair share of the workload. We take responsibility for our own mistakes. We maintain a reputation of authenticity, fairness and reliability.



Win together

We engage with others to create partnerships. We do not “give in” but compromise appropriately for results. We trust and build on each other’s talents. We embrace diversity and champion inclusive communication.



OUR KEY STAKEHOLDERS

Our stakeholders are central to our operational ethos, actively engaging with us in a collaborative relationship to generate and share value, guided by our 'Together We Build' strategic framework.

As a key player in Europe's building products distribution sector, our stakeholder network is expansive, including over 20,000 suppliers, more than 275,000 customers, and upwards of 13,000 dedicated employees who form the backbone of our operations. Additionally, we prioritize the welfare of end-consumers and the communities affected by our products, ensuring their needs and interests are at the forefront of our business strategy.

Employees

Our team is the cornerstone of our endeavors, driving improvements in our ESG initiatives and fostering value creation within our industry. We commit to offering our employees a rewarding, flexible, and secure working environment by focusing on key areas: fostering engagement, embracing diversity and inclusion, ensuring health and safety, promoting well-being, and upholding ethics and compliance.

Customers

Customer satisfaction is paramount in our strategy. Our extensive branch network ensures that we are always within reach, providing high quality services and a growing selection of sustainable building products. This approach not only benefits our direct clientele, including contractors and installers, but also supports our indirect customers, such as property developers, architects, and real estate investors, in pursuing more sustainable construction practices.

Suppliers

BME maintains robust, enduring relationships with over 20,000 suppliers, many of whom have embraced significant ESG policies and reporting standards. We mandate adherence to our Supplier Code of Conduct, promoting high ethical standards across our value chain. This commitment fosters a culture of open dialogue, enabling collective strides towards sustainable progress within the building industry.

Investors

We collaborate with our shareholders and lenders to drive financial growth while ensuring transparent disclosure of ESG-related information, aligning with their interests and our sustainability goals.

Legislators

In response to evolving European regulations, we proactively ensure our compliance with key directives including the CSRD, CSDD, and the EU Taxonomy, effectively managing the disclosure of our non-financial contributions in anticipation of their enactment.

Communities

By utilizing our extensive reach and position within the supply chain, we significantly contribute to community development, making sustainable and cost-effective construction practices accessible to a wider audience.





Double materiality assessment

To ensure our sustainability focus areas and initiatives align with the interests of our key stakeholders, we engage in frequent dialogue with different stakeholder groups. As an organization, we recognize the increasing relevance of sustainability issues in our value chain and understand that identifying material topics is critical for effective progress in the desired direction. We will use these insights to evaluate our sustainability strategy and roadmap. In essence, it's about doing the right things at the right time.

The CSRD guidelines provide a solid framework for identifying and reporting material aspects that affect both our business performance and our stakeholders. This materiality assessment is not only a strategic compliance exercise, but also an opportunity to gain in-depth insight into the impact of our activities on society and the environment.

Therefore, we decided to perform a double materiality assessment according to CSRD guidelines, focusing on the key topics combined with stakeholder consultation to gain a holistic view of our impact.

We ensured that during the stakeholder consultation, all stakeholder groups were represented. The perspectives of key stakeholders were gained through surveys (quantitative)

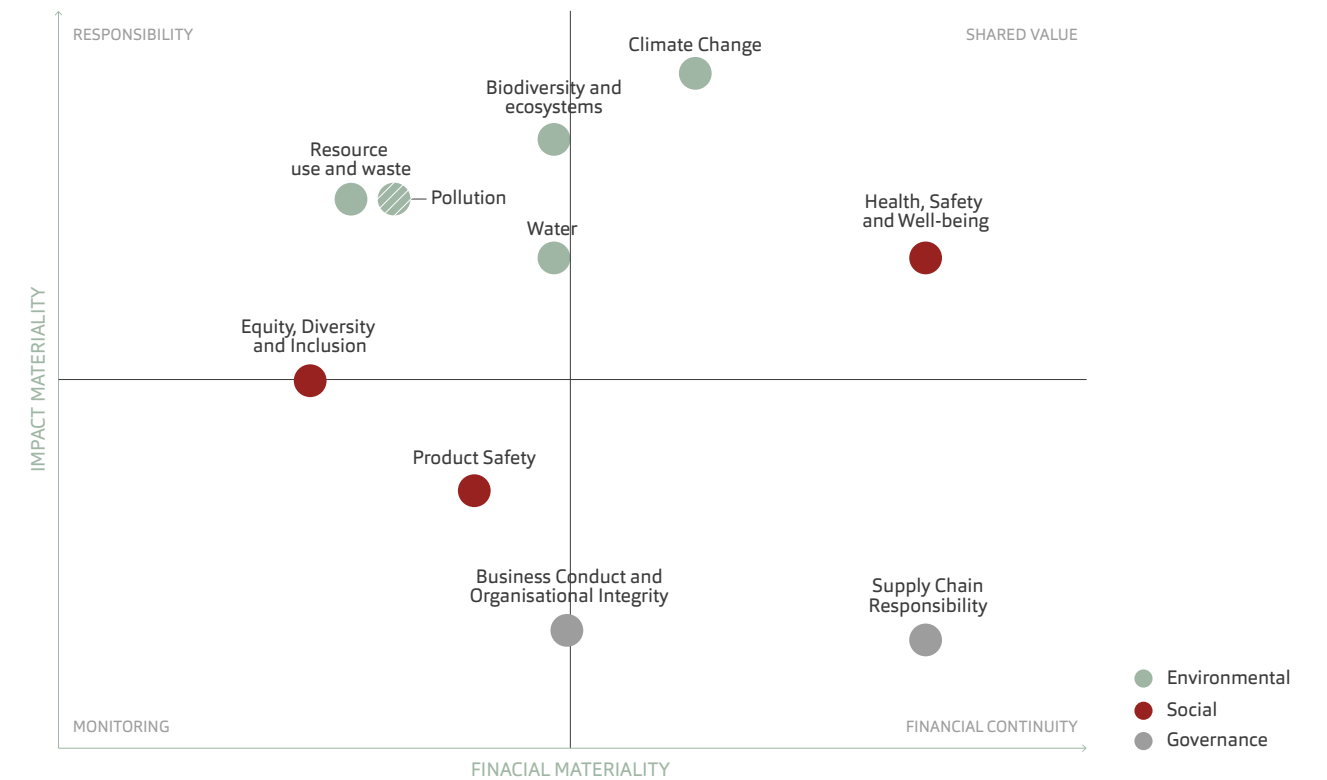
and interviews (qualitative). We requested stakeholders to prioritize a set of pre-defined issues where BME has actual or potential impact on society and the environment through our operations and business relationships. The stakeholders also helped identify sustainability risks and opportunities that may affect BME's long-term value creation and business performance.

The outcomes of the stakeholder consultation were discussed in internal workshops involving a broad representation of experts and functions. It was also reviewed and discussed by Group Management.

Two key topics stand out as particularly impactful to our business as well as within our value chain, these will be the focus areas of our Sustainability strategy.

Climate change. We will take an active role in reducing the Green House Gas (GHG) footprint of our operations. The primary source of GHG emissions in the value chain is the production, use and post-use phase of building products. Our own footprint consists mostly of carbon and is rather modest compared to the emissions in the value chain. At the same time, as a distributor we connect many suppliers with many customers, and we can play an important role in stimulating the development and use of sustainable products. The

BME Double Materiality 2023



development and use of sustainable products, for instance bio-based building products, are a key lever to reduce GHG emissions in the value chain. BME feels and takes responsibility for increased use and development of sustainable building products.

Health, Safety and Well-being. Our people are at the heart of what we do and their health and safety is absolutely paramount. We consider it crucial that our people work safely and arrive back home safely. In addition, we fundamentally believe that people thrive when their Well-being is safeguarded. This is why a Healthy Organization is key to the success of our business. For that reason, helping to create a safe haven for employees, both physically and mentally is a key priority.

In addition to these two focus areas, there are a number of topics we take responsibility for. Biodiversity & ecosystems, Water, Pollution, Resource use and waste. For each of these topics, BME's footprint is relatively modest. As a distributor of building products, we do not have production sites and have limited impact on land use, resource use and water use. Our waste consists mostly of packaging, damaged and obsolete goods, office waste, which is limited compared to post-manufacturing, post-installation, and post-use waste of building products. Consequently, our pollution footprint is rather limited as well.

Nonetheless, we recognize that these topics are highly interlinked with a circular building process – a key topic in our value chain. As a linking pin between building product manufacturers and customers we feel we can play an important role in the adoption of circular manufacturing and building processes. For that reason, we aim to positively contribute to a more sustainable value chain through the manufacturing and adoption of more sustainable building products. We aim to collaborate closely with our suppliers and customers to make this happen. Ultimately, reducing negative impacts on biodiversity, resource and water use, and waste in our value chain.

Lastly, through our stakeholder dialogue we identified supply chain responsibility to be a key topic for our financial continuity. BME proactively ensures that our value chain partners adhere to the same norms, values, and ethical business practices. Learn more about how we operationalize supply chain responsibility in our chapter Working with suppliers who share the same values.

In the end, the double materiality assessment has confirmed the focus areas for our Sustainability strategy. It contributes to transparency in our operations, and also strengthens commitment to sustainable business practices.

OUR SUSTAINABILITY STRATEGY

As a leading distributor in the European building products market, BME is uniquely positioned to use its scale to foster more sustainable and responsible practices throughout our value chain.

We are committed to be at the forefront of sustainability in the construction industry which is reflected in how we embed ESG priorities within our strategic foundations and operational enablers, aiming for enduring stakeholder value creation centered around three key areas of focus.

Growing responsibly

Our increasing influence and profitability in the building sector enable us to champion sustainable business practices both within our operations and throughout our value chain. By minimizing our environmental impact, through the reduction of carbon emissions and waste, we set a precedent for sustainability. This leadership stance encourages our direct stakeholders — customers, suppliers, and even competitors — to improve the sustainability of their operations and also underscores our commitment to acting responsibly and ethically in a wider context.

Enabling a sustainable value chain

Our commitment to fostering more affordable, comfortable, and environmentally friendly housing is realized through sharing our expertise on sustainable building practices and products. We aim to inspire a shift towards a greener building sector by:

- > **Collaborating** with like-minded suppliers to promote sustainability throughout our value chain;
- > **Enhancing transparency** around the environmental impact of construction materials to encourage sustainable improvements;
- > **Assisting our customers** in adopting greener construction methods by offering a wide selection of sustainable products and providing guidance on reducing their environmental footprint.

Securing a great and safe place to work

We are dedicated to providing an inspiring and secure workplace, focusing on a fulfilling employee experience for our workforce exceeding 13,000. Our goal to lead in employee engagement and achieve zero workplace accidents underscores our commitment to fostering a healthy, diverse, and inclusive environment. This enables our employees to grow, work with enthusiasm, and consistently deliver superior service to our customers and suppliers.

On the next page you will find our Value Creation Model, aligning these focus areas with the global Sustainable Development Goals ('SDGs').

For our three key areas of value creation, we've outlined a strategic roadmap detailing both immediate and future objectives. This roadmap is crucial for maintaining momentum towards our ambitious goals and offers clear direction on the initiatives required to achieve them. Our ESG-focused roadmap is dynamic, regularly updated with new projects proven effective through local market trials. We share successes and insights across our operations to ensure cohesive progress towards our objectives.

Learn more about our key improvement initiatives in the chapter Together we build sustainably – our performance in 2023.

"BME is uniquely positioned and committed to accelerate the sustainability of the building product value chain"

STEFAN VAN LOON | GROUP DIRECTOR ESG



OUR ASSETS

OUR PEOPLE

- 13,000+ employees
- Our well-trained and experienced staff, providing expert advice

OUR PRESENCE

- Long history with strong brands and local entrepreneurship
- Serving customers nearby through a network of 940+ branches
- Long-lasting, personal relationships with 20,000+ suppliers and 275,000+ customers

OUR SERVICES

- One-stop-shop
- Sustainable products and services
- Private label offering
- Omnichannel digital capabilities
- Modern distribution centers secure optimized delivery

OUR FINANCIAL POSITION

- Solid financial basis
- Diversified portfolio across eight countries
- Well invested assets

TOGETHER WE BUILD

OUR STRATEGY

We strive to offer added value and innovative solutions to our customers, whilst delivering our proposition in a more consistent and superior way, compared to our competitors.



OUR VALUES



THE VALUE WE CREATE

RESPONSIBLE GROWTH

Our scale allows us to grow profitably and to drive sustainability in our company. We focus on reducing our environmental footprint by eliminating the carbon emissions and waste in our controlled operations.

HOW DO WE TRACK PROGRESS?

- % of Sales growth
- EBITDA margins
- Carbon emissions from own controlled operations

ENABLING A SUSTAINABLE VALUE CHAIN

Our scale also allows us towards a sustainable transition in the building sector value chain, from suppliers to end-users, by:

- Steering collaboration with suppliers who share the same values and increasingly provide sustainable products;
- Advising customers and suppliers by providing transparency on the environmental footprint of our products;
- Offering a relevant and broad range of sustainable products that help customers renovate and build more sustainably.

HOW DO WE TRACK PROGRESS?

- SNPS score
- NPS score
- Product LCA scores
- % of product portfolio that is sustainable

SECURING A GREAT AND SAFE PLACE TO WORK

We strive to offer our employees a safe and great place to work where they can develop and be themselves, working with passion. This leads to our goal to:

- To become an industry leader in terms of employee engagement;
- To foster a diverse and inclusive workplace;
- To have a healthy and safe work environment with zero accidents.

HOW DO WE TRACK PROGRESS?

- Employee engagement score
- Inclusion & Well-being score
- # and severity of accidents

THE IMPACT WE MAKE



Accelerated sustainability and responsible business practices in our sector and value chain



More affordable, comfortable and sustainable housing realized by our innovative building practices and sustainable materials, while mitigating climate change



An inspiring and safe place to work and a great employee journey to all our people, everyday

MEGA TRENDS

CONSOLIDATION OF THE MARKET

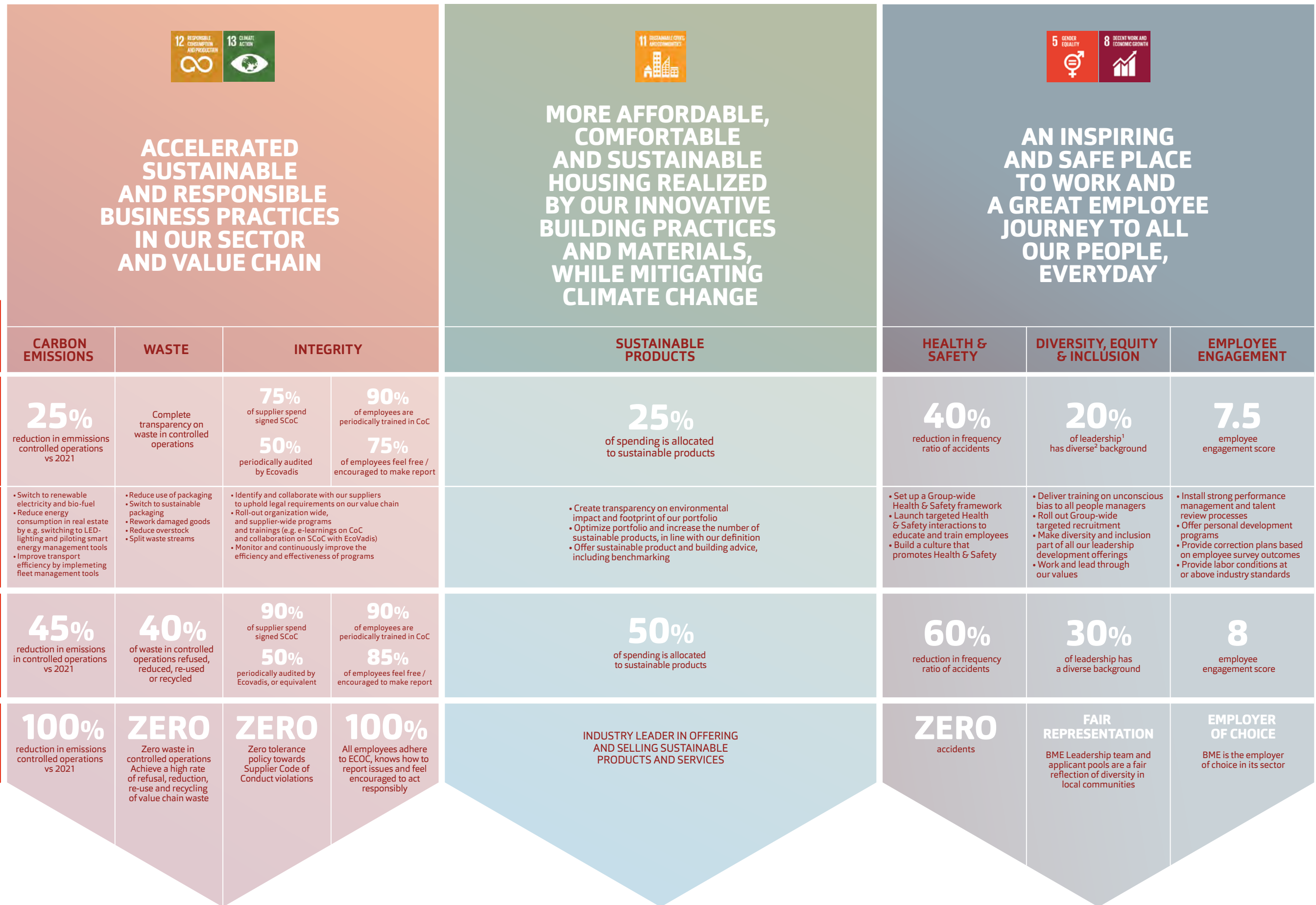
BACKLOG IN RENOVATION

INCREASING AND ONGOING HOUSING SHORTAGE

DEMAND FOR MORE SUSTAINABLE BUILDING SOLUTIONS (MODULAR AND PREFAB)

TRANSITION TO A CLIMATE NEUTRAL ECONOMY

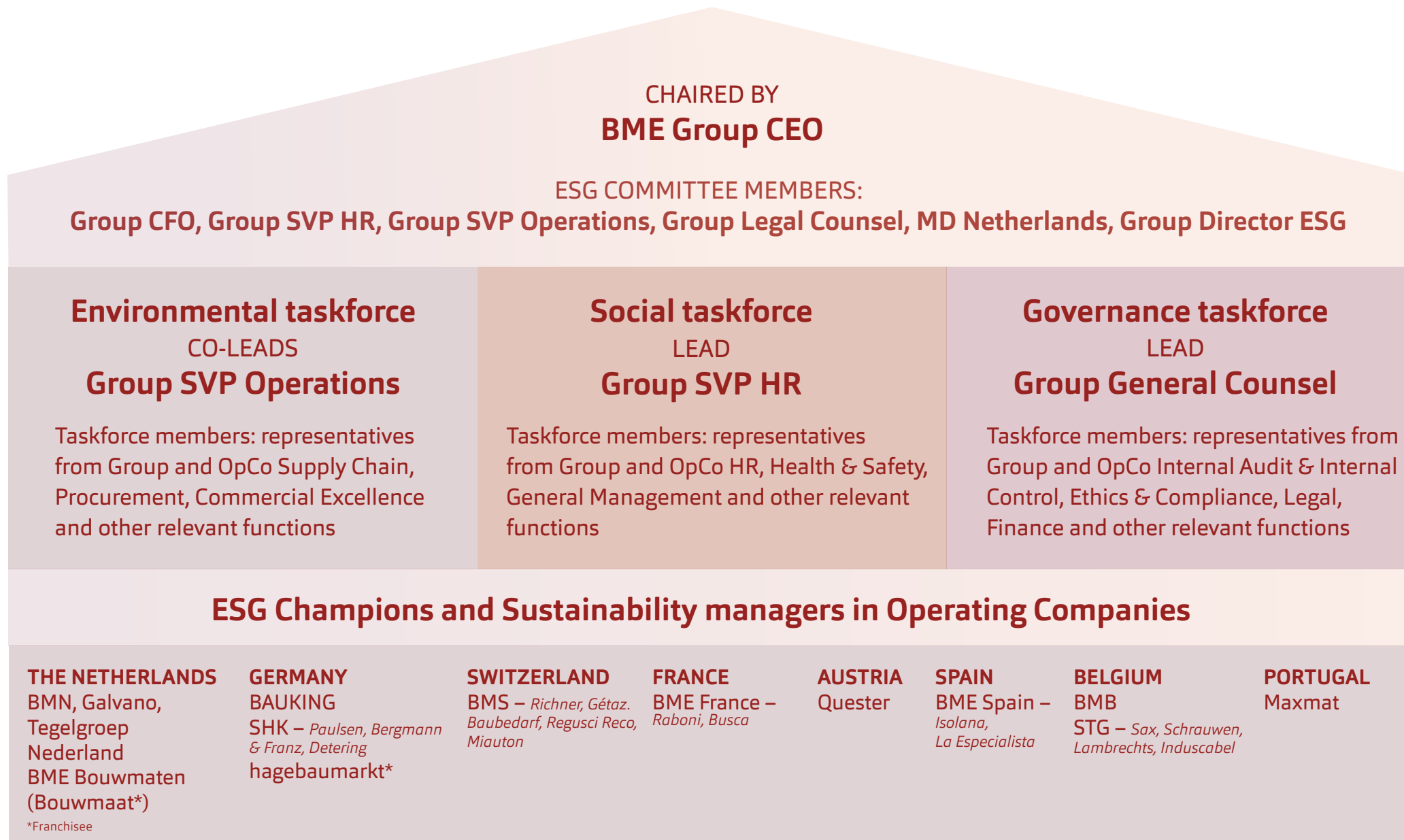




SUSTAINABILITY GOVERNANCE

The ESG Governance structure consists out of the ESG committee and taskforces for each separate theme: environmental, social and governance and compliance.

An illustration of the ESG Governance structure is shown in the figure below. All members of the ESG committee have expertise in the field of responsibility they have been assigned to.



“Sustainability is gradually becoming integral to our corporate governance practices”

DAMIANOS VAINAS | GROUP GENERAL COUNSEL

The ESG committee is chaired by the CEO, and has the overall responsibility for the effective operationalization of BME’s ESG policy, and has delegated responsibility to the ESG taskforces for overseeing its implementation.

The ESG committee:

- Defines BME Group ESG strategy, ambition, Group-level roadmap, short and mid-term target setting and budget;
- Reviews progress and data from across the business;
- Filters and summarizes it for the Supervisory Board.

The ESG committee has regular quarterly meetings throughout the year and ad-hoc meetings and touchpoints when necessary.

The ESG taskforces are responsible for the operationalization of the ESG strategy and therefore have more regular meetings (e.g. once every four to six weeks) and ad-hoc touchpoints when necessary. The taskforces are also the first point of contact to all Group functions and Operating Companies on ESG themes and its reporting. The local implementation of ESG policy is the responsibility of the Operational Companies’ Management Teams and Functional Leads. Submission of local ESG roadmaps (in line with Group-level roadmap and priorities) and initiatives make part of the overall strategic ‘Together We Build’ (TWB) plans and discussed during the yearly budget process. Reporting on progress on ESG-related initiatives takes place on monthly basis as part of the ‘Together We Build’ process. ESG data submission in line with relevant Key Performance Indicators (KPIs) takes place on quarterly or yearly basis – depending on theme or KPI – based on the ESG reporting expectations as described in the internal ESG reporting manual. Ownership of ESG themes, data and reporting process is outlined in the same manual.





“Ensuring BME is an excellent and flexible workplace goes beyond being a mere checkbox. It’s an ethos ingrained in every aspect of our operations”
DÉSIRÉ JANSEN |
GROUP SVP HUMAN RESOURCES

ESG Governance: Taskforce Leads drive BME towards a sustainable future

Guiding BME on its path to a sustainable future are three Taskforce Leads, each with a distinct focus. Désiré Jansen, Group SVP Human Resources, centers on creating a flexible and vibrant workplace. Group SVP Operations, John Tros, takes charge of building a sustainable value chain, while Damianos Vainas, Group General Counsel & Company Secretary, concentrates on fostering responsible growth for BME. Together, they provide insights into the opportunities, challenges, and future plans of BME in the field of sustainability.

Taskforce leads’ role

What does a Taskforce Lead do to make sure they reach their goal? According to Désiré, ensuring BME is an excellent and flexible workplace goes beyond being a mere checkbox. “It’s an ethos ingrained in every aspect of our operations” Désiré emphasizes. “It’s a vital part of our people strategy and values.” She highlights that leadership is pivotal, requiring a collective effort and shared commitment from both manage-

ment and employees—a vision shared by the other Taskforce Leads. Damianos adds: “I believe that sustainability is gradually becoming integral to corporate governance practices as companies recognize the importance of sustainability, social responsibility, and ethical leadership in driving long-term value creation and resilience. They increasingly integrate sustainability considerations into their overall corporate strategy rather than treating them as separate initiatives.”

John notes, “Workload is a challenge, especially when dealing with hundreds of suppliers. Balancing between what is applicable and what is not crucial.” Damianos agrees, stating that responsible growth involves finding equilibrium between economic success, ethical business practices, and social and environmental responsibility. Désiré adds, “The challenge lies in continually recognizing the importance of these subjects and prioritizing them.”

Challenges and achievements

In terms of enabling a sustainable value chain, John emphasizes the importance of celebrating successes. “Reflecting on achievements and increasing organizational awareness is pivotal. Major suppliers now understand the necessity of compliance, marking a positive shift.”

Damianos: “I’m proud of full commitment at the senior management level to drive ethical business practices proactively.” Désiré highlights diversity targets. “We have a 80-20 ratio of men to women in top management now, which is a significant step in our industry.” John emphasizes progress in the sustainable value chain: “Over 60% of suppliers signed the code of conduct, showcasing a concerted effort toward ethical practices.”

Company-wide involvement

Achieving a sustainable future involves the entire company. Damianos emphasizes leading by example and promoting open communication, while Désiré underscores the impor-

tance of a speak-up culture for employees to voice concerns. While BME has taken significant steps, there’s still a long way to go.

Which goals are the Taskforce Leads reaching towards? John: “I aim to have 75% of suppliers sign the business code of conduct” Désiré emphasizes that there will be extra attention for emotional safety the coming year. “There will be ongoing ‘great conversation trainings’ for managers, with attention to emotional safety.”

Finally, Damianos stresses the following key priorities: “further embedding ethical business practices in the supply chain and increasing awareness through ongoing training programs within the organization.”

Next, ESG champion Pauline Caprasse from BAUKING explains how she oversees the implementation of the ESG roadmap into a local Operating Company.



“Our overarching aim is to embody the principle of “do good and talk about it,” striving to make Sustainability a central theme, woven into every aspect of our company’s operations.”

PAULINE CAPRASSE |
STRATEGIC PROGRAM MANAGER

ESG Governance: An ESG champion in the spotlight, Pauline Caprasse from BAUKING

To help translate BME’s sustainability goals and strategies into day-to-day practice, each of the operating companies got assigned their own ESG champion. For BAUKING in Germany, that’s Pauline Caprasse. She talks more about applying BME’s sustainability goals at BAUKING.

What does it mean to be an ESG Champion?

As an ESG Champion you’re responsible for the topic of ESG within your organization. I for instance, adapt BME’s ESG policy into topics, projects and everyday business at BAUKING and I’m the contact person for everything related to sustainability to my colleagues. I also make sure that I represent BAUKING in terms of ESG to the other Operating Companies.

How do you work together with the ESG taskforce?

We work closely together, brainstorm, exchange opinions on subjects regarding sustainability and we share best practices across Europe. I’m excited to further develop this exciting and important topic together with the ESG taskforce.

How do you translate ESG policy’s from BME into concrete action at BAUKING?

With our cross-functioning ESG team across BAUKING we make sure that ESG is a regular topic within all central departments and all regions. For instance, by taking it into account during our management meetings and it being a regular topic within our BAUKING-wide townhalls and online dialogues. We try to make sure all colleagues are informed by giving them regular progress updates. Sustainability also gets integrated into every function and project, ensuring it’s a core consideration from the start.

What achievements are you most proud of?

Even though sustainability has always played an important role within our company it was fun to actually help develop the topic of ESG from the beginning and to build something new around a topic that holds so much potential.

We notably increased awareness and good collaboration within BAUKING and among customers and suppliers. I’m also proud of the team of BAUKING experts in their fields we established that work together on sustainability topics. Other things we have achieved is making more than 90% of our 130+ locations LED lighted, increasing the amount of procured electricity from renewable resources to 100% and implementing a smart meter roll-out program. This initiative allows us to effectively track, manage, and ultimately reduce our electricity consumption, contributing to both cost savings and environmental stewardship.

What are goals for the future?

Firstly, we aim for sustainability to gain increased visibility across our locations, with a focus on engaging more individuals in ESG topics. Our overarching aim is to embody the principle of “do good and talk about it,” striving to make sustainability a central theme woven into every aspect of our company’s operations. Additionally, we’re committed to fostering greater sharing of best practices among our 130+ locations. There are already numerous commendable initiatives happening across our sites, and we believe it’s crucial to celebrate and communicate these successes to inspire further progress.



Our performance in 2023

Growing responsibly	36
Enabling a sustainable value chain	52
Securing a great, flexible and safe place to work	64



**TOGETHER
WE BUILD
SUSTAINABLY**



Growing responsibly

BME aims to be a catalyst for a more sustainable building sector and accelerates sustainable and responsible business practices in the value chain by actively advising and motivating its stakeholders to build in a more responsible and environmentally friendly way.

This can only be done when we lead by example by focusing on:

Growing continuously:

Our increasing size and profitable growth help us to drive sustainability within our company and across the sector.

Reducing carbon emissions and waste in our controlled operations:

Initiatives to reduce our environmental footprint to support our long-term net zero ambition in our controlled operations.

Acting in a responsible and ethical manner:

Rolling out our Code of Business Conduct helps us establish a culture of zero tolerance towards violations of our values and principles.



This connects to the UN Sustainable Development Goals (12) Responsible Consumption and Production and (13) Climate Action.

Growing continuously	38
Reducing carbon emissions	40
Reducing waste	46
Acting responsibly and ethically	50



TOGETHER
WE BUILD
SUSTAINABLY



GROWING CONTINUOUSLY

Scaling up remains central to BME Group’s approach, enhancing our operational efficiency, cost-effectiveness and environmental sustainability.

This strategic growth allows for investments in transport centralization, fleet electrification, and optimized routing, which, alongside the sharing of best practices, translates to superior customer service and a reduced carbon footprint. Our commitment to an ethical, diverse, and inclusive workforce continues to be a key priority.

BME Group’s strategic expansion in Europe continued with a series of acquisitions across its operating companies. BME completed 6 deals in 2023, namely Gebhardt Bauzentrum and Bähge Baustoffe in Germany, Bouwgroep in Belgium, Decoplack in Spain, Huijskes-Boevink and Van Engeland in The Netherlands. These acquisitions enable BME to develop a more close-knit network of locations where it can better service its customers and improve on operational efficiency. For the years to come, M&A will remain a key strategic pillar for BME to fuel continuing growth and to leverage that increased scale to improve its operations and better serve its customers.

At the same time, BME’s operating companies faced challenging economic conditions in 2023, with particular market pressure in Northern Europe. Building volumes declined substantially in the market, putting pressure on BME’s revenue.

The primary driver of market volume decline is a steep reduction in new build activity across Northern European countries. BME benefited from a diverse European presence with more robust Southern European markets that grew organically.

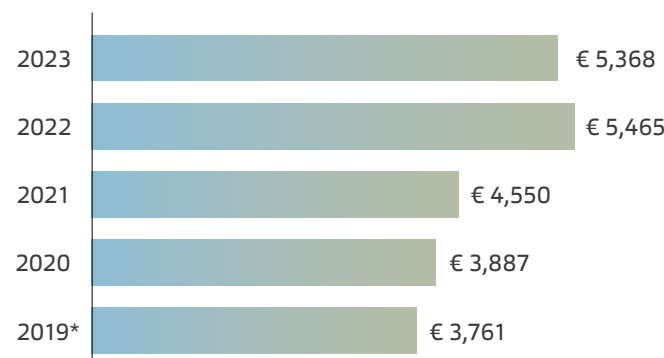
Overall, BME revenue declined with 1.8%, from €5,5bn in 2022 to €5,4bn in 2023.

Beyond market volume decline, the sector also experienced high inflation levels on operating costs. This also affected BME’s operational results. BME continued to deliver positive results from its strategic initiatives and through disciplined cost management it was able to offset part of the negative market impact on EBITDA.

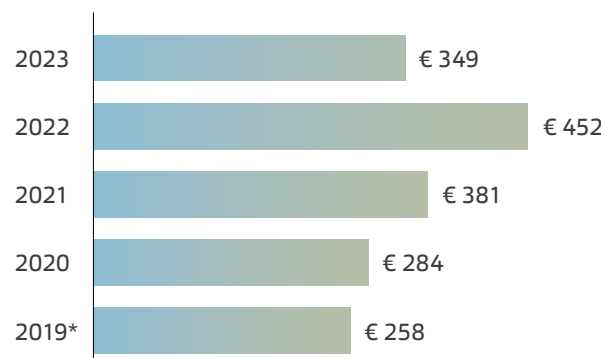
Overall, EBITDA declined from €452m in 2022 to €349m in 2023.

These stringent conditions have sharpened our focus on operational efficiency. By rationalizing our supplier base and prioritizing sustainability in our procurement processes, we are ensuring continued investment in our service delivery, safeguarding the value we provide to our customers.

BME Revenue in €m from 2019-2023



BME adjusted EBITDA in €m from 2019 - 2023



Timeline acquisitions

2020		2021		2022		2023	
Acquisition	Country	Acquisition	Country	Acquisition	Country	Acquisition	Country
Detering	Germany	Mahler	Germany	Heinrichs Fliesenmarkt	Germany	Gebhardt Bauzentrum	Germany
Amiens branch	France	Grupo BMV	Spain	Mager	France	Bähge Baustoffe	Germany
		Saint-Gobain Distribution Netherlands	Netherlands	UMHS	France	Bouwgroep	Belgium
		Planasdis	Spain	Villar MC	Spain	Decoplack	Spain
		Maxmat	Portugal	Bouwcenter Nelemans	Netherlands	Huijskens-Boevink	Netherlands
		Silix	France	Rollwitzer	Germany	Van Engeland	Netherlands
		De Jong & Roos	Netherlands	Induscabel	Belgium		
		Bauzentrum Cronrath	Germany	Home Carrelage	France		
		Yesyforma	Spain	GBI Jacob Bakker	Netherlands		
		Bridts	Germany	Bouwpunt Van der Gucht	Belgium		
				BVP-Socca	France		

REDUCING CARBON EMISSIONS

Carbon emission reduction is a key component to BME's Sustainability roadmap.

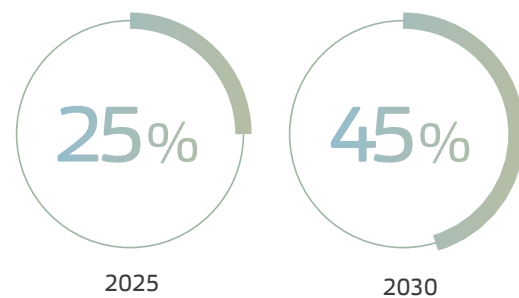
Our ambition

Recognizing the environmental impact of our operations, we feel responsible to reduce the footprint of our operations, by reducing the use of electricity and gas in our locations, bringing back fuel consumption from our own and outsourced logistics, and reducing the impact of travel and commute. In the fiscal year 2021-2022, BME focused on putting in place a roadmap with initiatives aimed at continuous improvement in carbon reduction across our Operating Companies. The goal was clear: meet regulatory requirements and exceed them, demonstrating our proactive stance in environmental stewardship.

In 2022, these initiatives already started to pay off, with 5.0 M kg CO2 reduction. The reduction achieved through these initiatives is significant because it not only offsets, but exceeds the increase in carbon emissions that occurred due to challenges associated with COVID-19 in 2021. Additionally, it also accounts for the environmental impact related to the

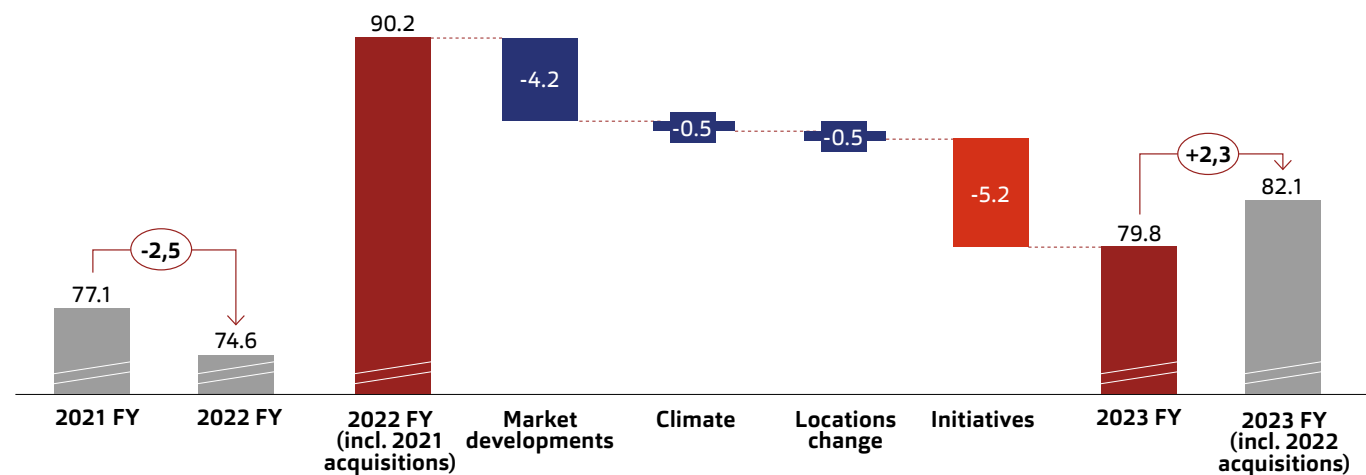
establishment of new branches and locations (greenfields). This shows we are on the right path towards reducing our footprint. Nonetheless, we still have a way to go. It is our ambition to reduce the carbon emissions of our own operations by 25% in 2025 versus a 2021 baseline. By 2030, we aim to reduce our footprint by 45% versus a 2021 baseline.

CARBON EMISSIONS AMBITION
Reduction vs 2021 baseline



Our progress to date

In 2023, BME continued its commitment to improving the environment by successfully reducing carbon emissions* across its organic businesses from 90.2 M kg to 79.8 M kg CO2, a decrease of 12%. These figures exclude the impact of acquisitions completed in 2022 and 2023.



There are multiple factors driving BME's carbon emission development:

Market Volume Developments:

A challenging macro-environment led to a substantial decline in market volume and a mix shift from products being delivered to being collected, resulting in fewer deliveries and logistical movements, contributing to a reduction of 4.2 M kg CO2.

Climate Impact:

Local climate and temperature variations influenced heating and cooling needs at BME locations. The impact, assessed through 'degree days,' revealed a reduction of 0.5 M kg CO2.

Greenfields expansion and network optimization:

BME's pursuit of continuous growth and being closer to our customers, involved adding 10 greenfield locations in 2023. We also closed 13 locations with strong geographic overlap in our network that arose through integrating our acquisitions. The integration of acquisitions also led to removing of duplicate functions in our organizations. The joint effect of network and organization optimization led to a decrease of our carbon footprint with 0.5 M kg CO2.

Initiatives:

A wide range of tangible improvement initiatives contributed to the reduction of carbon emissions in our Operating Companies, contributing to a reduction of 5.2 M kg CO2. The most significant impact was due to 8 out of 11 of our Operating Companies switching to procuring renewable energy. Our share of renewable energy as a percentage of total energy consumption is now 72%. Additional improvement occurred through the implementation of heating policies, whereby we installed heating thresholds for our locations to

limit gas consumption. In addition, we installed smart meters to monitor energy and gas usage and organized competitions between branches to reduce energy and gas consumption. BME also actively reduced carbon emissions from employee commutes by transitioning its lease car fleet from fossil fuel to electric vehicles and encouraging the use of public transport. Beyond carbon emission reduction, these initiatives create awareness amongst employees to improve on our footprint.

The achieved reduction ensures BME Group is in line with its targeted ambition of achieving 25% reduction by 2025 of the carbon emissions of its organic businesses versus a 2021 baseline. BME's continued M&A trajectory impacts the overall carbon footprint however. Acquisitions completed in 2022 contributed 2.3 M kg CO2 to the 2023 total emissions. BME Group's carbon emissions including acquisitions is 82.1 M kg CO2 in 2023.

Despite the increase in the carbon footprint due to our active acquisition activity, BME is an accelerator of sustainability in the value chain. The average carbon intensity of BME acquisitions done in 2022 is 18.4, which is 18% higher than the BME organic carbon intensity in 2023.

In addition, none of the acquisitions completed in 2022 had concrete initiatives and ESG targets in place. Upon integration of these acquisitions, BME ensures they commit to the existing ESG roadmap with clear improvement targets and initiatives. Similar to our existing businesses, the acquisitions are expected to deliver on this roadmap and they are fully committed to do so. As such, BME accelerates sustainability in the value chain, even though our overall carbon emission footprint is increasing.

Carbon emissions by scope (kilotons CO2)	2022	2023	%
Scope 1 Owned and leased freight logistics (vans/trucks/forklifts); Owned and leased buildings; volatile substances	40.1 kilotons	34.7 kilotons	-13%
Scope 2 Market-based emissions consumption in BME's owned or controlled equipment/operations	9.3 kilotons	6.0 kilotons	-36%
Scope 3 Emissions in the value chain: business travel, employee commuting and outsourced logistics	40.8 kilotons	39.1 kilotons	-4%
Total	90.2 kilotons	79.8 kilotons	
Scope 2: Location-based emissions		13.2 kilotons	

* Please note that the carbon emissions for 2021-2022 have been restated. See page 84 in the appendix for additional details on the restatements.

Our road towards net zero emissions

Our goal is to minimize our environmental impact in a feasible and constructive manner as we believe we have a great responsibility for the generations to come. We also recognize both the potential business benefits and risks, including potential costs associated with carbon taxes, non-compliance, and potential damage to our reputation.

We require each Operating Company to develop a clear roadmap of initiatives to reduce carbon emissions. To ensure the execution of these initiatives is embedded in the functions, they are co-developed between functional leads like Procurement and Supply Chain and the Operating Companies. For 2024, the key carbon emission reduction initiatives include: additional Operating Companies switching to renewable energy, expanding the adoption of heating policies across operating companies and locations, consolidation of our distribution network, collaborating with transport suppliers to switch to bio-fuel for trucks, and continued switch towards electric vehicles for our lease cars. Transport optimization is a special focus in the years to come. Transport is a key driver of our carbon footprint with owned and outsourced logistics representing ~50% of our carbon footprint. To reduce that footprint, BME is implementing a transport management system that not only aims at reducing the number of kms driven per delivery through transport efficiency but also enabling us to more easily switch to more sustainable transport modes (e.g. train versus road and small packaging via parcel delivery).

BME is committed to continue its improvement trajectory on carbon emission. We are proud of the achievements this year but also recognizes the long and complex road towards net zero emissions in 2045.

CASE STUDY

MAXMAT REDUCED ENERGY CONSUMPTION OF 13 LOCATIONS BY 40% BY INSTALLING SOLAR PANELS



In the past year, MAXMAT has installed solar panels at 13 locations as part of their commitment to sustainability. MAXMAT now boasts an impressive 1980 photovoltaic modules with a total capacity of 911 kWp. While it is still too early to draw final conclusions, the initial results are promising. Energy consumption has shown a substantial reduction of 40% in the first half year since the installation of the solar panels.

This reduction is particularly significant, considering that the summer, when energy consumption in Portugal traditionally peaks, has not yet arrived. MAXMAT is currently working on a contract to chan-

nel the surplus energy generated, estimated 421 MWh, back into the Portuguese electricity grid, contributing to the company's sustainability efforts.

The solar panel installation underscores BME's dedication to a circular economy. Through the use of renewable energy sources, we actively participate in minimizing resource depletion and promoting a closed-loop system. The lifecycle of the solar panels, from manufacturing to eventual decommissioning, is carefully managed to adhere to the principles of sustainability, ensuring minimal environmental impact and optimal resource utilization.

The installation of solar panels is a crucial step towards a greener energy supply and contributes to reducing MAXMAT's ecological footprint. In companies where energy constitutes a significant portion of the cost structure, sustainability and energy optimization become distinctive factors in the competitive landscape. By harnessing renewable energy sources, the company not only decreases its reliance on non-renewable sources but also contributes to the reduction of greenhouse gas emissions. Next steps has already been taken as MAXMAT recently started analyzing the possibility to expand the project to some of their 18 rented stores.

ENHANCING ENERGY EFFICIENCY IN BAUKING A FOCUS ON HEATING POLICY

In 2022, BAUKING - a leading brand of BME in Germany - has implemented a heating policy and associated energy-saving measures to become more energy efficient.

The first results are very encouraging with substantial annual savings in energy costs for the whole of BAUKING's operations.

Heating Policy and Guidelines

BAUKING's heating policy revolves around optimizing temperatures in buildings (warehouses, showrooms, offices) with room-specific maximum temperatures, turning off air conditioning when specific temperatures are reached, and providing guidelines on ventilation and air exchange. Additionally, energy-saving measures extend beyond heating, including controlling displayed assortments using motion detectors, reducing electric devices, and transitioning to LED lighting.

Implementation

The heating policy is disseminated through regular online training sessions for location managers, providing them with specific guidelines and checklists. Location-specific check-ups are conducted, and the central real estate team supports negotiations with landlords, especially in rented locations where heating systems fall under the landlord's responsibility. Hydrometers are distributed to enable tracking and adjustment of temperature and humidity in non-digital heating systems.

Measuring success and effectiveness

BAUKING employs online dashboards to monitor electricity consumption at the location level, facilitating early recognition of increased consumption or unusual consumption peaks. The company compares monthly and yearly consumption data and if an exceptional increase occurs, the location is being contacted and reasons for the increase in consumption are being investigated together.

Notable benefits of the dashboards include increased stakeholder awareness and significant savings in energy costs. The smartmeters give BAUKING the opportunity to better understand and actively manage electricity consumption on a transparent data basis – which would not be possible without the digital meters.

Challenges faced

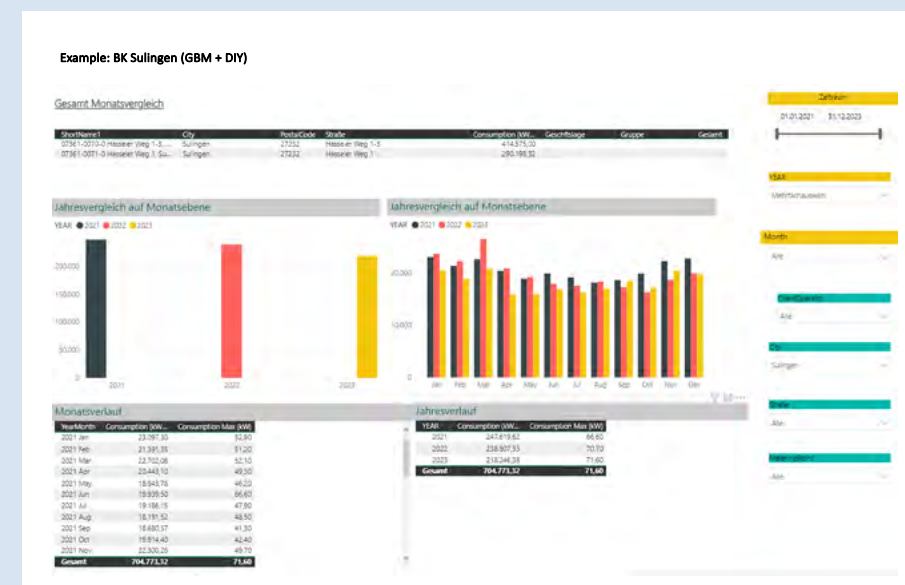
Of course, as with any implementation of successful projects, there were also a number of challenges to overcome. At first many effort was put in creating understanding in the locations and get employees to behave as mindful as they would at home. Also awareness was raised that behaving "sustainable" does not always have to require a lot of investment, but can actually save money. Finally, BAUKING often relies on external service providers for various tasks, such as installing smart meters, replacing and maintaining of heating systems, insulating, installing windows. None of these challenges stand in the way of a further roll-out of the heating policy.

Going forward

BAUKING is committed to further improving energy efficiency with upcoming initiatives. These initiatives involve completing the transition to LED lighting across all locations (currently at over 90%), optimizing lighting systems, installing solar panels where reasonable, and incorporating the renewal of heating systems in contract discussions with landlords. Additionally, a novel approach involves encouraging employees to contribute energy-saving ideas, with the best ideas being rewarded. Finally, the best practices will be shared for the benefit of the whole BME organization.



Extract from Power BI Dashboard from Acteno, visualizing electricity consumption data for all locations that have been switched to smartmeters > Each location will get access to their data to enable branch managers to track their electricity consumption



Example: BK Sulingen (GBM + DIY) Smartmeters installed in 12/21 already, which enables us to have a comparison on a monthly basis

REDUCING WASTE

Waste is one of the biggest challenges in the construction sector and can have significant negative impacts on the environment and human health when inadequately managed.

Our ambition

These impacts often extend beyond locations where waste is generated and discarded. The resources and materials contained in waste that is incinerated or landfilled are lost to future use, which accelerates their depletion. Waste can be generated in an organization's own activities, for example, during the production of its products and delivery of services. It can also be generated by entities in the organization's value chain, for example, when suppliers process materials that are later used or procured by the organization, or when consumers use the services or discard the products that the organization sells to them.

BME distinguishes between three main waste categories:

- 1. Waste from the manufacturing process of building products:** Our sphere of influence is relatively limited. However, we have started to work together with our key suppliers to influence their decision-making regarding the packaging of their products to encourage them to use more planet-friendly alternatives where possible.
- 2. Waste from the distribution process:** This type of waste is in our direct sphere of influence. It is therefore a focus area for us to reduce this significantly. In this chapter we will explain more on how we achieve this.
- 3. Waste as part of the building process** This type of waste primarily comprises post-installation waste of building products and waste coming from renovation/destruction of buildings. While the last type of waste is not within our direct sphere of influence, we do have selected initiatives on post-installation waste collection. For example: BME France has waste deposit points for their customers located in several of its largest branches. BMN in the Netherlands has initiated a collaboration with one of our suppliers – Velux – and collects old roof windows which are then separated into different material streams for reuse.

BME has set improvement targets that are in line with our direct sphere of influence. For waste from the distribution process it is our ambition to move to zero waste in controlled operations by 2045. As a result, by 2045, any waste produced as part of our operations will need to be refused, reduced, re-used or recycled. Leading up to that, BME aims to reduce its waste by 40% by 2030.

Though post-installation waste is outside of our direct sphere of influence, BME commits to collaborating with customers and suppliers to achieving a high rate of refusal, reduction, re-use and recycling of value chain waste by 2045.

Our road towards zero waste

There are three key sources of waste in our operations:

- 1. Packaging waste** that we receive from suppliers, packaging we procure and add, and packaging used for transport between locations. We aim to move to zero waste operations on this front by switching to packaging made completely from recycled content, collaborating with suppliers to reduce packaging altogether and implementing services to deliver products waste free.
- 2. Building products** that are damaged during transit or at our locations and goods that have become obsolete due to portfolio changes. We aim to move to zero waste operations on this front by reworking damaged goods where possible, collaborating with suppliers to facilitate repair and re-use, donating leftover goods to charity and reducing overstock/obsolete goods altogether.
- 3. Waste from our office locations and branches**, such as coffee grounds, lunch packaging, cardboard cups and paper. Our aim is to reduce this waste completely by splitting waste streams as much as possible and collaborating with our waste handlers to recycle and/or recover waste.



For waste in our overall value chain, either in the manufacturing process or as part of the building process, we aim to achieve a high rate of refuse, reduce, re-use or recycle value chain waste. This will require us to collaborate with our suppliers and customers, for instance by enabling zero waste construction sites through waste collection services. The main focus of our waste management efforts is on scrap – these are unused materials resulting from the use of parts of purchased materials during construction. For this waste type we commit to follow local legislation when it comes to handling

post installation and post use waste. Where feasible and value-adding, BME will offer services to the customer to collect waste from construction sites and will collaborate with waste handlers to divert waste as much as possible.

Going forward we will be rolling out a groupwide approach towards managing waste reduction initiatives and collecting data centrally. In the future we will also report on a set of KPI's linked to waste management, to monitor the progress of this important issue over time.

BME SPAIN **SAVED** **OVER 1300 TREES** BY REPURPOSING PALLETS

At BME Spain, they turned waste into opportunity last year by adopting the mission to repurpose seemingly discarded pallets and wooden blocks.

These materials found a second chance through the locations of Isopractic. Isopractic specializes in the production of metallic profiles. The results are very promising. In 2023, BME Spain repurposed a total of 10,476 pallets and blocks. That is the equivalent of over 1,300 trees.

To kickstart this initiative, BME Spain crafted an Internal Return Policy for pallets and blocks, for all locations of Isopractic. This policy defined the required dimensions for returns as well as outlined minimum quantities and an optimized shipping process. The goal was to make the return trips to Isolana and La Especialista not only environmentally conscious but also economically efficient.

The actions were made possible by the joint effort of multiple departments that participated: Finance, Operations and ESG all joined in. "This would not have happened without the enthusiasm of the Isolana and La Especialista colleagues," says Amalia Roca Pintado, Director of Sustainability, Technical Service, and Quality. "The call was clear: let's turn what was once considered waste into a valuable resource. And luckily that resonated with our colleagues. They all made this possible."

Next to the environmental impact the saving of 10,476 blocks has also resulted in some cost savings. "A part of the realized financial savings will be used for some well-deserved team-building activities for the branches, but this experience itself has already brought the team closer together," adds Amalia Roca Pintado. "So it didn't only translate into financial and sustainable gains; it also brought unity among all locations."

This initiative exemplifies a win-win scenario for BME Spain, where employee engagement intersects with sustainability and efficiency. To maximize the impact, the re-use of pallets began at 27 Isolana locations and 14 La Especialista locations and has expanded to Villar, which has 7 locations. The 5 locations of Decoplack are set to join soon. The aim is to incorporate all possible locations, expanding the reach of this impactful initiative.



ACTING RESPONSIBLY AND ETHICALLY

Our ambition

BME cares about doing business in an ethical and responsible way. We apply the same norms and values to ourselves that we aim to uphold in the value chain. The ethical practices we are committed to are in line with the UNGC Principles and OECD Guidelines, and they articulate the way we expect our employees to behave. It includes, for instance, respect for human rights, health & safety, and environmental stewardship.

We aim to achieve this ambition through ensuring the BME Code of Business Conduct is top of mind for our employees, by providing regular training sessions covering a variety of topics such as human and labor rights, environment, anti-corruption, bribery and data security. Our goal is that every year over 90% of all BME employees with access to digital training complete the CoBC training and attest that they understand it and will abide by its terms. In addition, it is imperative that our employees feel free and encouraged to report any potential transgressions of our Code of Conduct. To ensure that BME creates a safe atmosphere to report on potential incidents, we track the degree to which employees feel free and encouraged to make a report. Our ambition is that over 75% of all employees indicate they feel free to report potential incidents.

Our progress to date

In 2023, we offered a new set of digital trainings for our employees on our Business Code of Conduct. The target group for these digital trainings consists of (i) newcomers who must follow the full CoBC training as per 1 January 2023 and (ii) existing employees who have followed the CoBC in the past and only need to attest that they are familiar with the content of the CoBC and confirm their compliance with it. The target group consists of about 59% of all BME employees. 88% of

these employees completed the e-learning module in 2023. For the remainder of the employees, we organize tailored communication streams and live training sessions including poster campaigns, local flyers, and local awareness messages.

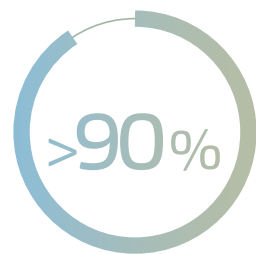
Our continuous improvement on doing business in an ethical and responsible way

In our quest to embed a robust culture of integrity within the company, we underscore the importance of upholding our core values and ethical standards. To this end, we actively encourage every member of our organization to report any actual or suspected violations through our Whistleblower procedure. This commitment to transparency and accountability is bolstered by our round-the-clock 'BME Speak Up Hotline' and a confidential online reporting platform, both made readily accessible to all employees.

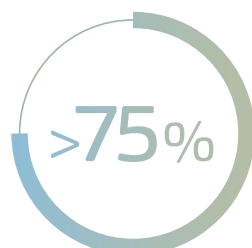
To ensure professionalism and impartiality, the reception of these reports is managed by an external specialist, with the provision of support in the local languages. These reports are then meticulously logged within an incident management system that maintains strict access controls, limited solely to the BME Group Legal & Compliance team.

The responsibility for overseeing the process and maintaining the confidentiality of the reports is entrusted to the BME Ethics & Compliance team, who coordinate the follow-up actions with utmost discretion. This framework not only reinforces our dedication to integrity but also provides our people with the assurance that their voices are heard and valued, fostering an environment of mutual trust.

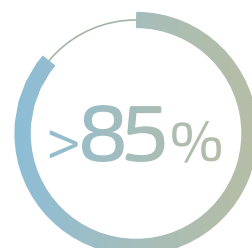
AMBITION FOR % EMPLOYEES TRAINED IN CoBC



AMBITION FOR % EMPLOYEES FEEL FREE/ENCOURAGED TO MAKE A REPORT 2025



2025



2030

CASE STUDY



THE 10 PRINCIPLES OF THE BUSINESS CODE OF CONDUCT

The BME Business Code of Conduct was launched not long after the creation of the company. The purpose of this code is to guide BME's employees, managers, members of our executive team and board of directors in maintaining ethical standards based on which we conduct our day-to-day business. We also expect our suppliers, business partners and other external parties working with BME and its affiliates to uphold similar ethical standards in working with us.

That means, to comply with the code and all applicable laws, use common sense and good judgement

in making business decisions and interactions, ask when in any doubt about how to proceed, and speak-up when things are not right. To make it more easy for employees to speak up the 'BME Speak-Up Hotline' was established. According to the most recent survey 66% of all employees are aware of this hotline and feel encouraged to raise concerns. BME is aiming to get this percentage up to at least 70%. Over the last years colleagues have also been following training on the business code of conduct. In the past year 90% of BME colleagues with digital access completed the Business Code of Conduct training.

The 10 principles of the Business Code of Conduct are:

1. We **take care of each other** to ensure the health and safety of our people and our guests everywhere we work.
2. We **respect human and labour rights** and we provide equal, merit-based opportunities to all our employees. We value their diversity and reward them fairly.
3. We are **fair and honest** with our customers, suppliers and business partners and we only engage with those who share our commitment to ethical business practices.
4. We are especially mindful of our **responsibility** in competition law and compete energetically, fairly and always within the law.
5. We **do not tolerate any form of bribery or corruption** and are committed to the highest standards of business ethics in all our dealings everywhere.
6. We **use** our Group's **assets in a proper manner** and for their designated purpose.
7. We respect confidential information and are **professional** in all our communications.
8. We **avoid conflicts of interest** and we are alert to promptly report any suspected incidents of fraud. We only offer and accept appropriate business gifts and entertainment.
9. We **embrace sustainability** as a fundamental criterium to our future growth. We continuously strive to meet the highest standards of environmental management and we are fully committed to enhancing the lives of the communities which we serve.
10. Finally, if we see or hear something illegal, unethical, or unsafe – we **"Speak Up"**!



Enabling a sustainable value chain

It is our fundamental belief, that with our vital role as intermediary in the fragmented building products distribution market in Europe, we also have a responsibility and obligation to take a leading role in driving sustainable transition in our sector.

We achieve this in two ways:

- Collaborating with our suppliers to uphold norms, practices and values for a sustainable and responsible value chain
- Accelerating the development of sustainable building products by our suppliers and the adoption of sustainable building products and practices by our customers

Ultimately, we believe that this will contribute to more affordable, comfortable and sustainable housing, while mitigating climate



This contributes to the UN Sustainable Development Goals (11) Sustainable Cities & Communities.

Working with suppliers who share the same values	54
Working with suppliers and customers to jointly improve on the sustainability of buildings	58



**TOGETHER
WE BUILD
SUSTAINABLY**



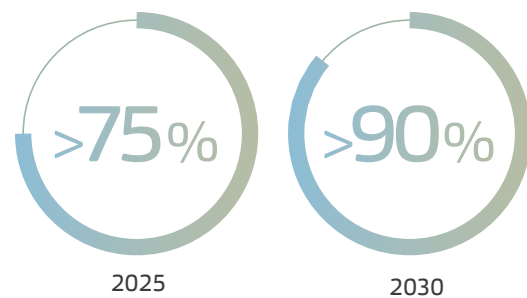
WORKING WITH SUPPLIERS WHO SHARE THE SAME VALUES

Waste is one of the biggest challenges in the construction sector and can have significant negative impacts on the environment and human health when inadequately managed.

Our ambition

BME is committed to playing a pivotal role in promoting sustainable practices within its industry, recognizing that collaboration with suppliers is integral to this mission. In line with this commitment, we have set targets to ensure more than 75% of our supplier spend is from suppliers that commit to abiding by our Supplier Code of Conduct (SCoC). Through this Supplier Code of Conduct, we expect our suppliers to uphold principles captured in the UNGC Principles and OECD Guidelines and steers towards compliance with topics such as human and labor rights, environment, anti-corruption and bribery.

AMBITION FOR SUPPLIER SPEND WHICH HAS SIGNED OUR SCOC



Our progress to date

We have cultivated enduring partnerships with leading manufacturers of building products and maintain connections with a vast global network of over 19,850 suppliers. While many of these suppliers have embraced robust ESG policies, we implement a comprehensive 3-tiered approach to ensure an ongoing and constructive dialogue, upholding our commitment to sustainability:

Tier 1

We expect all of our suppliers to uphold the principles laid down in our Supplier Code of Conduct and we create an open dialogue around this topic in order to improve together. In 2022 we set the goal to have confirmations of the commitment of our suppliers for 75% of our supplier spend by 2025. In 2023, we have taken great steps to achieve that target, with 64% of supplier spend covered by signed SCoCs.

Tier 2

Beyond supplier's commitment, we require a regular independent review process of compliance with our ESG standards expectations. For this we work with EcoVadis, a world-wide leading provider of sustainability ratings, specialized in supply chain sustainability self-assessments. Our goal is to cover 50% of our spend with suppliers that are annually audited and rated by EcoVadis by the year 2025. We are well on track to achieve this target with already 37% of supplier spend

Commitment from suppliers to comply with norms and regulations



Source: BSCI – Amfori

The 13 social performance areas measured by Amfori for a BSCI rating.



covered by the end of 2023. We rely on these scores to engage our suppliers on how to improve on Sustainability. Specifically, an EcoVadis score of higher than 45 is considered acceptable. A score between 25 and 44 required specific attention: we follow up with the suppliers to discuss how to improve on sustainability. A score of less than 25 is considered unacceptable and we move to Tier 3.

Tier 3

Tier 2 enables us to identify high risk areas for potential transgressions of norms and regulations. For those high risk areas we require an additional accredited third party audit, through Amfori BSCI. BSCI provides high-quality social audits and other monitoring activities that assess 13 performance areas to help us identify, prevent, mitigate, account for and remediate labor risks as well as adverse human rights impacts in our value chain. BME uses the scores from the BSCI rapport to decide on how to continue. Specifically, BSCI rates suppliers from A (very strong) to E (very poor) on each of the 13 Social Performance Areas describes here above. BME considers an

overall score between A and B to be acceptable. When suppliers receive an overall score of C, we follow up with them on how to improve on the specific areas they are underperforming. When suppliers receive an overall score D or E, we will replace them with alternative suppliers.

Our road towards a sustainable value chain

This tiered approach provides structure and gives us the tools to engage in constructive conversations with our suppliers to uphold our norms and regulations. We fundamentally believe that these constructive conversations have a trickle-down effect in the sector. The suppliers of our suppliers will be incentivized and pushed to uphold the same norms and standards. Together, these conversations steers towards compliance with critical topics such as human and labour rights, environment, anti-corruption and bribery. Upholding these norms and regulations is truly imperative and mission-critical for us. It therefore means that in the eventuality that constructive conversations fail, we adopt a zero-tolerance policy towards violations.

WHY COLLABORATION IS KEY TO ENABLING A SUSTAINABLE VALUE CHAIN

Geberit, a market leader in sanitary products and BME have forged a longstanding collaboration both locally and across Europe. This collaborative effort extends across diverse sectors, encompassing market development, marketing initiatives, logistics, and sustainability endeavors.

Head of Sustainability and Process Management at Geberit, Roland Högger talks more about how their collaboration helped them grow more sustainably together and what role EcoVadis has had in this.

“Trust, loyalty, professionalism and sustainable development are extremely important to us at Geberit, as this is the only way to establish and expand long-term partnerships and a trusting working relationship. We recognize these qualities in BME, which is one of the reasons why we collaborate so well. Sustainability is an important component for both BME and Geberit, as we both aim to continuously develop in this area.”

BME assesses Geberit by using the EcoVadis rating system which is based on a very comprehensive set of questions and covers various topics such as the environment, working conditions, human rights, ethics and sustainable procurement. Roland sees the EcoVadis rating system as a substantial advantage and a good orientation in the “jungle” of sustainability ratings. “EcoVadis is a valuable tool for navigating the complexities of sustainability, appreciating its commitment to maintaining a high standard. It provides a comprehensive and solid portrayal of a company’s sustainability management. We’re proud that Geberit scores 76 out of 100 in the EcoVadis rating, which places us in the top 2 percent of all assessed companies, awarding us with a Gold medal. Sustainable development has played an important role for us for over 30 years – this is also reflected in the results of the assessment.”

Roland emphasizes the critical role of collaboration in the value chain: “To make progress, I believe that collaboration in the value chain is very important. This is the only way we can understand the needs of our partners and improve our products, systems and services. Collaboration also plays a pivotal role in addressing environmental concerns, such as CO2 emissions and circular economy practices.”

Geberit collaborates with BME to enhance transparency in environmental data related to their product portfolio: “We are in dialogue with BME regarding environmental data on our products in order to increase transparency and create a better basis for purchasing decisions. Environmental Product Declarations (EPDs) play a central role here. Geberit has been conducting life cycle assessments for around 30 years, with around 34% of Group sales already covered by products with an EPD.”

BME has provided valuable insights, particularly in simplifying and transparently comparing construction products. “The approach developed by BME is very interesting and will enable us to better understand how our products compare to others from an environmental perspective.”

Looking ahead, Geberit aims to maintain leadership in innovation development. “We want to continue to offer innovative, resource-saving and efficient products, systems and services that generate added value for customers and society. In addition, we are open to additional joint initiatives together with BME and EcoVadis.”



WORKING WITH SUPPLIERS AND CUSTOMERS TO JOINTLY IMPROVE ON THE SUSTAINABILITY OF BUILDINGS

BME aspires to be at the forefront of improving sustainability within the building products sector.

Our ambition

Through our role as a B2B distributor, we form a vital link, connecting a diverse range of building product suppliers with numerous small and medium-sized contractors. This places us in a strategic position to aid both suppliers and contractors in developing and adopting more sustainable building products and practices. There are two ways for BME to achieve this:

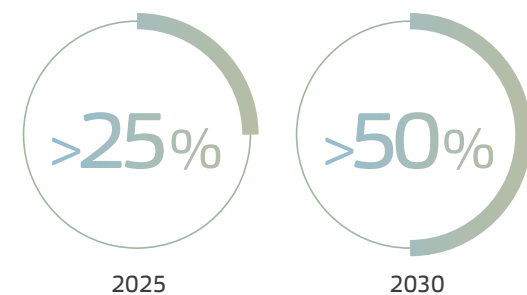
1. Positive impact on the sustainability of buildings:

Creating transparency on which products in our portfolio have a demonstrable positive impact on the sustainability of a building, adjusting our product portfolio to broaden products and categories with a positive impact, and motivate our customers to build with products with a positive impact

2. Lower environmental footprint of building products

Creating transparency on the environmental footprint of building products, supporting suppliers to reduce the footprint of their building products, adjusting our product portfolio to include products with a lower footprint, and motivating customers to build with products that have a lower environmental footprint.

AMBITION FOR SPEND FROM SUSTAINABLE PRODUCTS IN COMPLETE BME'S PRODUCT PORTFOLIO



It is our ambition to gradually shift our product portfolio to include sustainable products, both from a positive impact as from a lower environmental footprint perspective. By 2025, more than 25% of our spend for our product portfolio should be from sustainable products. By 2030, this should be more than 50%.

Our progress to date

Our focus for 2023 has been on creating transparency on the environmental footprint of building products. We fundamentally believe this will help contractors, but also architects and project developers make more conscious decisions on which products they build with. In addition, transparency can incentivize suppliers to make their building products more sustainable. We focused on the environmental footprint side as the European norm EN15804 allows for an objective and comprehensive scoring of the life-cycle footprint of a building product on the environment. It's also an approach that can be applied in all countries we operate in.

In practice, this means BME relies on Environmental Product Declarations (EPDs) to establish a relative scoring system for building products within the same application area or product category. These EPDs are based on a wide range of environmental footprint indicators, including renewable energy usage, overall energy consumption, hazardous waste disposal, toxicity levels, freshwater usage, global warming potential, and more, throughout each stage of the product's lifecycle. The scores for the separate indicators can be summarized into a single environmental footprint score which, in essence, expresses the environmental footprint of a building product. Our Greenworks label in the Netherlands reflects this approach, offering customers transparency regarding what constitutes a sustainable building product. Customers can recognize sustainable products in our branches and in our webshop through the Greenworks label. In 2022, 36% of BMN sales were from Greenworks products. In 2023, this increased to 38%. The share of sustainable products is even higher for BMN's top 200 customers (41%).

In 2023, we completed a pilot project to gather **Environmental Product Declaration's (EPD's)** from the top 15 suppliers of drylining and insulation building products in **Netherlands and Germany.**

Environmental product declarations in accordance with EN 15804+A2													BENEFITS AND LOADS BEYOND THE SYSTEM BOUNDARY	
A 1-3 PRODUCTION STAGE			A 4-5 BUILDING STAGE		B 1-7 USE STAGE					C 1-4 END OF LIFE STAGE				D
A1	A2	A3	A4	A5	B1	B2	B3	B4	B5	C1	C2	C3	C4	Environmental costs and benefits outside the system boundary.
Extraction of raw materials	Transport	Manufacturing	Transport	Building and installation process	Use	Maintenance	Repair	Replacement	Refurbishment	Deconstruction demolition	Transport	Waste processing	Disposal	Opportunities for re-use, recovery and recycling.

The objective of the pilot was to develop a proof of concept for an EPD data platform that could serve as an enabler to provide a number of value-added services to our suppliers, customers and the wider building community. The EPD data platform is intended to serve as a single standard to assess the environmental footprint of building products in the countries BME is active in. It should also serve as the single source of truth for objective and verifiable data on the environmental footprint of building products. Ultimately, the EPD data platform needs to enable BME to provide benchmarking services to its suppliers, improving visibility on how and where to improve on the environmental footprint of their building products.

Secondly, it should allow BME to provide fact-based advice on how to build sustainably. Through Greenworks and the BAUKING's Planungsburo, BME is already offering these services to customers. In 2023, the BMN Greenworks team gave advice to more than 50 projects on how to build in a sustainable way. It also welcomed more than 2700 participants to the Greenworks Academy, where workshops and trainings were held on sustainable building products and practices. The development of the EPD platform allows us to further scale these advisory services. Thirdly, the EPD platform can provide Sustainability data services to customers and the wider building community. For example, it allows for efficient and automated scope 3 carbon emission calculations.

Though our focus in 2023 was on the environmental footprint of building products, we did make progress on products with a positive impact on the sustainability of

buildings as well. We identified a selection of building product categories with a positive impact as key growth areas for BME. Categories such as drylining and insulation, which improves energy efficiency of buildings and heat pumps, which enable buildings to switch from gas to electric heating, are key areas of growth and they have a demonstrable positive impact on the sustainability of the building. In SHK for instance, the sales of heat pump grew from €28m to €47m, an increase of more than 65%.

Our road towards enabling sustainable buildings and sustainable building practices
With the completion of the proof of concept in 2023, BME gained clear visibility of what is required to develop, launch and scale the EPD platform. It is our fundamental belief that the success of the EPD platform hinges on its ability to provide relatively complete coverage of the broad and deep product portfolio of building products in the market. For that reason, BME is looking to develop a partnership model where a wider community of value chain partners collaborate to create an EPD platform and scale its adoption in the value chain.

To accelerate the sustainability of the built environment and to radically reduce its footprint, it is key to have a single and uniform standard in the value chain on what constitutes a sustainable product. The European norm EN15804 caters for this. For 2024, BME is focused on building this partnership and moving from a proof of concept to a EPD platform in use, allowing us to scale the key value-adding services currently being offered in BMN and BAUKING.

HOW GREENWORKS AND THE GREENWORKS ACADEMY BECAME LEADING IN THE SUSTAINABILITY OF THE CONSTRUCTION SECTOR IN THE NETHERLANDS



Circular and sustainable construction has become the norm nowadays. But how do you determine and choose materials that are genuinely sustainable? The Greenworks label provides that insight and ease of choice.

Greenworks was launched in 2011 and is now widely accepted as a measuring instrument. The Greenworks Academy welcomed approximately 3,000 visitors last year. Gerhard Hospers, Manager ESG and Greenworks at BMN, sheds light on how Greenworks and the Greenworks Academy play a leading role in the sustainability of the construction sector in the Netherlands.

On the Greenworks website, users can search based on various environmental properties such as the 'origin distance of raw materials,' 'significant environmental benefits during use,' or 'repairable during use.' This makes it easy for users to find products that suit their needs. "In 2008, sustainability started to become a significant topic. Recognizing our role as an intermediary in the construction sector, we realized we could have a considerable impact on enabling a more sustainable value chain.

In consultation with the Dutch government, we initiated the Greenworks program. We launched the Greenworks score in 2011 and the first Greenworks Academy in 2012," says Gerhard.

Today, the Greenworks label is widely accepted as a measuring instrument in the industry. What contributes to this success? "Currently, we are the only ones in the market doing this, which helps us connect well with different clients," Gerhard emphasizes. "Large construction companies in the Netherlands invite us to strategic sessions to provide them with advice that can help them secure specific projects by building sustainably, using the right materials. Municipalities emphasize the importance of construction companies knowing how to build sustainably. Since we started Greenworks before sustainability became more or less mandatory, we can

put our learnings into practice now that everybody wants to build sustainably."

One of the latest successes of Greenworks is a project in Rotterdam, involving the construction of 270 replacement apartments. Gerhard says, "The contractor hired us to provide advice, and the advice we gave turned out to be exactly what they were looking for. The contractor, in question, was selected by the housing cooperative. Although these apartments are yet to be built, we are proud to have already contributed to this project."

The Greenworks Academy

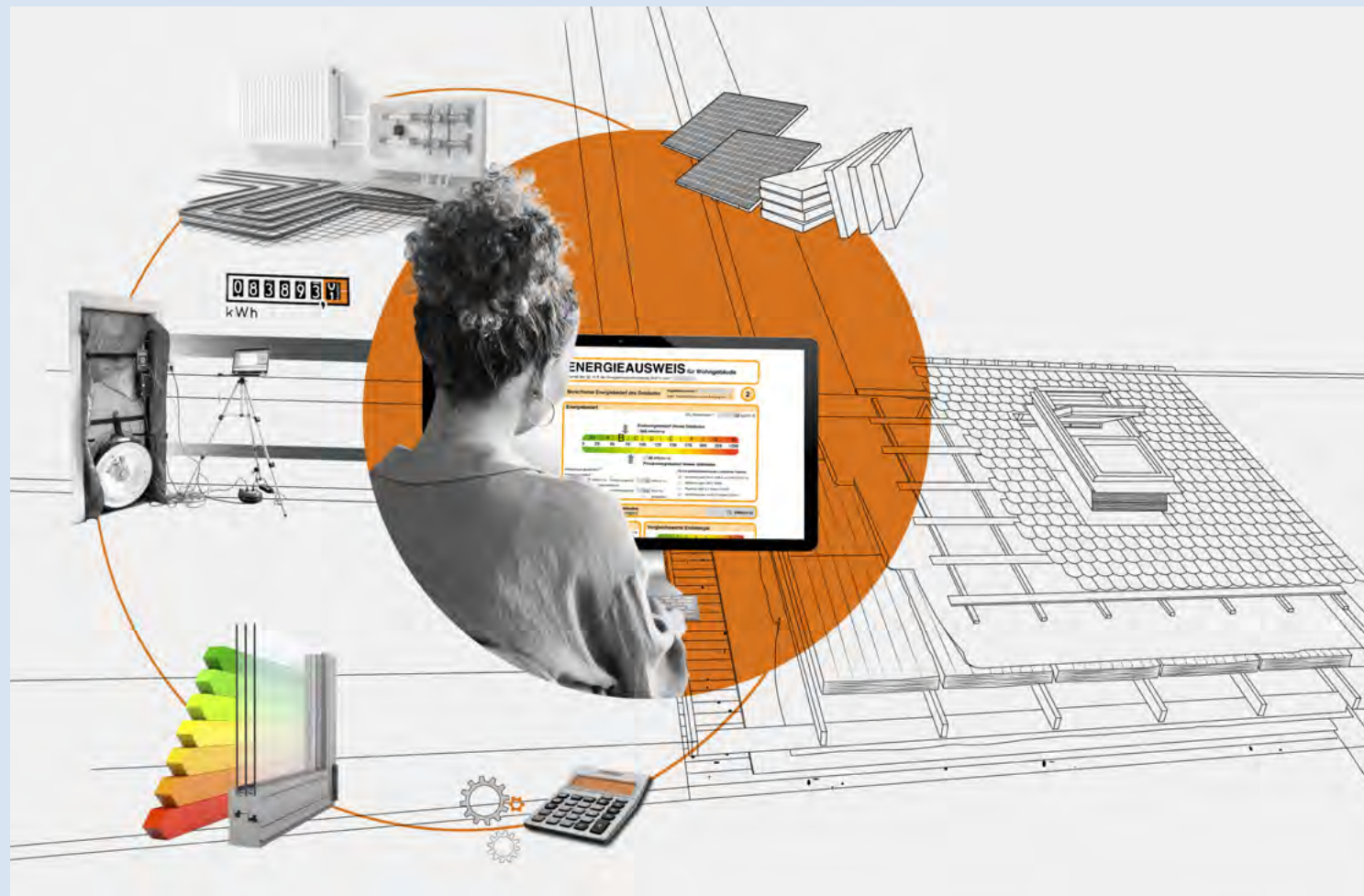
The Greenworks Academy is a knowledge center for the Construction and installation industry with locations in Amsterdam, Apeldoorn, and Breda. The Academy welcomed approximately 3,000 visitors last year. Professionals can attend training sessions such as Circular & Biobased Building, Quality Assurance Building Law, or Airtight Construction in Practice or can choose a customized training. Gerhard says, "We focus on subjects that are

relevant to the sustainability of the building industry at the moment. Or we can offer tailored advice and training for specific clients."

Upon completing a training session at Greenworks, professionals receive a certificate. "This is to ensure quality but also so that someone can demonstrate their knowledge of a particular form of sustainable construction. This can truly make a difference in some projects, especially in the current environment."

BMN has the ambition to translate the concept of Greenworks to other countries in the future. "BAUKING, for instance, already has a similar platform. But we definitely would like to expand to more countries; we could absolutely use our experience from Greenworks as added value. Another ambition is to open a location in the North of the Netherlands."





ACCELERATING THE SUSTAINABILITY OF THE BUILT ENVIRONMENT THROUGH A COMPREHENSIVE PLANNING SERVICE FROM BAUKING

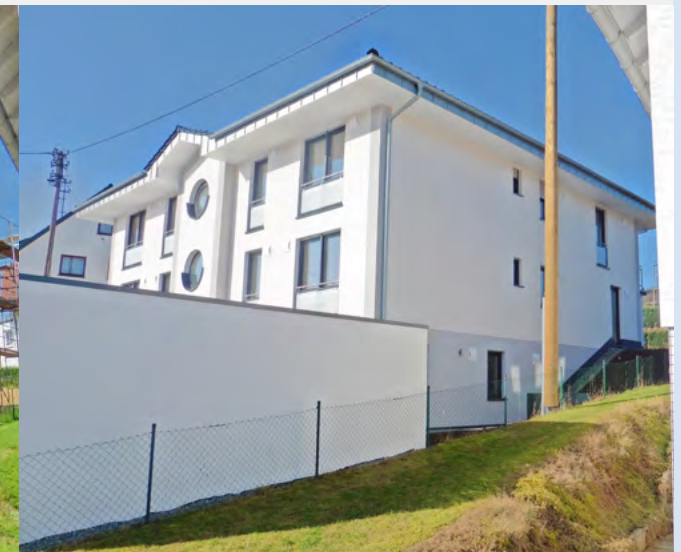
BAUKING's Planungsburo plays a crucial role in supporting sustainable construction practices by providing comprehensive planning services to BAUKING's customers.

The Planungsburo offers holistic planning for sustainable building projects, guiding clients through the entire process from conception to certification. The Planungsburo's team of engineers offers a range of sustainable services, including:

- Conception, planning and preparation of construction documents and structural engineering proofs for building projects.
- Accredited expertise in sustainable building and refurbishment, energy efficiency, and certification according to DGNB standards.
- Sustainable advice during the planning phase includes guidance on sustainable building materials and certifications, which are often necessary for customers to secure funding.

- Internal information events for colleagues in the locations on the subject of sustainable construction, sustainable building materials and building certifications.

The Planungsburo consists of three departments: building physics, structural design and construction planning. Within building physics individual refurbishment roadmaps are made and energy consultancy is provided how clients can refurbish sustainably and energetically. The structural design department offers expertise in statics, while during construction planning, advice is given on barrier-free accessibility and the use of ecological building materials tailored to each project's requirements. Additionally, guidance is provided on building certification, such as DGNB certification.



The Planungsburo primarily serves small to medium-sized construction companies, general contractors involved in residential construction, and private customers.

The team addresses key questions and problems faced by customers, including sustainable building practices, value enhancement, and obtaining funding. They offer advice on various aspects of construction, and assist in funding applications. The team also provides on-site verification, checking whether the planned construction method was executed correctly, or conducts a BlowerDoor test to

assess the airtightness of the house and seal any defects to save energy.

The service aligns with BAUKING's value proposition by offering a one-stop solution for customers, enhancing their building process with expertise in structural analysis, certification, and sustainable building advice. Satisfied and returning customers appreciate the holistic approach of the Planungsburo, reinforcing the positive impact of the team's services on BAUKING's clientele.



Securing a great, flexible and safe place to work

At the core of our mission are our people, who not only drive our efforts in enhancing ESG performance but are also pivotal in positioning us as frontrunners of sustainability within our sector. We are dedicated to creating and maintaining an environment that nurtures over 13,000 employees, providing them with a stimulating and secure workspace.

Our commitment is underpinned by a focus on three key areas:

- Becoming the benchmark for employee engagement in the sector;
- Cultivating a workforce that celebrates diversity and inclusivity;
- Ensuring the health and safety of our workforce, with the ultimate goal of achieving zero work-related accidents

Our daily operations are infused with these priorities, empowering our employees to grow, engage in their work with enthusiasm, and thrive in an environment that is health-conscious, safe, and inclusive. Ultimately, it is our ambition to provide an inspiring and safe place to work, with a great employee journey for all our people, every day.



This contributes to the UN Sustainable Development Goals (5) Gender Equality and (8) Decent work and Economic growth.

Becoming an industry leader in terms of employee engagement	66
Fostering a diverse and inclusive workplace	70
Having a healthy and safe work environment	74

**TOGETHER
WE BUILD
SUSTAINABLY**



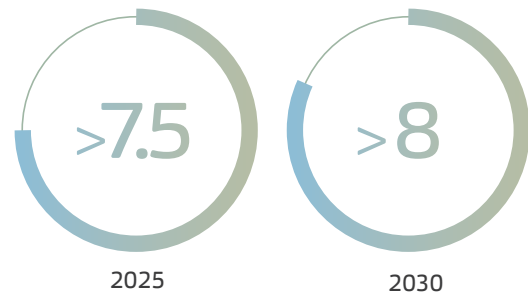
BECOMING AN INDUSTRY LEADER IN TERMS EMPLOYEE ENGAGEMENT

Our people are the key driver behind the success of BME and our goal is to become a leading driver of employee engagement in our sector.

Our ambition

In 2022, BME adopted a focused strategy with an engaging employee journey, a leadership development program and continuing improvements through our frequent employee engagement survey. We aim to be the employer of choice in our sector. In the short term, by 2025, we have set targets to improve our employee engagement to above 7.5. From 2030 onwards, we aim to increase our employee engagement score to above 8.

BME EMPLOYEE ENGAGEMENT AMBITION



Our progress to date

In 2023, we have made progress on all three fronts:

- > **Engaging employee journey:** We expanded on learning opportunities across functions and businesses to build broad teams with complementary skillsets. Next to that, we improved on building a performance driven organization through the implementation of personal development plans, feedforward and coaching. We also doubled down on individual development plans, which will be cascaded further, to structure individual performance conversations;
- > **Leadership development program:** We cascaded down key learnings and takeaways from our Leadership Development Program in the local country Operating Companies. Furthermore, a 'great conversation' training was held to help leadership with right interactions between managers and direct reports to surface performance conversations and potential work issues;

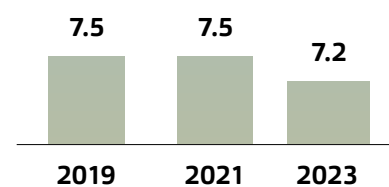
- > **Engagement survey:** We ran an update on the engagement survey. This included workshops to discuss the key outcomes of the survey and lay a concrete path forward to implement identified improvement areas. In addition, we added more frequent deep dive pulse checks. These concentrate on the lowest scoring items so we can zoom in on what to improve there.

Despite a slight decline in overall employee engagement from 7.5 in 2021 to 7.2 in 2023, it is still in line with the industry average of 7.1. Over the same period, our eNPS improved from +5 to +22. This indicates a higher likelihood of employees recommending BME as an employer, reinforcing our commitment to further enhance employee engagement.

The primary driver of the decline in engagement is attributed to tougher market conditions, impacting market share protection amidst declining demand and cost inflation pressures on margins. This has led to cost reduction initiatives, including redundancies, creating a less engaging environment across our organization and value chain. The lower score on the sub-question "My work energizes me" reflects the impact of the challenging environment on employee motivation.

Our road towards being an 'employer of choice'

Our determination to become an industry leader in employee engagement remains unwavering. Following the survey, we identified key challenges, root causes and improvements, and initiated local and groupwide action plans to implement improvements and strengthen our commitment to employee engagement.



2021 employee engagement has been restated and therefore differs from employee engagement published in the BME Sustainability report 2022. Please refer to appendix for additional details on the restatements.



OPEN COMMUNICATION IS KEY, ESPECIALLY IN TIMES OF STRESS



STG's journey to more employee engagement was a tumultuous one. They went from a eNPS score (employee Net Promoter score) of -23 to 17.

The turnaround eventually came from open communication and putting the learnings they got from employee surveys into practice. HR director Patrick Van Den Bosch shares their story.

"STG was born from the merger of three Belgian companies – each very good at what they did. This resulted in a big player in sanitary, heating, and plumbing, but there were some real challenges in our path to getting there.

The project's initial focus on merging locations inadvertently overlooked the people side of it and the diverse perspectives of those involved.

The consolidation of these companies presented some serious hurdles, such as merging three warehouses into one and implementing a unified ERP system, leading to unexpected delivery issues and causing concerns among both employees and customers. The project's initial focus on merging locations inadvertently overlooked the people side of it and the diverse perspectives of those involved.

During the restructuring, both the Management Team (MT) and the MT Connect team initially operated in a closed-off manner, which is common in high-stress situations. But it's important, especially in crises, to keep communicating openly. This lack of communication resulted in thinking in terms of silos, inefficiencies, and irritations at both customers as employees and, as a result, a historically low eNPS score of -23 at the end of 2022.

We realized the heartbeat of STG are the employees

Thankfully we all realized that something had to be done. And with the appointment of our new managing director who conveyed BME's vision for a safe and healthy place to work, we started to make the right changes. Besides having the right people on the right place, we realized the heartbeat of STG is its employees, and so began to more actively listen to the opinions they voiced via surveys. Learning from these survey results, teams collaboratively addressed issues, marking a positive shift in their approach. But certainly also have the right people on the right place.

We managed to deliver back on our customer promise by putting the right focus and open consultation between the different departments. Bringing people of different departments together to discuss the issues and come with and implement the right solutions. This with the aim of striving for improvement together and not pointing

fingers. The Management Team and the MT Connect team opened themselves up, and started to actively listen to all employees. And it actually paid off: this year we realized an eNPS score of 17.

There's a shared sense of pride at STG

It's not as high as we want it to be yet, but we have come a long way. Looking ahead, our focus remains on improving employee engagement. This involves implementing structured approaches to address survey results and fostering open communication across all levels of the organization in both directions, with a special emphasis on management's role.

Reflecting on where we've been, there's a shared sense of pride at STG. The commitment to improvement and growth remains strong, and we're looking forward to continuing to grow together."

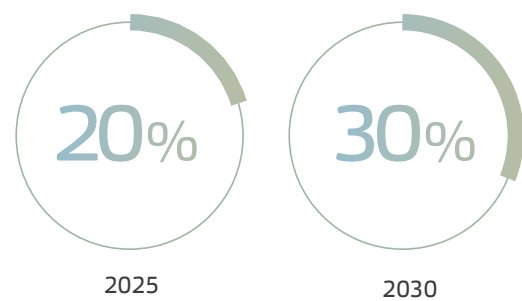
FOSTERING A DIVERSE AND INCLUSIVE WORKFORCE

BME is committed to fostering a diverse and inclusive workforce, recognizing the array of benefits it brings, from employee well-being to enriching the workplace with a variety of perspectives, experiences and skills that are essential for creativity and innovation.

Our ambition

We also fundamentally believe it leads to better decision-making, as varied viewpoints often result in more thorough and critical evaluation of challenges. An inclusive environment fosters a sense of belonging among employees, which enhances job satisfaction, commitment, and overall well-being. In the end, all these factors contribute to an improved ability to service our customers. BME operates in a sector though that traditionally lacks in diversity, with lower female representation compared to other sectors. Though this may pose challenges in terms of the pace with which diversity and inclusion can improve, BME has set ambitious goals.

BME LEADERSHIP DIVERSITY AMBITION

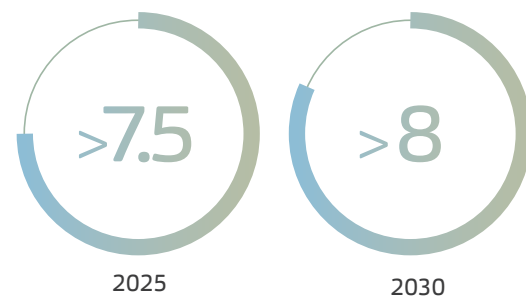


Our vision is to cultivate a work environment that mirrors the diversity of the communities and markets we serve. We begin with our Leadership Teams, meaning the Extended Executive Management Team and their local Leadership Teams in the Operating Companies, with a commitment to fostering gender diversity. Aiming for tangible milestones, we have set a goal of achieving 20% gender diversity by 2025, increasing it to 30% by 2030.

In addition to Leadership Team diversity, we aim to create a culture of acceptance, inclusion, feedback and continuous learning and improvement. From our perspective, it is imperative that our employees can be themselves, that they

are treated with dignity and respect, that people of all backgrounds can succeed, that our work environment is free from bullying and harassment and that diversity in the workplace is actively supported – not just at key moments, but at all times. For that reason, we are frequently requesting feedback from our employees on how we perform on these dimensions and summarize that performance in an Inclusion score. To push ourselves to continuously improve, we have set targets on the Inclusion score, aiming for a score of above 7.5 by 2025 and above 8 by 2030.

INCLUSION SCORE AMBITION



Our progress to date

Last year we achieved a leadership diversity of 19% in terms of gender. Despite changes in several Leadership Teams we have maintained a gender diversity of 19% in 2023 as well. Though we are relatively close to achieving our 2025 targets, we feel we need to do better and improve year-on-year if we want to truly foster a diverse and inclusive workforce. One of the primary levers to achieve this is to ensure that the talent and application pools we select our leaders from are sufficiently diverse. Last year we improved our recruitment profiles to make them more attractive and modern. We have also started tracking the number of applicant pools with an applicant from another gender than the majority in a pool. This allows us to get a better view of how well we are able to



attract diverse candidates. Ultimately, this should trickle down to increased diversity of the workforce and the Leadership team. It is not just about numbers though. Across Operating Companies, we are preparing to roll out “Unconscious Bias” Trainings to create awareness of deep-seated biases that can influence decision-making. By understanding these biases, organizations can mitigate their impact, leading to more objective and fair recruitment practices.

On Supervisory Board level, we are in line with the Dutch statutory gender diversity rules, which require either one-third female or one-third male representative. Currently, we have two female and four male members.

In terms of promoting an inclusive culture, we have improved last year on the Inclusion score from 7.1 in 2022 to 7.4 in 2023. This suggests that our efforts to ensure BME has a culture of acceptance and inclusion, with a workplace that is free from bullying and harassment are paying off. A key initiative was to appoint internal and external confidant people who are there to listen, support and guide. They enable employees to raise concerns and seek help in a safe way, with people who have

their best interests at heart. The “confidants” may also provide guidance in situations that may occur in the workplace. Despite these improvements, we are not there yet and we recognize still need to improve towards achieving our 2025 and 2030 target.

Our road towards a diverse and inclusive workspace

Our road towards a diverse and inclusive workspace is one of continuous improvement. It is one where our Leadership Teams will lead by example through exemplary behavior on acceptance, inclusion, openness to different perspectives and a safe and conducive environment. These topics are a key part of our frequent personal development conversation that trickle down from our Leadership Teams to their direct reports, down to branch- and distribution center-levels of the organization. Through our annual employee survey, we identify key improvement areas and concrete initiatives locally and groupwide. Lastly, our continuous implementation of the untapped talent initiative in collaboration with the Blackstone Career Pathways Program aims to give untapped talent in the organization an opportunity to thrive.

OUR DIFFERENCES MAKE US STRONGER

Historically, certain industries, including the building industry, have been male dominated. In the past few years BME has worked hard and is still working hard to establish a more inclusive workforce.

One of the Operating Companies that is already thriving in this is Quester in Austria. Their managing director Barbara Bernsteiner shares more about the benefits of an inclusive workforce and what it takes to realize this.

Where it begins: hiring process

“To begin with, Quester prioritizes diversity and inclusion in its hiring processes, actively seeking out candidates from various backgrounds. We value diverse perspectives and experiences, believing that it contributes to a more innovative and well-rounded management team. Additionally, having a female Managing Director in a male dominated business encourages other women to take on a role in a Management Team.”

The role of Leadership

According to Barbara, visible and vocal support for diversity and inclusion from the top leadership is key in having an inclusive and diverse organization. “Leaders play a crucial role in championing diversity initiatives. They

should actively participate in events, set an inspiring example, and communicate clear diversity and inclusion policies. To make this happen we should introduce internal networks and mentoring programs to empower diverse leadership throughout the company.”

Managing a diverse team

Managing a diverse team of course has its own challenges but they are nothing compared to the benefits, Barbara emphasizes: “it is important to value the unique strengths and contributions of each team member, while fostering a sense of belonging and equality. Therefore, strong conflict resolution skills are important as “good fights” are on the agenda of a diverse team.” Barbara also mentions that as a leader it is important to be aware of your own biases: “Unconscious biases can influence decision making, performance evaluation and team dynamics. As a leader, I need to be aware of my own biases and take proactive steps to mitigate bias in hiring, promotion and day-to-day interactions.”



What other strategies does Barbara take as a leader to ensure that everyone’s voice is heard and valued within her team? “Regular team meetings, one-on-one check-ins, and creating forums for open discussions. Training on unconscious bias and promoting a culture where diverse perspectives are valued. It is important to create a psychologically safe environment where team member feel safe to speak up. Quieter or less vocal team members need to be encouraged to participate by asking them directly for their input.”

Diversity and inclusion as strategic advantage
Leaders play a crucial role in championing diversity initiatives

Finally Barbara likes to stress the importance and added value of embracing diversity and inclusion. “It’s not just a moral imperative, it’s a strategic advantage. Our differences make us stronger, more innovative, and better equipped to meet the challenges of a rapidly changing business landscape. With a more diverse team, we are better able to understand and meet the diverse needs of our customers and suppliers. Let’s continue to celebrate our diversity and create a workplace here everyone feels valued and included.”

HAVING A HEALTHY AND SAFE WORK ENVIRONMENT

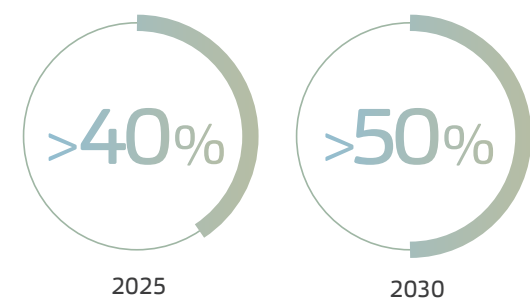
Our people are at the heart of what we do. Ensuring their health, making sure they are safe and safeguarding their overall wellness is fundamental to our business. It's our conviction that employees flourish in a supportive and secure environment.

Our ambition

For that reason, we have set ourselves the ambition to create a zero accident environment: an environment that radically minimizes the risk for accidents. To get there, we have introduced the Health & Safety Compass Program in 2021, which addresses the work-related health, safety and well-being of our employees. The program provides a set of guidelines in our day-to-day business to minimize the risk of accidents, ill-health, and related injuries.

Through the Compass program, we aim to reduce the frequency ratio of accidents by over 40% in 2025 and by over 50% in 2030, versus the 2021 baseline performance.

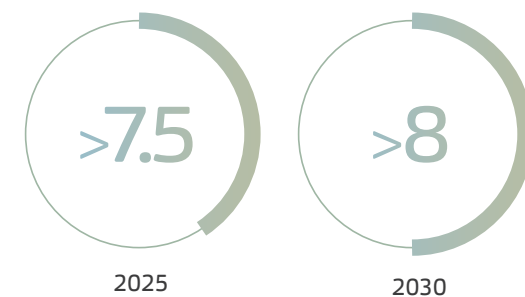
FREQUENCY RATIO OF ACCIDENTS REDUCTION AMBITION



In addition to the frequency ratio, we also track the well-being of our employees through the annual employee survey. Specifically, we ask employees on how rate their work-life balance and the extent to which management and the organization cares for their well-being.

We summarize this into an overall well-being score for which we have set the goal to reach an average score of 7.5 across the Group by 2025 and 8 by 2030.

WELL-BEING AMBITION



Our progress to date

The key driver of our progress on Health & Safety is the continued implementation of the Health and Safety Compass program, which is divided into 5 focus areas:

Employee safety

To comply with the local safety guidelines, all our colleagues are informed, educated, and trained in our safety guidelines as part of their induction program as well as annually throughout employment.

Cleanliness and tidiness

All working areas must be clean and organized to ensure more efficient working, reduce stress for colleagues, achieve a higher quality of work and reduce the risk of injuries and accidents.

Site safety

To promote safe working on site, we have guidelines and requirements for fire prevention, use of PPE, use of mobile phones and safety regulations for contractors.



Workplace safety

It is essential that within all work areas and/or workstations relevant guidelines are available and, when necessary, clearly communicated. To enable a safe entry to the work area and to ensure that work in various conditions can be conducted as safely as possible. Workplace safety is a broad focus covering topics such as safe use of equipment and machinery, transportation on site and on public roads, safe storage and stacking, working at height, and working with hazardous materials.

Health

We are dedicated to creating a healthy, comfortable work environment for all employees. This commitment includes identifying and addressing ergonomic and mental health risk factors, promoting sound ergonomic work practices, reducing stress, and prioritizing the overall well-being of our team members. This information is not only shared with employees; the BME management team has also joined workshops about mental health to gain more insight into why employees experience high work pressure leading to stress and to learn how best to reduce this.

For 2023, the focus was on introducing a wide range of innovative solutions to change the concept of Health & Safety from broad and untransparent, to a relevant, interactive, transparent, and importantly, also an enjoyable topic for each individual. One of these initiatives is the introduction of the BME H&S website and app, where employees can access useful information, roadmaps, and tools. They can also report unsafe situations, enabling BME to identify risks and areas for improvement. Another key driver has been to make sure Health & Safety is always an item on the agenda of operational and leadership meetings. As a consequence, the awareness on Health & Safety has increased and people demonstrate

safe behavior. This has resulted in a continued reduction of the frequency ratio. In 2021, BME had a frequency ratio of 1.00, which dropped to 0.72 in 2022 and to 0.69 in 2023. This means we are making good progress to achieve our 40% reduction target for 2025. At the same time, on well-being we still have a significant improvement to make. In 2021 our well-being score was 6.8 and this has proven to stay relatively flat with a well-being score of 6.8 in 2022 and 6.7 in 2023. We are committed to making improvements to our well-being a key priority for the years to come.

Topic	2021	2022	2023
Frequency ratio	1.00	0.72	0.69
Well-being score	6.8	6.8	6.7

Our road towards a healthy and safe work environment

BME remains steadfast in pursuing its goals and acknowledges the improvement steps that lie ahead. While there has been a reduction in major accidents, we cannot overlook the fact that accidents still occur. With heightened awareness, many of these accidents can be prevented and we will continue to enhance awareness even further. We aim to achieve this through frequent Health & Safety workshops to be held in all our businesses to increase awareness on the 5 focus areas: Employee safety, Cleanliness and tidiness, Site safety, Workplace safety, and Health.

In addition, we are installing health counselors, and we are rolling out "Great Conversation" trainings for our managers to create awareness on the power of genuine interest in the well-being of their employees and to help others in delivering the best performance possible.



THE BME HEALTH & SAFETY CHALLENGE



On April 28th 2023, BME held the BME Health & Safety competition, where all Operating Companies were invited to come up with ideas for improvement regarding the highest health and safety risks we face in our field of work: collision, falling from height, handling materials, slips, trips, and falls.

More than 40 innovative and creative ideas were submitted. From those ideas four winners were selected:

- First Place: STG/Belgium, DC Herentals – Introducing safety measure to prevent truck drivers from driving away if warehouse employees are still present on the loading platform
- Second Place: BMN/Netherlands, Lelystad – Addressing the issue of pallets being driven wrongly into and out of racks by forklift trucks
- Third Place: BAUKING/Germany, FH Berlin-Schöneberg – Introducing safety measure that enable truck drivers to maintain three points of contact when exiting the driver’s cabin

- Special creativity prize for BMB/Belgium, Gierle – Introducing a creative and engaging approach by placing a mirror to promote health and safety awareness in the workplace

All winning ideas, including the nine finalists, were successfully implemented at their respective locations. Mick Breet (BME Group Director of Health, Safety, and Environment) personally congratulated some of the winners during special award ceremonies at their locations,

recognizing their valuable contributions to fostering a safer working environment.

Mick Breet: “I think it is safe to say this challenge was a great success. Not only can we truly utilize the winning ideas in our day-to-day work, but this challenge noticeably increased the enthusiasm and commitment of BME Employees towards Health & Safety.”



APPENDIX

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**TOGETHER
WE BUILD
SUSTAINABLY**



ABOUT THIS REPORT

Scope and approach of the report

This report is a voluntary sustainability report. It was published on 30 April 2024 with the aim to provide BME's stakeholders with a comprehensive overview of the sustainable development, governance and results of the overall organization. The report follows the GRI guidelines and best practices, and takes into consideration the requirements of the Corporate Sustainability Reporting Directive ('CSRD') and the European Sustainability Reporting Standards ('ESRS').

Scope and boundaries

In line with BME's financial reporting, this report covers BME's 2023 financial year unless otherwise stated. The report has been prepared on Group level. The scope of consolidation is on the nine operating companies that were part of BME Group when it became independent company in 2019: BMN, Bouwmaten, BAUKING, SHK, STG, BMB, Quester, BMS, and BME France. Acquisitions that have been under the operational control of BME Group longer than 12 months (e.g. BME Spain and Maxmat) are included in the scope as well. These subsidiaries are organized in eleven different operating companies across eight countries in Europe, which operate under their own brands.

Acquisitions of companies that are under the Group's operational control are included in the scope as soon as data is available, and not later than 12 months after the completion of the acquisition. For some acquisitions, data for individual KPIs may be available sooner than for other ones within this period and will thus be included earlier. Divestments are removed from the data from the date of the divestment. New locations and asset deals are included and closed locations are removed upon opening and closing date, i.e. on an organic basis. For GHG accounting, BME Group's base year performance will be adjusted for M&A transaction and divestitures, if structural changes coming into scope result in an increase/decrease greater than 5%. M&A transaction and divestitures will be reported on separately in the first 12 months after data is available for these acquisitions. BME Group has set itself an ambition to reduce the carbon footprint of its controlled operations by >25% in 2025 and 45% in 2030. These targets are set against a 2021 baseline of BME Group's organic performance. Each year, BME Group will evaluate the impact of acquisitions on its carbon footprint and its trajectory towards achieving to achieve a full reduction of emissions from controlled operations.

Data quality and completeness

The report includes qualitative and quantitative data. Preferably, reported information is based on actual raw data. In some cases, estimates and assumptions or the extrapolation of data that covers less than the entire scope may be required. While we generally try to keep these instances to a minimum, we cannot guarantee 100% completeness and accuracy of our data.

Our ESG reporting manual requires internal checks and verifications of the data at different stages during the reporting process (see section on Data Collection Process). In addition, we require the collection of evidence for the respective data, which is systematically stored on our servers on a timely basis. An example of this is invoices from electricity providers, which provide evidence of our electricity consumption on which we base the calculation of Scope 2 carbon emissions. This retention of evidence allows the verifiability of data. In the future, we aim to have external assurance on our ESG data and statements.

Data collection process

The data for the report is mainly collected through three different approaches:

- Data on energy consumption and most of the data on carbon emissions (except employee commuting) is collected from the Operating Companies on a quarterly basis. The Operating Companies receive a data input file (a pre-defined Excel template) in which they enter their data on energy consumption (electricity and heating), air conditioning units and forklift units in use, fuel consumption for owned and outsourced freight logistics as well as business travel behavior (cars, train and plane travel). Data is then consolidated into a BI and accounting software that converts business data into standard units of measures for each activity and applies appropriate emission factors to calculate the Group carbon emissions. BME Group relies on emission factors from DEFRA and IEA, the latter only for national grid factors for electricity consumption. Data on the diversity of management is also collected from the Operating Companies this way, but only for the end of the financial year. As of 2023, the latter will be collected and submitted on a monthly basis

Our ESG Reporting Manual requires that after the data collectors have recorded the data in the respective file and stored the according evidence, the data is validated in different steps. The responsible ESG Champion or functional lead validates and signs off the data locally. The data input from the different Operating Companies is then entered into our data consolidation system, after which it is reviewed and signed-off by the local management. Group Accounting & Reporting then also reviews the data and consolidates it in the system. The Group ESG Director and the ESG taskforce leaders review and sign off the data afterwards. Before the final reporting, the data needs to get the approval of the ESG Committee.

- Some data, for instance data on frequency of accidents, progress on Code of Business Conduct trainings or the signing of Supplier Code of Conduct and the roll-out of the independent supplier audit program with EcoVadis, is collected by Group functions like HR, Legal or Procurement on a continuous basis. As of 2023, HR and Procurement leaders will track most ESG-related KPIs on a monthly basis through the already established local and Group systems and processes. Whereas the data on the Code of Business Conduct trainings is being tracked by a Group-managed online tool. The process of input into our data collection system and validation is the same as for the energy data.
- Finally, some data is collected via a yearly employee survey. This includes information on employee commuting, well-being, inclusive culture and engagement. Please note: the GHG emissions for employee commuting are based on a number of questions regarding the commuting behavior (e.g. number of days traveled to the work location, means of transport, number of kilometers, etc.), excluding the respondents that indicated to travel by lease car (leased by the company). Given the survey is usually not filled in by 100% of the employee base, the data is extrapolated to the total workforce based on headcount. The survey is conducted by an external partner and is administered among all employees on payroll. The survey data is then being coordinated on Group level and processed on local level as every Operating Company has access to the platform. The survey includes identical set of questions, and is being translated in all local languages and sent out by email by our external partner to all employees in scope and who have an email address. Employees without an email address are being invited to take part in the survey by letter including a QR code with link to the platform. The letter is being sent out by the local HR teams. The measurement of employee engagement is taking place every two years, and is being complemented by Pulse surveys (including a shorter set of questions).

Scoping and calculation methodologies for KPIs

The KPIs used in this report have been calculated in the following way and for the following scopes.

Emission reduction

- CO₂e emissions (Scope 1, 2, 3)
Greenhouse gas emissions are reported in line with the GHG Protocol.

The organizational boundaries of BME's carbon accounting are set in line with the operational control approach. Hence, the scope includes all entities for which the Group has the control to introduce and implement its operating policies at the operation. We account for 100% of the respective entity's emissions. The emissions are categorized according to three different Scopes:

- > **GHG Scope 1:** direct emissions from sources that are owned or controlled by the company, such as the combustion of oil or gas in the company's boilers. At BME, these sources include the generation of energy (e.g. heating) for operations (except purchased electricity, biogas, biofuel and biomass), vehicle fuel use for owned and leased freight logistics, as well as refrigerant use in air conditioning systems, buildings, trucks and machines.
- > **GHG Scope 2:** indirect emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. At BME, this refers to the consumption of purchased electricity and district heating, biogas, biofuel and biomass
- > **GHG Scope 3:** indirect emissions that are a consequence of the company's activities but are not from sources owned or controlled by the company (value chain emissions). BME reports on Scope 3 emissions from outsourced logistics, business travel, from employee commuting.

Our data collection system reporting system applies appropriate emissions factors to calculate the Group's carbon emissions in kilograms of CO₂ equivalent (kg CO₂e) from the various sources mentioned above. To calculate Scope 2 emissions, we use the market-based approach, unless stated otherwise, which relies on supplier specific emission factors and applies it to electricity consumption.

Share of renewable energy

The share of renewable energy is calculated as the division of consumed energy from renewable sources by the Group's total energy consumption. Energy includes electricity, fuel and heating. In line with EU Legislation, electricity is considered to be renewable if it is sourced from solar, hydro, wind, geothermal or biomass sources. Sustainable alternatives for fuels include biomass, bio-diesel or hydrogen. In terms of heating, geothermal heating and district heating are considered as renewable. The respective consumption numbers for the three categories are converted to gigajoule (GJ) from their particular units to calculate the overall share of renewable energy.

Sustainable products

– Sales from Greenworks products

This KPI is calculated as the revenue from products with a Greenworks-label as % of the total revenue in BMN from the sales of building products. Greenworks is the sustainability label for construction and installation materials. It was created in collaboration with the Dutch Government and calculation instruments such as GPR Gebouw and BREEAM-NL. Greenworks' mission is to be the reference in sustainable construction by supplying the most sustainable range of building materials as part of our intrinsic motivation to be socially responsible. The label is based on scoring construction and installation materials across 11 dimensions, based on the life-cycle assessment of that product. Specifically, products are score on: Renewable and recycled raw materials, Raw material origin, Renewable energy sources, Recycling of manufacturing waste, Product origin, Maintenance during use, Biodegradable, Repairability, Reusability, Recyclability, and Environmental gains. The higher the score on the 11 dimensions, the more sustainable the products are. Only sustainable products will be given a Greenworks-label.

Equity, diversity & inclusion

Diversity of Leadership

We define "Leadership" as Extended Executive Management Team and their local Management/Leadership Teams. The diversity of leadership is considered in terms of gender. In the future, we aim to track more diversity parameters, i.e. age, educational background, and others.

Inclusion score

The Inclusion score is measured through the annual employee survey. Inclusion is represented by different survey questions and dimensions around how people feel treated and how diversity is perceived. The responses to each question can range from 1 (low) to 10 (high). The inclusion score is then calculated as the average score across these dimensions and across respondents

Health & Safety

Employee well-being score

The employee well-being score is measured through the annual employee survey. Employee well-being is represented by different survey questions and dimensions around how well and able people feel to do their jobs. The responses to each question can range from 1 (low) to 10 (high). The employee engagement score is then calculated as the average score across these dimensions and across respondents.

Frequency ratio of accidents

The frequency ratio of accidents is measured as the number of accidents occurred across all BME sites per 100,000 working hours.

Employee engagement

Employee engagement score

The employee engagement score is measured through the biennial employee survey. Employee engagement is represented by different survey questions and dimensions around how people perceive their work, its contribution to the Operating Company's trajectory and the feedback they receive. The responses to each question can range from 1 (low) to 10 (high). The employee engagement score is then calculated as the average score across these dimensions and across respondents.

Integrity

Code of Business Conduct – training completion

This KPI is calculated as the number of employees that have completed the BME Code of Business Conduct training and confirmed their adherence divided by the total number of employees at year end (headcount).

Supplier Code of Conduct – % of procurement spend signatories

This KPI is calculated as the spend on goods and services from suppliers that have signed BME's Supplier Code of Conduct divided by the total spend on suppliers (Cost Of Goods Sold/ COGS). Please note: this percentage includes a small number of suppliers that have been exempted from signing the Supplier Code of Conduct in consultation and approval by BME Group Legal Department, and after providing sufficient proof on compliance with our expectations on ethical business practices and meet our standards including respect for human rights, health & safety and environmental stewardship.

Supplier Ecovadis rating – % of procurement spend signatories

This KPI is calculated as the spend on goods and services from suppliers that have undergone an EcoVadis rating divided by the total number of suppliers that are required to have such a rating by BME standards. BME determines the requirement for an EcoVadis rating by a standardized process along criteria that – among other things – include the size of the supplier and its risk status.



RESTATEMENTS OF 2021–2022

Over the course of 2023 a number of restatements have been made on BME Group performance on ESG KPIs in 2021-2021. Please find below an overview of the type and nature of restatements.

ESG KPI	Restatement	Rationale
BME Group CO2 emissions 2021 (excl. 2021 acquisitions)	From 76.2 M kg CO2 reported in 2022 Sustainability report to 77.1 M kg CO2 reported in 2023 Sustainability report	CO2 emissions were updated historically for a selection of Operating Companies on the basis of: <ul style="list-style-type: none"> – Final invoices from suppliers on annual electricity and gas consumption – Final invoices from suppliers on outsourced freight logistics – Refined definition of volatile substance impact from forklift trucks and air conditioning units – Improved estimates on business travel in 2021
BME Group CO2 emissions 2022 (excl. 2021 acquisitions)	From 74.3 M kg CO2 reported in 2022 Sustainability report to 74.6 M kg CO2 reported in 2023 Sustainability report	CO2 emissions were updated historically for a selection of Operating Companies on the basis of: <ul style="list-style-type: none"> – Final invoices from suppliers on annual electricity and gas consumption – Final invoices from suppliers on outsourced freight logistics – Refined definition of volatile substance impact from forklift trucks and air conditioning units – Improved estimates on business travel in 2021
Employee engagement score	Changed from 7.6 reported in 2022 Sustainability report to 7.5 reported in 2023 Sustainability report	Refined questions and wording underpinning Employee engagement score to align with industry approach to scoring engagement. Restatement done by Effectory.

DOUBLE MATERIALITY ASSESSMENT

Introduction

In 2021, BME conducted a materiality assessment with relevant stakeholders to define its important specific ESG material topics. In line with industry recommendations, BME decided to update its materiality assessment every two years. To comply with CSRD guidelines, conducted a double materiality assessment that factors in both impact materiality (inside-out) and financial materiality (outside-in).

The aim of the double materiality assessment was to gain a detailed insight into the environmental, social and governance (ESG) topics where BME has the most impact on society and which topics (potentially) have the most impact on BME's business operations. It also takes into consideration the value chain of BME, as required for CSRD reporting.

This analysis provides an overview of the ESG topics that internal stakeholders consider most relevant in determining corporate strategy. The results of the materiality analysis help to bring more focus to our business and sustainability strategy, efforts and ambitions.

The outcome of this materiality assessment resulted in a list of prioritized material topics, which can already be aligned with the topical ESRS reporting standards (ESRS July 2023) to prepare our organization for CSRD compliance in terms of reporting and disclosure requirements.

To arrive at a final prioritization of topics, BME followed the following steps:

- > **Phase 1** Identification of relevant topics in longlist
- > **Phase 2** Determining definitions, impacts, opportunities and risks
- > **Phase 3** Shortlist prioritization, scoring and validation

Phase 1 Identification of relevant topics in the longlist

In the first phase of the materiality analysis, the relevant topics for BME were identified through desk research and stakeholder engagement. BME identified ESG issues that are potentially relevant to the organization and its environment. A detailed desk study was performed consulting different international (sector specific) sustainability standards, specifically: GRI G4 Construction and Real Estate Disclosures and SASB sector standards. The project team also considered topics deemed material by peers in our market, linked them

together and consolidated them. The team analysed publications and annual reports from the following peers, who all completed a (double) materiality assessment: Stark Group (competitor), Ahsell (competitor), Travis Perkins (competitor), Ferguson (competitor), Grafton Group Plc (competitor), Velux Group (supplier), Bosch (supplier), Olympus Energy (Blackstone portfolio company), ShopCore Properties (Blackstone portfolio company). Lastly, the team analysed sector trend and media publications. The sector trend reports analysed included publications from Breaam, Mordor Intelligence, the Dutch, US and World Green Building Councils, Morgan Stanley as well as the European Union. From this comprehensive set of sources, the longlist of potential relevant topics was compiled.

Phase 2 Determining definitions, impacts, opportunities and risks

The project team took a deeper look by defining each identified theme in the context of BME. Impact definitions were drafted based on BME's 2022 reporting and information and a small number external sources. Furthermore, risk factors and opportunities were linked to the topics. The main source of input was BME's 2022 ERM Risk Plotting and Sustainability Report 2022. Where no risks or opportunities were yet identified, possible risk factors were formulated by the project team. From there we assessed the materiality score per theme. The materiality scoring tool included all the in ESRS prescribed parameters:

For impact materiality

- Where in Value Chain: upstream, own operations, downstream or a combination of these.
- Impact Direction: Positive or Negative
- Potential or Actual
- Scale: Gravity of the negative impact or benefit of the positive impact
- Scope: How widespread the impact is
- Irremediability: Extent to which a negative impact can be remedied.
- Likelihood: Chance of a potential impact occurring

For these parameters a 0-5 scoring was used.

- For financial materiality:
- Magnitude: Significance of the risk or opportunity
 - Likelihood

For these parameters the ERM scoring methodology was used (see Materiality Scoring Tool, tab parameters).

To arrive at the materiality assessment per theme, the project team relied on key stakeholder input, specifically:

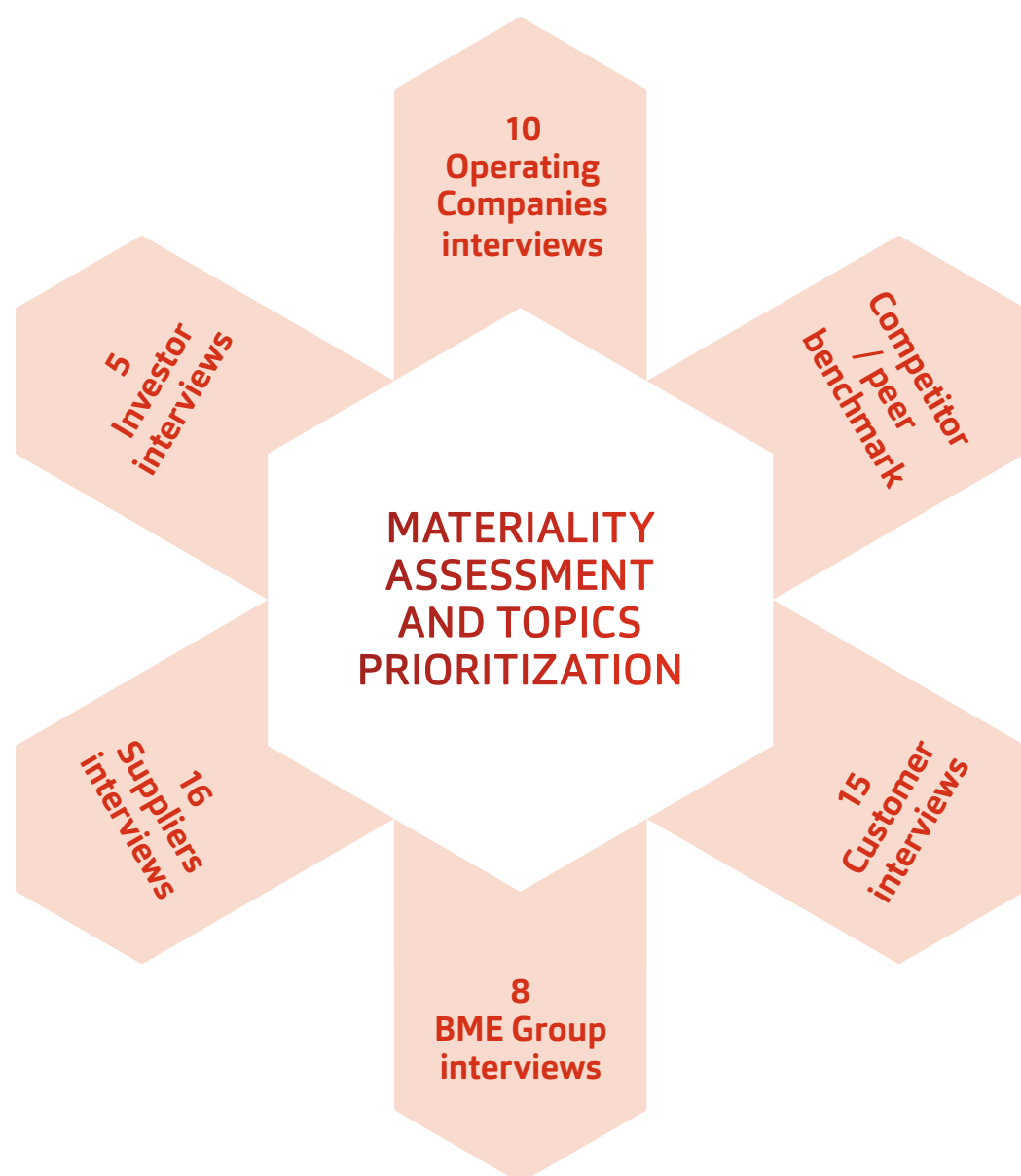
- **Employee survey:** To validate the list of topics internally, a survey was sent out to employees in all countries. The survey contained questions where employees had to rate the longlist of topics in terms of relative importance as

focus area for BME's ESG roadmap.

- **Supplier & customer interviews:** A series of supplier and customer interviews were held to determine their perspective on the relative importance of potential themes. In total 11 supplier and 6 customer interviews were conducted across countries.

Based on the key stakeholder input, the project team created a first scoring proposal. This was subsequently validated with Group Director Audit & Risk and the Group Manager Internal

THROUGH STAKEHOLDER INTERVIEWS, BME GROUP DEFINED ITS MATERIAL TOPICS AND ESG PRIORITIZED THEMES



Control & Risk.

Phase 3
Shortlist prioritization, scoring and validation

The draft double materiality assessment was discussed with the Board of BME and the ESG Steering Committee. Based on this final validation step the double materiality assessment was concluded. To further guide how the double materiality assessment impacted the BME ESG roadmap, BME defined its role on each of the prioritized themes, distinguishing between handprint and footprint, where to be reactive vs active preventative and what the relative impact is that BME can have. In the end, the double materiality assessment has confirmed the focus areas for our Sustainability strategy. It contributes to transparency in our operations, and also strengthens commitment to sustainable business practices.

Governance

This section summarizes information concerning the Management Board, the Supervisory Board and the Company's corporate governance. It is based on relevant provisions of Dutch law as in effect on the date of this report, the Articles of Association, the Management Board Rules and the Supervisory Board Rules.

Management structure

The Company has a two-tier board structure consisting of the Management Board and the Supervisory Board. The provisions of Dutch law that are commonly referred to as the "large company regime" (structuurregime), do not apply to the Company, as the Company is exempted from this regime pursuant to the international holding exemption (internationale holding vrijstelling). This exemption applies to the Company as the activities of the Company are limited to the management and financing of Group Companies and the majority of the employees of the Group work outside the Netherlands.

Management Board

The Management Board is responsible for the management of the Company's operations under the supervision by the Supervisory Board. The Management Board's responsibilities include, among other things, determining the Company's strategy, and day-to-day management of the Company's operations. The Management Board as a whole is authorized to represent the Company. In addition, the two Managing Directors, acting jointly, have the authority to represent the Company.

Composition, appointment and removal

The Articles of Association provide that the General Meeting determines the number of Managing Directors. As of the date of this report, the Management Board consists of two Managing Directors. Managing Directors are appointed by the General Meeting upon a proposal of the Supervisory Board. Pursuant to the Articles of Association, Managing Directors

may be suspended or dismissed by the General Meeting, upon the proposal of the Supervisory Board. The Supervisory Board may at any time suspend a Managing Director. A suspension by the Supervisory Board may, at any time, be discontinued by either the Supervisory Board or the General Meeting.

Managing Directors

At the date of this report, the Management Board is composed of the following two Managing Directors:

Remco J. Teulings	Mark J.S. Tonkens
Date of birth:	Date of birth:
29 September 1970	25 March 1962
Position: CEO	Position: CFO
31 October 2019	1 June 2023
Term: Not limited in time	Term: Not limited in time

Remco J. Teulings

Remco Teulings joined the CRH group of companies in March 2017 as Managing Director Europe Distribution. After the acquisition by the Blackstone Group of the European distribution activities of CRH, he was appointed as Chief Executive Officer of BME Group in November 2019. Before joining the CRH group of companies, Mr. Teulings has been active in senior management positions in various countries, lastly as President Europe, Middle and East Africa at Tarkett, a French listed multinational corporation specialized in flooring, where he was a member of the global executive team. From 2007 until 2012, Mr. Teulings was the CEO / Managing Director Central Europe and Group Marketing Director at Knauf Insulation. Mr. Teulings holds a cum laude master's degree in Organization & Management / Sociology from the University of Amsterdam, the Netherlands, a bachelor's degree in Economics from the HEAO in 's-Hertogenbosch, the Netherlands and an executive MBA degree of the Asian Institute of Technology in Bangkok, Thailand.

Mark J.S. Tonkens

Mark Tonkens joined BME Group in June 2023 as Chief Financial Officer. Before joining BME, Mark held the CFO position at Borealis Group in Austria and was also member of the global executive board. Borealis is a leading provider of innovative solutions in the fields of polyolefins, base chemicals and fertilizers. From 1999-2008, Mark held CFO positions at several Royal Philips Business units for Electronics in the Netherlands, Hong Kong and Taiwan. In total, Mark brings 30+ years of professional experience in CFO roles at divisional level and at group level with responsibility for general management, M&A, controlling, accounting, treasury & funding, IT, Quality and project management in various industries in different countries in Europe and Asia. Mr. Tonkens holds a Chartered Accountant degree and a master's degree in Business Economics from the University of Groningen.

Supervisory Directors

BME's Supervisory Board is composed of the following six Supervisory Directors:

Name	Date of birth	Position	Member as of	Term
Jean-Jacques Lafont	4 August 1959	Chairperson	31 October 2019	Not limited in time
Lionel Yves Assant	22 May 1972	Member	31 October 2019	Not limited in time
Juergen Pinker	7 August 1976	Member	31 October 2019	Not limited in time
Natacha Jamar	25 June 1987	Member	31 October 2019	Not limited in time
Marianne Culver	1 December 1956	Member	15 November 2021	Not limited in time
Jad El Ajaltouni	13 March 1992	Member	13 March 2024	Not limited in time

Supervisory Board Committees

The Supervisory Board has an Audit Committee and a Remuneration and Selection and Appointment Committee. Both committees have a preparatory and/or advisory role to the Supervisory Board. Each committee has a charter on its role, responsibilities and functioning. The committees consist of Supervisory Directors who are appointed for such committees by the Supervisory Board. The committees report their actions, reviews, proposals and findings to the Supervisory Board. The Supervisory Board is ultimately responsible for all decision-making.

Potential conflicts of interest

Mr. Assant, Mr. Pinker and Ms. Jamar and Mr. El Ajaltouni has been nominated as member of the Supervisory Board by the sole shareholder of the Company. Each of them is a representative of the Shareholder. The Supervisory Board does not expect that this will cause them to have a conflict with the duties they have towards the Company. The Company is not aware of any potential conflicts between the personal interests of other duties of Managing Directors and Supervisory Directors on the one hand and the interests of the Company on the other hand. There is no family relationship between any Managing Director and any Supervisory Director.

The Articles of Association include arrangements to ensure that the Supervisory Board will in each relevant situation handle and decide on any (potential) conflict of interest. A Supervisory Director shall not participate in the deliberation and decision-making process if he or she has a conflict of interest. During the last five years, none of the Managing Directors or the Supervisory Directors: (i) has been convicted of fraudulent offenses; (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation; or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

Ethics & Compliance

Ethics & Compliance laws, rules and standards have various sources and often embrace broader standards of integrity and ethical conduct. Within BME Group, we define Ethics & Compliance Risk as the exposure to legal penalties, lack of trust, financial loss, limited business opportunities or diminished reputation when we fail to act in accordance with laws and regulations and with our internal policies and procedures.

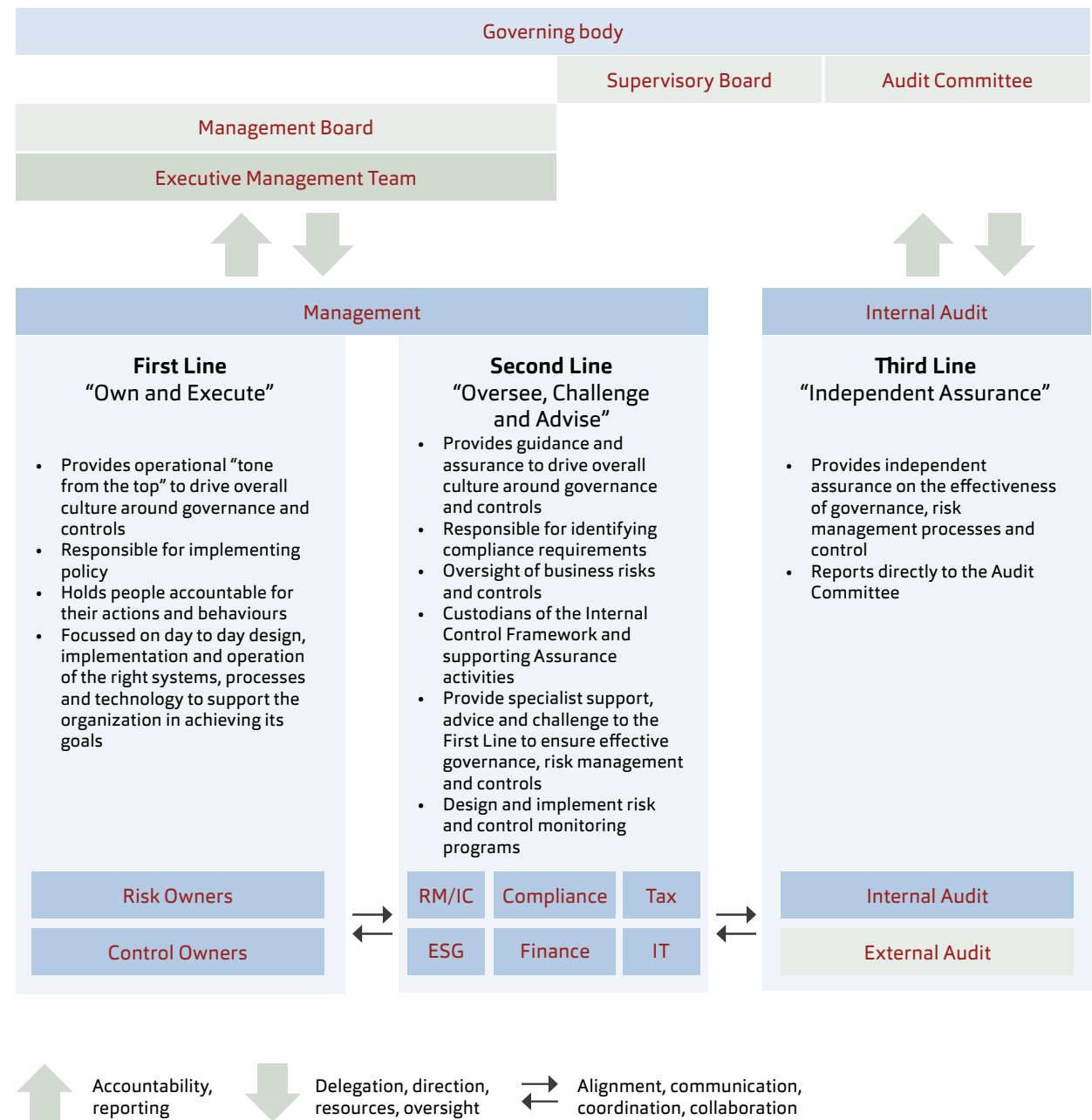
BME is strongly committed to maintaining the integrity and reputation of BME Group and the BME Group Companies for professional and ethical conduct everywhere we do business. The Management Board safeguards the integrity and reputation by ensuring that BME Group Companies adhere strictly to the applicable laws and regulations and standards in all the markets and jurisdictions in which BME Group (including the BME Group Companies) operates and adhere to the compliance policies and core values of BME Group. For this responsibility, they are advised and, where necessary, supported by the BME Group Ethics & Compliance function and the Ethics & Compliance Committee.

BME has defined its position regarding these applicable laws, regulations and standards in its BME Group Code of Business Conduct, which provides the foundation for BME and all of its employees for doing good business. BME also recognizes the importance of maintaining these standards throughout the supply chain. This is why we have defined our minimum expectations for our business partners in our BMG Group Supplier Code of Conduct.

Risk management

The governance and underlying roles and responsibilities regarding identifying, assessing, responding, monitoring and reporting on risks is based on BME's Three Lines of Defense Model (figure below). This model captures the combination of functions within an organization that are performing risk management related activities in support of the 'in control position' of the organization and its risk landscape. The Three Lines Model helps to delegate and coordinate essential risk management duties and enhance communications.

BME's governance setup is organized and structured in such a way that it enables accountability ('Governing body'), risk management (Management - First and Second line) and independent assurance (Internal Audit -Third line). A full description of the overall roles and responsibilities of the BME's Three Lines Model is available in BME Group's Risk Policy (an internally available document).



ERM roles & responsibilities

In order for the Three Lines Model to function properly, responsibilities of the Three Lines are assigned to various officials e.g. Supervisory Board, Audit Committee, Management Board, Operating Company Management Teams, Internal Audit, etc. ERM is driven by the Risk & Control function (Second Line), who is responsible for the design and coordination of the ERM process within BME. We distinguish two Second Line Risk & Control functions within BME, one on a centralized level and one on Operating Company level.

- The centralized Risk & Control function is performed by the Group Risk & Internal Control Function, within the Audit & Risk Department.
- The decentralized Risk & Control function is performed by the Risk Management and Internal Control (RM/IC) coordinator within each Operating Company, under the responsibility of Operating Company management.

KEY RISKS & OPPORTUNITIES IN RELATION TO MATERIAL TOPICS (1/2)

Topic	Type of risk or opportunity	Description of risk or opportunity and how it may impact our business performance	BME's mitigating measures	Impact on BME	Likelihood
Carbon emissions	Physical risk	Climate change poses serious risk of increasing droughts, floods, and rising sea-levels, among others. On the long-term, this type of occurrences may affect some of BME's value chains, suppliers' production and locations, and lead to setbacks or cost increase of distribution.	BME aligns its environmental strategies and ambitions to the Global Sustainable Development Goals and the European Union Sustainability Agenda (e.g. Paris agreement / EU Green Deal) and has set in motion emission reduction initiatives in its controlled operations, including:	Major (4)	Unlikely (2)
	Transition risk	Organizations with ineffective or insufficient carbon emission reduction plans may experience increased costs related to anticipated carbon taxes, compliance risk, failure to meet stakeholder demands as well reputational damage.	<ul style="list-style-type: none"> • Procuring green energy • Renewing fleet, optimizing fleet management, and sourcing biofuel • Installing LED lighting • Operating Companies' specific local emission reduction measures 	Moderate (3)	Unlikely (4)
Waste in controlled operations & value chain	Transition risk	Waste is considered to be one of the biggest challenges in the construction sector as it has impact on climate change, air pollution, ecosystems and species. Ineffective or insufficient waste reduction within BME's sphere of influence may lead to fines in relation to non-compliance to increasingly tighter restrictions, rising taxes, failure to meet stakeholder demands as well reputational damage.	As a distributor of building products, BME can only play a relatively limited role regarding reducing waste in the overall value chain. Our current waste management is being handled mainly locally by our Operating Companies and is supported by Group-wide initiative to reduce and replace purchased plastic packaging, and some local post-installation waste collection pilots. Going forward we will be rolling out a Group-wide approach towards managing waste reduction initiatives.	Minor (2)	Possible (3)
Sustainable products	Opportunity	The building sector is critically important to reducing Greenhouse Gas (GHG) emissions, and sustainability is expected to be at the forefront of the industry's agenda going forward. As a result of this, focus on sustainability, demand for energy-efficient renovation and sustainable buildings is expected to grow significantly. BME sees an opportunity to become a market leader in this space which can impact its financial as well as environmental performance.	BME has the goal to accelerate sustainability and responsible business practices in its sector, and increasingly invests in initiatives to improve the sustainability of its operations (see afore mentioned carbon reduction initiatives) and grow its portfolio of sustainable products and services (e.g. by scaling and complementing its GreenWorks concept).	Major (4)	Likely (4)
	Transition risk	Sustainability is becoming a key consideration for consumer when making their purchase decisions. This shift can raise new expectations towards BME's sustainable performance as a company, and the sustainability of BME's product portfolio and services. This shift can also bring a potential risk of rising expenses levels required for building a sustainable product portfolio thus pricing ourselves out of the market and losing clientele to competition.		Moderate (3)	Unlikely (2)

BME Group has looked into the ESG risks and opportunities in relation to its materials topics. The identified ESG risks include those related to climate change impacts mitigation and adaptation, environmental management practices and duty of care, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations. These were discussed with the ESG Committee and linked to the existing ERM register – see table on the next page for more information. The Three Lines Principle – as explained above – is also applicable to these risks.

KEY RISKS & OPPORTUNITIES IN RELATION TO MATERIAL TOPICS (2/2)

Topic	Type of risk or opportunity	Description of risk or opportunity and how it may impact our business performance	Mitigating measure	Impact on BME	Likelihood
Equity, Diversity & Inclusion	Transition risk	The sector BME operates in poses challenges to building a diverse workforce. Not succeeding in striking the right balance may result in risks for staff well-being, welfare and engagement, operational performance, customer satisfaction and reputation, as well as potential future risks of non-compliance with regulations.	BME aims to create an inclusive work environment and build a workforce that is a fair representation of the markets in which the company operates. Starting from the top, BME has set diversity targets, and launched initiatives in place to achieve its goals, including: <ul style="list-style-type: none"> • Targeted recruitment • Recruitment process and profiles modernization • Unconscious bias trainings 	Moderate (3)	Likely (4)
Health & Safety	Transition risk	Health and Safety risks can affect employees, contractors, customers, suppliers and other individuals. These can lead to property, casualty or other losses not covered by insurance policies, and have impact on BME's operational and financial performance, as well as BME's reputation.	BME has rolled out a Health and Safety program across its entire operations which gives a set of guidelines to minimize the risk of accidents and related injuries. The program includes regular communications and trainings, and the implementation of supporting tools and materials.	Major (4)	Possible (3)
Employee Engagement	Transition risk	Attracting, developing and retaining diverse and talented people and leaders with the required capabilities has significant impact on BME's ability to execute its strategy and achieve financial and ESG targets.	BME has developed a people strategy and employee journey to ensure that we put the right people in the right position. These are supported by targeted cultural transformation programs to promote life at work in line with BME's values, and boost employee engagement and increase retention. The success is measured via a bi-annual BME-wide Engagement Survey, complemented by two follow up pulse surveys, and correction plans in line with the outcomes.	Major (4)	Possible (3)
Organizational Integrity	Transition risk	Businesses shall adhere to good business and ethical practices, in line with relevant and applicable laws relating to human rights, health, safety, and the environment, as well as anti-bribery, corruption and antitrust. Otherwise, they may run into risks related to business continuity, trust and transparency.	The BME Code of Business Conduct communicates the standards and expectations of ethical behavior for employees, customers, suppliers, and other key stakeholders. BME expects all employees to share the same commitment to these practices and have an awareness and training program in place. Additionally, BME's Whistleblower Policy supports everyone to alert the organization if an issue occurs. These are available in all local languages to make sure everyone has a clear understanding of our policies. On the other hand, BME's Supplier Code of Conduct ('SCoC') addresses issues captured in the UNGC Principles and OECD Guidelines and steers towards compliance with topics such as human and labor rights, environment, anti-corruption, bribery, and data security, among BME's suppliers base. BME expects its suppliers to review and sign the SCoC, as well as to participate in a self-assessment with EcoVadis to prove compliance.	Moderate (3)	Possible (3)
Responsible Value Chain	Transition risk	Stakeholder expectations as well as regulation (CSDD, CSRD, HRDD) are demanding increasing actions, policies and data around value chain integrity. Not being able to build mechanisms and procedures in line with these changing expectations, may increase the risk of inadvertently sourcing products or materials from areas or industries that are susceptible to unsustainable manufacturing practices which may pose risks for reputation, non-compliance, and business continuity.		Moderate (3)	Possible (3)





Contact information

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