



FEDRUS
International

Materiality Assessment

July 2023

FOREST PLANTING 2022
Fedrus International

Materiality assessment

We are pleased to present to you the outcome of the first Materiality Assessment by the Fedrus International group, conducted on behalf of its business units.

Sustainability has become the new norm for responsible companies. With the increasing focus on climate changes, geopolitical issues, Covid-19 implications, supply shortages, inflation etc., we find that the insight and reflection of our stakeholders are key to manage a sustainable business in the coming years.

We share a common obligation to address the climate challenges, and each one of us must take an active role to fulfil the climate goals as identified by the United Nations in the 2015 Paris agreement.

At Fedrus International, we full-heartedly support the 17 Sustainable Development Goals and the 10 principles of the UN. Since January 2023, Fedrus is a partner of the UN Global Compact.

Fedrus International is committed to actively seek solutions to limit our impact on the planet, while we continue to deliver high quality solutions for the building industry.

We thank all our stakeholders for their constructive and insightful commitment to the making of our Materiality Assessment and we invite you to continue the good dialogue in the future.

Puurs, July 2023.



Erik Andersen
Chief Sustainability Officer

INTRO:

In 2022-23, Fedrus International conducted its first materiality assessment. The process of engagement, analysis, identifying and prioritising relevant ESG issues, which poses significant risks and opportunities to the business units in the Fedrus International group, and upon which Fedrus International has an impact.

The materiality assessment is used to guide strategic decision making, and prioritise topics for the Fedrus Group reporting.

Materiality methodology

The process started in September 2022, with the intention to get a broad view from a selected group of stakeholders on relevant topics and insight into market risk and opportunities.

The materiality topics were collected during extensive internal and external interviews with stakeholders in Belgium, France and Germany from November 2022 until May 2023.

As basis for the interviews, 7 main topics were predefined by the Fedrus Holding management.

Environment
Social
Governance
Products
Society
Customers
Supplier

Materiality Assessment process

Fedrus International, the holding company for VM Building Solutions, APOK and Plastivan, conducted the materiality assessment on behalf of its business units.

Note that Plastivan was acquired by Fedrus International after the survey was completed.

Listing the issues of importance

Interviews were conducted with several key internal and external stakeholders, chosen for their experiences and business perspectives on the relevant topics in relation to ESG issues.

Stakeholders' engagement

Internal stakeholders included representations of key business functions, i.e. general management, supply chain, HR, production, technical department, environmental specialists, sales and governance.

Internal insights were collected through extensive meetings in several locations.

External interviews were done in personal calls and meetings with a selection of people with experience and insight in the building industry. The stakeholders were selected to represent an experienced range of stakeholders in Belgium, in France and in Germany, including customers, installers, architects, advisors, lenders, and investors.

Cluster the statements into a survey

From the extensive interviews, more than 700 relevant statements were recorded, which were important topics to include in the risk and opportunity analysis. These topics were clustered in main groups and provided the input to the questionnaire.

Questionnaire

23 questions were formulated. The questionnaire was sent out to more than 100 stakeholders to evaluate and score, using an online software. Response rate was almost 70%.

Analysis

To rank the outcome, all responses were given the same total scoring points and the ranking was done by a pre-defined weighting definition, to reflect a proportional impact to the Fedrus International group.

Results

The outcome of the result shows a significant spread of relevance for the various stakeholders, but valuable conclusions can be made from the survey.

Priorities

Priorities are given to topics with the highest importance, after an extensive evaluation of their severity, complexity, necessary resources, and potential time impact.

The scoring was aligned with a financial impact evaluation by the Groups Top Executives, by ranking the topics possible financial impacts in Medium, High and Very High impact categories, to form the Materiality Matrix.

Identified risks with a potential very high immediate impact, will be addressed with the highest priority.

Outcome:

The 23 questions were assessed and scored by our selected stakeholders and the results are shown graphically in random order below:

The length of each line reflects the value between the 20% -and 80% percentile.

The longer the line, the larger spread in relevance for the stakeholders.

Several topics scored almost identically; therefore, the ranking of the outcome is based on their weighted average score.

As the spread per question is relatively large, the ranking of each topic must be interpreted with some considerations.

The top 5 can cautiously be ranked as:

1. **Health & Safety**
2. **Education and training**
3. **Circularity and circular economy**
4. **Green and sustainable products**
5. **Green building, construction and design.**

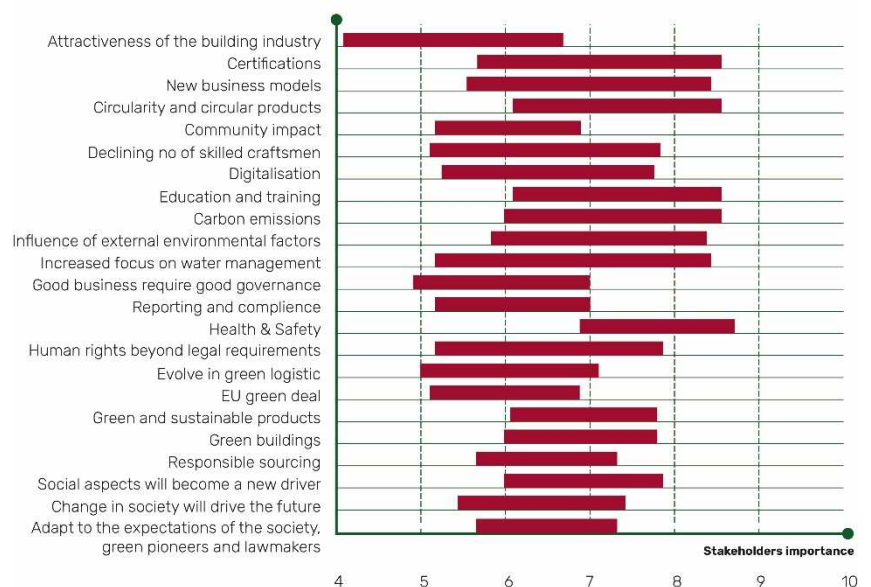
Top:

The topic **Health & Safety** scores notably above the other topics. It is a clear statement that, above everything, the health and safety of the employees and of our customers is the most important topic.

Bottom:

The future **attractiveness** of the building industry divides the stakeholders the most. It seemed difficult to assess the impact of the future attractiveness of the building industry, which made this topic score lower and with a wider spread than the other topics.

Materiality topics



Impact analysis:

The outcome of the scoring is combined with the potential financial implication, to make the impact analysis. Each topic is evaluated to potentially cause a medium impact, a high impact or a very high impact.

Key observations from the impact analysis:

Health, safety and wellbeing remain the highest material issues for Fedrus International.

Whilst it has always been fundamental to Fedrus International, the past crises, such as the Covid-19 pandemic, have reinforced our commitment to foster a healthy work environment.



Diversity, equity and inclusion is considered important to the business. Our stakeholders also highlight the importance of diversity efforts beyond gender, to include ethnicity and socio-economic background in the workforce, to create a healthy and inspiring work environment.



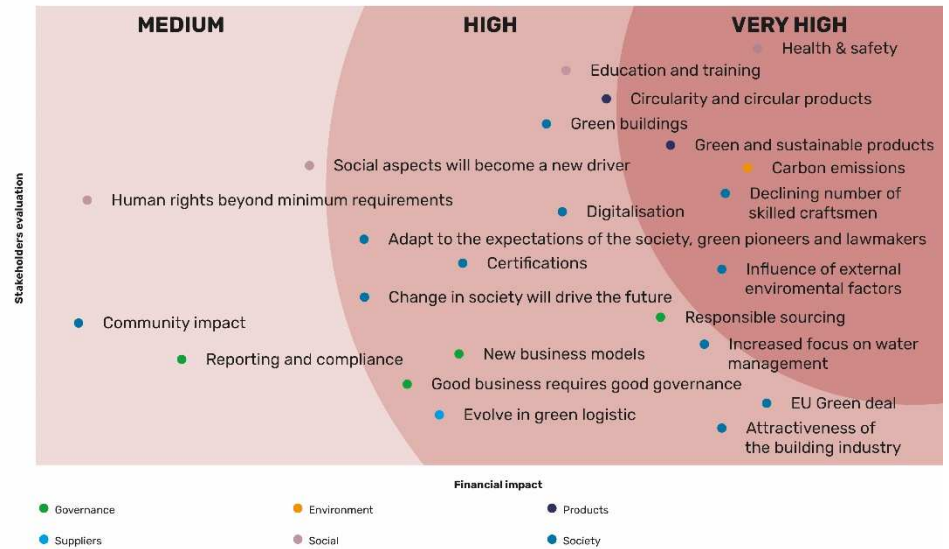
Education and Training has been the core of our business for decades.

It has materialised in apprenticeships, mentor programs and customer training projects, under the ProZinc and VMZINC@WORK network.



For more than 25 years, 1000's of professionals have been trained in the valuable EPDM membranes. The feedback from our stakeholders encourages us to focus further on the importance of learning and training programs.

Double Materiality Assessment matrix



Talent attraction and retention is identified as an important material topic from a business perspective. Talent attraction and retention is considered important to support the future growth of the group.



Green and sustainable products will be important to meet future challenges in the building industry.

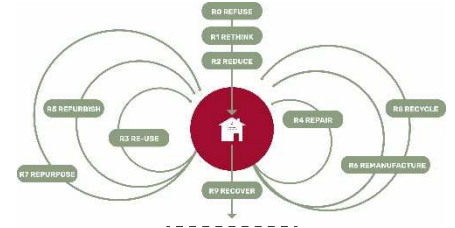


As the building industry is identified as a large contributor to the climate changes, it is important to offer products that mitigate the challenges, while offering a future value to the Investors, designers and contractors.

True value to be recognised in product reliability, durability and warranty. The environmental impact of the building products is expected to be harmonised in

the coming EU building product passport directive.

Highly important to our stakeholders are **circularity and circular economy**, driven by the desire to reduce and re-use the building materials. This business driver is to a large degree, becoming more and more critical to foster changes in the building industry, to become more environmentally sustainable.

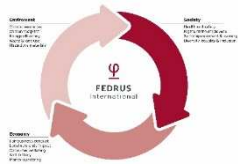


Within the increasing focus on circularity lays also the need to demonstrate the real environmental advantages by integrating specific products into specific projects.

Responsible sourcing has become a real topic in recent years. There is a new and increasing focus on the environment impact, scarcities and geopolitical influence in the supply and distribution chain.

There are growing expectations for companies to demonstrate transparency and maintain social and environmental performance standards in their supply chain.

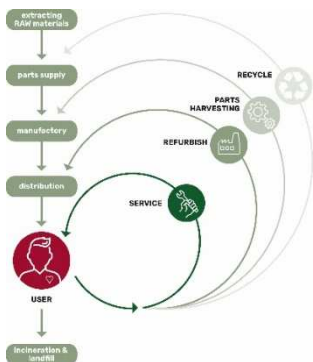
The triple bottom line of sustainable sourcing



Supply security was highlighted as a contributing factor to this issue.

The growing world-wide customer and market demands require further explorations of basic minerals. To fulfil the growing demands needs the highest respect for the planet, flora and fauna when extracting the materials.

There is growing awareness of the potential financial impact on the businesses, resulting from the changing regulatory landscape and physical risks in the **supply chain**.

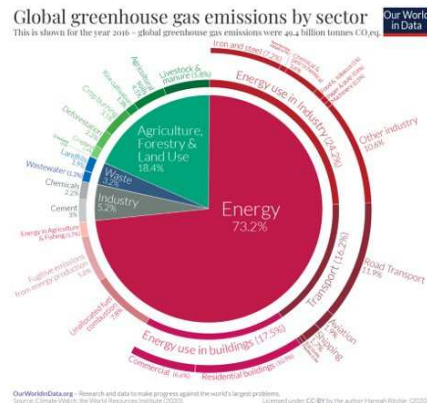


The **carbon emission** is the main focus in the battle to prevent global warming beyond what has been agreed in the UN Paris climate agreement.



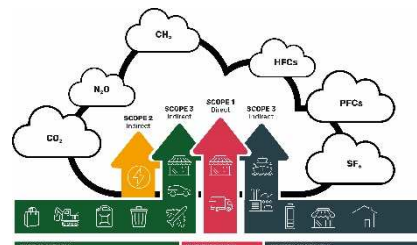
The main contributor to the global GHG emissions is the global energy production, which today is still very dependent on fossil fuels.

Carbon emissions related climate changes.



The energy sources will be of the highest importance to achieve a green future. Avoidance of fossil fuel and more focus on renewable energy and low carbon energy sources will become the main driver in the change.

For most building products, the embodied carbon is **scope 3** related.



It encourages the entire industry to look for and implement more sustainable solutions.

Green buildings, constructions and designs are needed to drive the change to a more sustainable building industry. Sustainable practices, green building innovations and eco-friendly designs, will inspire and influence the future, to a degree where environmental stewardship and architectural excellence go hand-in-hand.

Certified construction will to a large degree be needed to demonstrate the impact.

Assessment tools, like DGNB, BREAM, LEED etc. and product databases like BIM, are expected to become leading drivers in the near future.

It is foreseen that EU will harmonise the assessment standards, to increase transparency and comparability.

In the future, the legislation and public tenders are expected to pioneer the building certifications.

Growing awareness of the impacts of global biodiversity loss has increased the importance of **nature and environmental protection**.



Review and strategy

The results of our 2022/2023 assessment have been reviewed by the Fedrus holding management as well as its business units' directors.

The outcome will become part of our future strategy and annual reporting process.

The identified material issues have reaffirmed to us, that our seven ESG focus areas, which resulted in the 23 questions, are considered key to our stakeholders.

It is also to be noted that various stakeholders evaluate the materiality topics differently, which in fact also reflects the real-world scenario and the day-to-day experiences we face.

We are very positive about the outcome and its impact on our future strategic decisions.

Inclusion of the main material topics findings

Several material ESG issues were identified. Our reflection is, that it has been a worthwhile exercise, to challenge our stakeholders and get valuable insight in Materiality topics that are influencing our stakeholder expectations and business priorities. The main findings for Fedrus International, and to include in the coming strategy are as follows:

1. Health, Safety and Wellbeing

Action: Allocate resources and further develop initiatives to comply with the stakeholders' expectations.

2. Education and Training

Action: Increase our training and education programs worldwide, opening it to more employees and customers in the future.

3. Green and Sustainable Products.

Action: Develop solutions to expand the lifetime of the products produced in the group.

Reduce the carbon footprint of or production.

4. Recycling & Circularity

Action: Increase the amount of recycled zinc in our products, including a range of products made of 100% recycled zinc. Collect valuable materials and develop easier solutions to dismantle products at end of life.

5. Responsible Sourcing

Action: Make it a focus point and develop new partnerships for a greener and sustainable future.



Appendix:

Selected Materiality topics and sub-topics.

Below is the list of 23 ESG questions and 169 annotations we asked our stakeholders to evaluate and score.

The survey was done by using an online access to a web-based survey software.

After 14 days, the survey was closed, with an approx. 70% response rate.

Questions:	Annotations
To what extent will the attractiveness of the building industry be a limiting factor in attracting employees for the future development of the industry?	Image of the industry
	Facilities, offices, sites, appearances.
	Managements style
	Talent attraction
	Talent management
	Matching the next generation expectation with the current company culture
To what extent will certifications initiatives be a large driver in the building industry?	Certified suppliers
	Certified buildings
	Certified products
	Harmonized standards
	Product declarations
To what extent do changes in business models and partnerships become a driver in the change towards a more sustainable industry?	New business models
	New partnerships
	Young generation have different priorities
	Finance and environmental impact will be assessed equally
To what extent will the increased focus on circularity and circular economy drive the future development of the building industry?	Product scarcities
	Urban mining (using already available products again and again)
	Recycling
	Incorporate re-usability in design
	Avoid landfill
	Reduce exploration of minerals and oil/gas.
	Sustainable constructions
To what extent will the impact of the community influence the future development of our activities?	Availability of internet, green electricity, green power, permissions to install green technology
	Permissions to build and expand
	Traffic, dust, smell, noise and similar inconveniences
	Relation to neighbors
To what extent do you agree with the statement that the declining number of skilled craftsmen will limit the future development of the industry?	

To what extent will digitalization drive our business in the near future?	Less paper more data interchange
	Documentation
	Monitoring
	Visualizations
	Animations (BIM)
	Calculations of carbon footprint
	Product databases
	Automatizations
Successful companies are deemed to invest in education and training for both employees and customers. To what extent will education drive the future?	Companies compensating for lack of good craftsmen schools
	Education for sustainable products and buildings
	Educate programs for both customers and employees
	Education as part of the attraction of the industry
	Invest in technical education as more technical products require more technical support
To what extent do you agree that reducing the carbon footprint will be the main driver for the building industry in the coming years?	Carbon footprint
	Installing or participating in renewable energy projects
	Change to green energy
	Reduce consumption
	Reduce waste
	Avoid landfill
	Protect the water
	Reduce water consumption
Minimize chemicals	
To what extent will the external environmental factors become a driver for the building industry?	Climate change adaptation
	Heat cities management and solutions
	Increase the investments in green energy sources
	Transport and logistic impact
	Recycling improvement
	End-of-Life management
	Exploration of minerals
	CO ₂ tax
	Tax on transport
	Local vs. Global – responsible sourcing
	Returnable packaging
	Reusable packaging
Reporting	
To what extent will water management be a key driver in industry processes?	Reduction
	Cleaning
	Final waste water
	Circular economy registers and databases
	Impact of water management in the definition of green products and applying green claims
	Regulation to protect flora and fauna
	Comply with UN Sustainable goals

To what extent does good business need good governance? Will this become a key area of attention in the coming 3 to 5 years?	Responsible governance
	Whistleblower organization
	Responsible financing
	Sustainability linked loans
	Fedrus Values and their implementation and follow ups
	Anti-Bribery
	Anti-Corruption
	Code of Conducts
	Suppliers charter
	Responsible membership and sponsoring
	Commitment to UN Sustainable goals
	Partner of the UN Global compact
	Compliance policies
	Good management practices
	Engaged and involved investors
Stewardship practices	
Leading by examples	
Protecting policies for the assets in the company	
To what extent will disclosure in CSRD reporting distinguish successful building companies in the near future?	
Health & Safety are the essence of our operations. To what extent do you agree?	H&S trainings
	Monitoring the accident rate and actions plans
	Preventions of accidents
	Education and trainings
	Inspections
	Create a healthy and safe working environment
As regards Human Rights, doing more than the legal requirements will result in a competitive advantage. Do you agree?	Inclusion & Diversity
	Equal rights and opportunities
	Fair and equal treatment
	Fair and equal pay for comparable jobs
	The right to be organized in unions and similar organizations
	Freedom of speech.
	Open communication
No discrimination for any reasons	
Logistics is already an important factor. To what extent do you evaluate that "green" logistics will become a game changer for companies in the building industry?	
The impact of the EU green deal will drastically transform the European building industry between now and 2030. To what extent do you agree?	Market adaptation to a declining building sector
	The EU programs to incentivize the green transition
	Material shortages and delivery problems
	Financial bottlenecks
	Risk of bankruptcies for non-compliant companies
	USA incentive to support the green investment will move investors to USA and not to Europe
Green changes come with an additional price; will the market accept the higher cost	
To what extent will the development of green and sustainable products become a decisive factor in the near future?	Product development to increase usability and to become more circular.
	Develop products with less embodied carbon footprint
	Innovation in new products and design
	Solutions to prolong life of materials

To what extent will the future focus on green building and construction design influence and contribute to achieving the goals of the European Green Deal?	Sustainable long-life structures and interchangeable “fillings”. The fillings are circular, structures are not.
	Change in technology to improve product life and reduce installation time
	Better knowledge to learn to use existing products a more sustainable way
	Create more uniform installations, to reduce variances and better optimize production
	Urban mining set up in a profitable way
	Changing the design and usability of constructions
To what extent do you agree with the statement that for each actor in the building industry, responsible sourcing will become important?	Sourcing security
	Supplier dependencies
	Urban mining
	Local vs. global sourcing
	European lack of mining and refining capacity
	Supply of materials in Europe may decline
	Green Deal trying to secure raw materials by EU
	Prevent supply bottlenecks and interruptions
	Supply chain partnership development
To what extent will the company’s focus on social aspects become a distinctive driver in the building industry?	Recruitment
	Attractiveness of the company for new employees
	Image of the company
	Talent attraction
	Talent management
	Company culture
	Management style
	Value creation and reward programs
	Social responsibility
	Social engagement
	Quality of life at work
	Scouting of talent
To what degree will the general change in social behavior drive the future?	Availability of qualified workers
	Craftsmen school decline
	Demographic attraction challenges
	Lack of skilled persons (engineers, IT, consultants)
	Image of the Building industry
	Habits in the industry
	Slow changing industry
	Foreign workers
The industry does not appear very “sexy”.	
To what extent will the building industry be required to adapt to the ambitions of society, the green pioneers and the lawmakers?	Lack of investments in infrastructures will hinder a faster transition
	EU green deal will force changes
	Implementations of Green Deal changes will be hindered by building codes and insurance companies
	Publicity and acceptance will be key drivers for a change
	Public buildings will be the front runner in new sustainable buildings and renovations.
	Society ambitions are ahead of the ability of the building industry
	Changes normally happen slowly
	Industry’s lack of motivation to change
	Industry’s adaptation to the green norms and ambitions
	Architect will pioneer the green change of the industry