

2020

NON-FINANCIAL PERFORMANCE STATEMENT

This document is an extract from the Colas Annual Report



WE OPEN THE WAY

1. NON-FINANCIAL PERFORMANCE STATEMENT 2020

1.1. Business model

In a world undergoing profound demographic and geographical changes, mobility requirements are constantly increasing, as new constraints and demands begin to take shape. Drawing on the strengths of a business model that has stood the test of time over its 90 years in the construction and maintenance of transportation infrastructure, today Colas is transforming itself to deliver tomorrow's mobility infrastructure and solutions while identifying and addressing key CSR issues⁽¹⁾ through all its activities.

To ensure that infrastructure can continue be used over the long term, its maintenance requirements are taken into account at the design stage. In the case of transportation infrastructure (streets, roads, railways, airports, etc.), maintenance and transformation of existing structures accounts for around 90% of the market and translates into a large number of small projects (averaging €166k each). Every year, to complete these thousands of projects, Colas relies on its extensive network of local business units.

It is also essential to have access to a sizable inventory of equipment of all kinds, both stationary and mobile, distributed across all the Group's geographies. To ensure that the best and most productive use is made of these costly assets, Colas strives to secure a sufficient volume of business in each region, within a medium- to long-term perspective.

Colas' operations require considerable human resources, including a high proportion of workers, who make up about 60% of all staff. Colas is committed to offering its employees in all regions satisfactory working conditions that are sufficiently attractive to potential future recruits. Employee engagement can only be secured by affirming and putting into practice the core values of ethics, safety and respect for human rights.

On the basis of these observations, Colas has developed a business model based on the following principles:

- conducting its business activities by means of long-term, local operations on a human scale all over the world;
- taking a decentralized approach that lets its business units adapt to local conditions (technical, human resources, weather-related, etc.);
- allowing its business units and their clients to benefit from the pooled expertise of a major group.

To enhance this business model, Colas has developed complementary areas of expertise and business activities:

- new, large-scale construction projects require planning and decision-making expertise in areas such as engineering, financing, management, and project performance, supplementing the skills and know-how traditionally associated with the Group's business activities. These new areas of expertise are brought together within the Colas Projects entity, which serves as a support function for the entire network of long-established Colas business units. In connection with major projects, Colas Projects teams also explore the potential for technical and organizational improvements, which thus take their place among the network's competencies;
- to offer clients and users the best possible transportation conditions, it is essential that Colas understands and manages the value chain upstream of its activities: by doing so, Colas has, over the years, developed strong positions in the production of aggregates and the processing and distribution of bitumen-based products. Thanks to its expertise in these two activities, Colas lays claim to a long history of innovation. Furthermore, the integration of aggregate and bitumen production activities with construction and maintenance activities means that Colas is better positioned to manage their impacts (by way of carbon footprint analyses, for example);
- lastly, to optimize and consolidate its presence in certain regions, particularly islands and other remote areas, Colas offers services that supplement its core activities, including civil engineering, water and energy distribution, environmental engineering, building operations, etc.

While building and maintaining transportation infrastructure satisfies an essential human need, it must not be done without taking the attendant environmental issues into consideration: the impact of heat engines, consumption of natural resources (aggregates, hydrocarbons, etc.), ecosystem fragmentation, disappearance of undeveloped land, etc. Fully aware of the challenges involved, which are tied in a more general sense to the energy transition away from fossil fuels and environmental sustainability, Colas is taking action to adapt its activities. To this end, Colas is drawing on its business model to adapt to local conditions as well as on its ability as a global group to capitalize on positive feedback and come up with breakthrough innovations.

(1) *Corporate Social Responsibility.*

Mobility issues are emerging as one of the most complex challenges facing human society⁽²⁾ today, whether they relate to interactions between modes of transportation, the many purposes for which infrastructure is used, or the rapidly evolving behaviors or expectations of users. The result is that the industries in which Colas operates are being called to account. Without favoring one mode of transportation over another, Colas aims to serve all of them, depending on the choices made by decision-makers in the public sector, and to promote the most efficient and sustainable solutions. Colas is thus moving forward with its transformation, through which it aims to gradually become a single-source provider of sustainable and integrated mobility solutions, particularly with respect to smart roads and sustainable cities⁽³⁾. To deliver on this strategy, Colas is drawing on the collective intelligence of all its teams and is setting up partnerships with players in areas such as services and digital technology.

The rapidly evolving competitive environment in which Colas operates is also becoming more complex. As a global leader in the public works sector, Colas competes with major French and European companies (such as Eurovia and CRH) both in France and internationally. Colas is also aware of increased competition from companies in fast-growing emerging countries (e.g. Turkey, China and Brazil), particularly in developing parts of the world. Lastly, in new markets such as sustainable cities, we are witnessing the arrival of new entrants from the digital sector (e.g. Alphabet, Cisco and Orange) positioning themselves as stakeholders in the transformation of cities, living conditions and transportation.

Transportation infrastructure brings out the usual contradictions of sustainable development: on the one hand, it meets an essential need of humans in society but, on the other, it entails negative consequences for stakeholders. To reconcile these contradictions, Colas is focusing its efforts on several issues that are specific to its business activities:

- **optimization of life cycle costs:** for the payer or the user, it is much less costly in the long run to perform regularly scheduled maintenance on transportation infrastructure rather than to rebuild it after leaving it to deteriorate over a number of years. Optimization of life cycle costs over time delivers many CSR benefits: energy savings, reductions in material throughput, fewer accidents, greater user satisfaction, more efficient transportation systems, etc. Colas, which generates most of its revenue through its activities in infrastructure maintenance, also offers a range of solutions allowing infrastructure owners to lower their overall ownership costs, or even to operate their infrastructure as a service, as in the “Road as a Service” (RaaS) model;
- **circular economy**⁽⁴⁾: aggregates, rocks, sand and gravel are the most used raw materials in the world, with a per capita consumption of slightly more than five metric tons per year. Only water consumption for all human needs exceeds this figure. Moreover, it is estimated that transportation infrastructure accounts for nearly half of the total aggregates used. Reducing material throughput is therefore a key issue for Colas. These reductions may be achieved by recovering materials from demolished infrastructure (concrete, asphalt mix, etc.), but also by reusing waste or by-products from other domains: incineration clinker, blast furnace slag, plastic waste, refinery bitumen (which has replaced the mineral tars from gasification plants used in the previous century), etc. This contribution to the local closed-loop material cycle, and more widely to the circular economy, is making Colas a leader in recycling worldwide. Recycling is also a major issue in terms of climate: given the volume of materials they use, all Colas activities are inherently energy intensive, from the extraction and transportation of materials to their application. Through recycling, together with scheduled maintenance, Colas is significantly reducing its energy footprint;
- **protection of nature**⁽⁵⁾: although some Colas businesses have large land footprints (gravel pits and quarries for the extraction of aggregates), Colas is especially concerned by the footprint of the linear infrastructure that it builds or maintains. The latter contributes to ecosystem fragmentation, and it also opens up access to natural habitats that can then be occupied by human populations, resulting in the artificialization of these environments. This phenomenon is a major sustainability challenge facing society, particularly in less developed areas of the world. Colas does not have leverage to reduce the footprint of existing structures, whose maintenance represents most of its business. As these structures have already contributed to the artificialization of the environment, it is preferable to proceed with their upkeep and improve their efficiency rather than building new structures. As regards aggregate extraction sites, there are hardly any countries today where it is possible to open such sites in well-preserved natural environments. Reducing material consumption through recycling and taking account of the surrounding biodiversity nevertheless remain key societal acceptance factors for Colas;
- **social progress**⁽⁶⁾: in the world’s increasingly complex economies, a growing social challenge is to facilitate the access or return to employment of lower skilled workers and ensure a path to social inclusion for them. Any society will have difficulty achieving consensus if it fails to offer its citizens opportunities to work and reach their goals in life on their own. Today, Colas is one of the rare companies able to promote social integration and advancement through its job offers, even for lower skilled workers. Colas promotes teamwork and a sense of the practical, and aims to foster an entrepreneurial culture. It gives priority to local employment, invests in training, and provides a range of career development opportunities for its employees. Colas thus makes a contribution to improving social cohesion in the regions and communities where it operates, and particularly in less developed countries.

(2) UN Sustainable Development Goal 9 (SDG 9): *Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.*

(3) UN Sustainable Development Goal 11 (SDG 11): *Make cities and human settlements inclusive, safe, resilient and sustainable.*

(4) UN Sustainable Development Goal 12 (SDG 12): *Ensure sustainable consumption and production patterns.*

(5) UN Sustainable Development Goal 15 (SDG 15): *Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.*

- **health and safety:** personnel involved in all Colas activities (Colas employees, temporary staff, subcontractors, etc.) are exposed to health and safety risks. Managing these risks and reducing the number of accidents requires an ongoing commitment and constant vigilance. Colas must also manage the road safety of its employees. Year after year, Colas strengthens its actions to improve safety in its operations (training, developing a safety culture, audits, etc.) with the aim of building a Colas safety culture;
- **ethics and compliance:** public procurement and orders from large and highly structured companies (highway companies, railway operators, mining companies, etc.) make up the bulk of Colas' business. There is considerable competition in these activities, especially since differentiation is limited by the specifications of these customers as well as their tendency to choose the bidder with the lowest price offer. As it does for safety, Colas acts with resolve to ensure that ethics remains an essential pillar of its corporate culture and a major advantage in its business. Colas also devotes particular attention to its operating costs, in order to maintain its competitiveness, but also to guarantee its ability to allocate budgets for innovation and the development of new products and solutions.

1.2. Approach to social responsibility

Colas' approach to corporate social responsibility (see www.colas.com) is based on the dual conviction that its businesses help fulfill essential needs and aspirations, and that they must be conducted in a responsible manner. Colas has to take into account the expectations and contradictions of contemporary society, including social cohesion, climate change, transportation and housing needs, improving living conditions, energy transition and resource management.

Colas implements this approach based on a number of priorities rooted in the idea of risks and opportunities, whether with regard to the specific characteristics of its business lines or the need to make progress across all businesses in all industry sectors.

This approach and the associated objectives and actions are consistent with the UN's 17 Sustainable Development Goals (SDGs), half of which apply directly to Colas' activities, notably in the following areas: 3. Access to healthcare; 5. Achieve gender equality and empower all women and girls; 7. Use of renewable energy; 8. Decent work for all; 9. Innovation and infrastructure; 11. Sustainable cities and communities; 12. Ensure sustainable consumption patterns; 13. Combating climate change; 15. Protect terrestrial flora and fauna.

The Group's social responsibility approach seeks to foster a deep and lasting culture of continuous improvement in the field, across the Group's 800 construction business units and more than 3,000 materials production units (quarries, emulsion plants, asphalt and ready-mix concrete plants, bitumen production plants).

1.2.1. Overhaul of the social responsibility approach

Colas' social responsibility approach was revised in 2020 at the end of a two-year process as part of the One Colas Responsibility project. At the start of this One Colas process, the strategy pursued by Colas in this area was reformulated and clarified. This stage was followed by the rollout of a certain number of structuring measures, with One Colas thus functioning as an incubator for business-specific or cross-business projects aimed at transforming Colas.

1.2.1.1. EVALUATION OF INTANGIBLE CAPITAL

As a first step, it was considered interesting and enlightening to draw an economic connection between CSR and Colas' intangible value, thus helping to shape CSR policy, in particular by selecting the approaches likely to strengthen this capital.

The total value of the Colas Group was determined using the reference value method developed by the French consulting firm Goodwill-management on behalf of France's Ministry of Economy and Finance. This method examines four key factors for every company: the quality of governance, the macroeconomic context, financial health, and intangible capital. Intangible capital is assessed on the basis of eight assets, thus also approximating an evaluation of the company's integration of CSR: customers, human capital, brand power, organization, environment, know-how, partners and suppliers, and information systems. This study found that Colas has a value significantly higher than its market capitalization.

The following strengths were noted:

- a solid and stable customer portfolio and a range of activities that serve Colas well in its markets;
- strong human capital, with competent, engaged and loyal employees;
- considerable flexibility and responsiveness in decision-making processes, together with a high capacity for adaptation to local realities;
- effective environmental management made possible by a worldwide network of environmental representatives and well-adapted tools;
- recognized expertise making the Group a global leader in its industries.

But this study also revealed several areas for improvement, some of which had already been targeted by a One Colas action plan:

- high-quality brand, but one that lacks a strong global reputation;
- supply chain management processes that are not yet sufficiently mature;
- information systems in need of infrastructure consolidation.

1.2.1.2. MATERIALITY ANALYSIS AND STAKEHOLDER CONSULTATION

The identification and prioritization of the most critical social responsibility issues for Colas, made possible via its CSR materiality matrix, was based on several reference systems and compares internal data (business model, existing policy, risk mapping exercise, etc.) with various external reference frameworks (ISO 26000, Article 225-102 of the French Commercial Code, GRI, etc.). This analysis pointed to five broad categories for CSR issues:

1. Governance and regions;
2. Products and solutions;
3. Human capital;
4. Ethics;
5. Environment.

Taking this first materiality analysis as its starting point, the Colas Group went on to survey its stakeholders, both internal and external, in France and other countries, using crowdsourcing platforms, in order to better understand their expectations and embed its commitments within a continuous improvement approach. The French- and English-language platforms collected 6,500 votes and nearly 800 verbatim responses of all kinds during a period running from May to December 2019. A total of 550 stakeholders took part – 62% in France, 18% in North America, 13% in Europe excluding France, and 7% in Africa and Asia – aptly reflecting the distribution of Colas locations around the world. By using this means of communication, a large number of respondents were able to be contacted, especially given the questionnaire’s length, demonstrating the interest generated by this type of approach.

The results presented below do not purport to be exhaustive. Only the salient points in each category are reported, based on the proposals having received the highest number of votes. There were two key takeaways from this survey, across all five categories: the first is that a CSR approach should be based on guidelines shared by the entire Colas Group, in sync with the One Colas strategic plan, and the second is that many employees consider themselves to be Colas ambassadors.

- **Governance and regions:** two issues in particular drew the attention of stakeholders:
 - *the flexible adaptation of CSR policy to regions* sparked many comments about the environment and human rights. Concerns raised in relation to the environment for this category include making environmental protection and recycling core values for Colas, implementing a proactive environmental approach at all work sites so that all employees are bound together by the same environmental vision, finding solutions reconciling the activities of both work and production sites with the restoration of natural habitats, setting overall targets whatever the region, recovering waste, and using alternative materials. For stakeholders, the topic of human rights must be considered in its totality, in line with the idea that these rights are universal and must be upheld in the same way everywhere in the world;
 - *the involvement of stakeholders* facilitates the social acceptance of both work and production sites, and the integration of local actors over the entire life cycle of each project is essential. Comments underscore the importance of making sure this dialogue is always encouraged, to create the necessary conditions for the intelligent and sustainable mobilization of all Colas resources. The structured dialogue approach currently in use appears to be one of the keys to Colas’ success and its capacity for adaptation because it allows for the detection of weak signals at the right time, while one of the prerequisites for this dialogue is the fact that all Colas work sites and production facilities take pride in leading by example.
- **Products and solutions:** for this category, which looks at issues in the value chain, comments focus on concerns relating to suppliers and service providers, and especially those involved in setting up a quality assurance process with these partners, along with taking a multi-tiered approach and the implementation of CSR criteria in purchasing processes. In addition, including elements of carbon footprint analysis in bidding processes drew considerable feedback.
- **Human capital:** comments stressed the importance of diversity, whether in relation to professional backgrounds, religious beliefs, cultures, gender, or other aspects. Diversity is seen as bringing collective strength, encouraging openness and tolerance. Managers and their teams must be conscious of differences without falling into the trap of setting quotas. An important part of the discussions revolved around quality of life in the workplace. Younger generations in particular place a great deal of importance on the work-life balance and are encouraging Colas to make progress in this area. It is also recommended that teams receive more support with respect to digital transformation efforts to ensure better management of their workload.
- **Business ethics:** responses are unanimous in this area and the principle of zero tolerance appears as the only acceptable one to actively fight corruption, while training for everyone is seen as essential to reach an optimal level of compliance.
- **Environment:** acting on the materials required for road works, such as bitumen and aggregates, by setting higher recycling targets and by adopting circular economy principles, is a growing concern for stakeholders. It is seen as important to recycle more at work sites to reduce raw material consumption, limit the openings of new quarries, focus R&D on the post-fossil fuel future, and increase the volume of reclaimed asphalt pavement in mixes. In addition, respondents discussed working

on the moderation of energy consumption across all Colas business activities, thus reducing greenhouse gas emissions, the need to put in place studies looking at ways to reduce consumption or recover excess energy, raising the awareness of these issues among both management and employees in general and improving their effectiveness, and introducing innovative solutions for customers. Stakeholders taking part in the survey also showed a strong commitment to biodiversity issues.

As a result of this stakeholder dialogue, Colas restructured its corporate social responsibility approach around the following priorities: CSR governance; value chain and innovation; human capital; ethics and human rights; environment and carbon; local presence and adapting to local needs.

However, Colas considers that the following concerns do not raise material issues, due to the nature of its activities and its business model: food waste and food insecurity, animal welfare, and responsible, fair and sustainable food choices.

1.2.2. CSR governance

Stakeholder consultation has revealed a need to clarify who does what: the role of organizational silos, the setting of objectives, decentralization, risk, control and reporting, etc.

1.2.2.1. PRINCIPLE OF DELEGATION

Stakeholder consultation has shown that a balance must be struck between a corporate approach and decentralization, which ensures the best possible adaptation to local realities. CSR issues, including human rights, ethics, safety and the environment, tend to intensify this debate: although it is not acceptable to discount the cross-cultural relevance of certain universal principles, these principles cannot always be applied in the same way everywhere. For example, freedom of religion and corporate neutrality toward religion require distinctive approaches in their application, depending on the country. Similarly, the broad range of the Group's activities (production of materials of all kinds, road works and railway projects, water and energy distribution, construction and renovation of buildings, decontamination, etc.) necessarily leads to different approaches when it comes to the environment, safety, and so forth.

To settle this debate, Colas decided to refer to the principles of two recent French laws: the Sapin 2 law ⁽⁷⁾ and the duty of vigilance law ⁽⁸⁾. These two new laws particularly require heads of large corporations to identify their major risks in the areas of ethics, safety, human rights and the environment, to define action plans, and to set up systems to monitor the implementation of these plans as part of a continuous improvement approach. This is a top-down, centralized and uniform responsibility, which cannot be delegated or tempered depending on circumstances. These two laws have introduced new initiatives, particularly at the level of Colas' parent company. This document includes a brief review of the main points at the start of the sections relating to compliance, safety, the environment, and human rights.

In all areas of CSR, it is relatively easy to distinguish the issues relating to the company's routine operations that can be delegated and adapted to local circumstances. To provide a framework for this delegation, Colas sets out general policies to maintain overall coherence and organizes the reporting of indicators and targets so as to monitor progress at its subsidiaries. These reports can in turn result in adjustments to the corporate policies in these areas. Adaptation to the areas where Colas operates is a core value in itself, and is also one of the strengths of its business model, as seen above in the evaluation of its intangible capital.

1.2.2.2. CSR ORGANIZATION

CSR cuts across all areas of the Group's operations and is supported by its main cross-business functions:

- functional and corporate control departments to disseminate and coordinate policy within subsidiaries: the Technical/ R&D, Equipment, and Environment Departments; HR, Safety, Security, and Procurement Departments; Legal & Compliance Departments, etc.;
- a CSR Department within the Sustainability & Innovation Department (DDRI in French) to keep abreast of CSR-related developments, work with the relevant departments and entities to coordinate and manage the CSR approach and associated commitments, and organize reporting procedures (compiling CSR indicators and writing up the annual Non-Financial Performance Statement);
- a decision-making body: the Executive Management Committee, which is chaired by Colas' Chief Executive Officer and may delegate a portion of its work to specialized committees under its responsibility or that of general managers (examples include the Commitment Committee and the Country Risk Committee). The formal involvement of the Executive Management Committee is essential to ensure the participation of Colas' operational departments.

(7) Sapin 2 law: Law no. 2016-1691 of December 9, 2016, which applies to worldwide operations and strengthens their obligations relating to transparency and anti-corruption measures.

(8) Duty of vigilance law: Law no. 2017-399 of March 27, 2017, which applies to worldwide operations and strengthens the responsibilities of parent companies in the areas of health and safety, the environment, and human rights.

1.2.2.3. DIALOGUE WITH STAKEHOLDERS

Colas has a decentralized organizational structure, with operations in a wide range of businesses and geographic areas. Relations with stakeholders are many and varied. They take place at the corporate level when an overall approach is needed, but may also be pursued in a decentralized manner. The survey conducted via a crowdsourcing platform in 2019 showed the power of this type of tool in its ability to reveal the full range of viewpoints and in giving shape to discussions. However, as it is still difficult to engage with some external stakeholders using this type of tool, exchanges with them are pursued through extensive interviews. It is important to remember that Colas has a multitude of stakeholders, representing diverse perspectives, in some 50 countries, as a result of its very local business activities:

- more than 60,000 projects per year, with several million potentially impacted local residents and users;
- more than 800 construction business units and 3,000 materials production plants worldwide (quarries, emulsion plants, asphalt and ready-mix concrete plants, bitumen production plants);
- more than 150,000 suppliers and partners;
- more than 100,000 customers;
- nearly 55,000 employees.

At the same time, more targeted actions will continue to be pursued:

- in France, satisfaction surveys have been carried out among Colas' public and private sector customers. To date, over 9,000 questionnaires have been sent out, with an overall response rate of about 25%. With nearly 60% of our customers being Colas "ambassadors," the level of satisfaction is good, although naturally we still have room for improvement;
- Colas' Human Resources Department regularly surveys the Group's global workforce (Section 4, "Human capital");
- in certain scientific fields, Colas joins stakeholder communities, to assess the toxicity of bitumen fumes, for example, alongside government agencies, researchers, trade unions and joint collection bodies, and bitumen producers, or in support of biodiversity (via the Strategic Steering Committee of the FRB⁽⁹⁾, a genuine forum bringing together nearly 200 stakeholders divided into five working groups), as described in the following sections, and takes part in technical forums on roads, railways, bitumen, etc.;
- dialogue with local residents, government agencies and elected officials concerning Colas' operating sites around the world is managed through a formal program (Section 7, "Local presence and adapting to local needs");
- Colas is also developing increasingly sophisticated digital tools for its projects, thus giving local communities and users the opportunity to engage in fully transparent dialogue with the project teams, and with the contracting customers and local authorities (Section 3, "Value chain and innovation").

1.2.2.4. TRANSPARENCY AND COMMUNICATION

It is not enough to merely gather opinions from stakeholders. They also need to be kept informed with complete transparency on all matters, including disappointing developments or those requiring remedial action. This Non-Financial Performance Statement is one of the outcomes of this renewed effort to promote transparency, fully in line with a long-standing practice at Colas, which has always favored day-to-day actions on the ground rather than flashy communications. In addition, various communication actions are carried out throughout the year to inform internal and external stakeholders:

- on the Group's corporate website, Colas presents all of its CSR commitments and has undertaken in-depth work on the experience and information offered to site users;
- active on social networks, Colas regularly highlights the CSR commitments and initiatives undertaken by the Group and its employees on sites in France and abroad. The internal social network, Yammer, is enriched on a daily basis as employees share their experiences and promote best practices. Digital communication is also a growing channel for fostering dialogue with all stakeholders;
- the in-house magazine *Routes*, which is distributed to Colas Group employees, as well as subsidiaries' in-house magazines (e.g. *L'Échangeur* in France), sharing strategy information within the Group and highlighting examples from around the world.

Lastly, to showcase its brand, in 2020 Colas set up a brand platform that reflects its core brand identity. Its mission – "Designing, building and maintaining sustainable transport infrastructure from our local roots, around the world" – illustrates the importance that employees place on understanding and taking into account the workforce-related, social and environmental expectations of all stakeholders in order to design and build high-quality, sustainable infrastructure suited to local needs and global priorities.

(9) *Foundation for Research in Biodiversity, a French organization that hosts the scientific secretariat of the French National Committee of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).*

1.2.3. Value chain and innovation

Meeting customer expectations is central to the Colas culture. All of the quality management approaches – ISO 9001, 6 Sigma, Operational Excellence, etc. – take into account the need for a value chain continuum effectively linking the customer to partners (suppliers, subcontractors, etc.), which results in the emergence of a genuine ecosystem, in which actors must align the quality of their offerings to reach the desired level of customer satisfaction. The quality of a company's products and services closely depends on the quality of the products and services it buys from upstream firms. This continuum actually extends further, because a customer's satisfaction often depends on the satisfaction of its own customers and stakeholders. As such, Colas focuses on the satisfaction of infrastructure users, the final consumers of its services, even if these users are not contractual stakeholders of Colas.

With respect to CSR, this concept of a business ecosystem has begun to take shape more clearly. A company can only meet the expectations of its stakeholders if it connects with and brings on board its entire ecosystem. This point is central to various national and international guidelines, such as the UN Global Compact, the French duty of vigilance law, international legislation on human rights, etc. In terms of ethics, this leads the Group to act in a way that ensures a high level of cohesiveness in its discourse and its behaviors, particularly from a contractual standpoint, with its customers and partners.

1.2.3.1. QUALITY AND CUSTOMER SATISFACTION

Colas' approach to quality is implemented in a number of different ways:

1.2.3.1.1. Quality

Maintaining the quality of delivery of Colas' projects mainly depends on the work of subsidiaries' Technical Departments. This is a long-standing role for these teams, which has proven to be effective, reaffirming the technical skills and reliability of Colas wherever it operates.

Owing to the very local nature of Colas' businesses, the technical network is comprised of more than 1,000 employees. Their role is to respond quickly to problems faced by operating entities in the field on a day-to-day basis. They are supported by the Campus for Science and Technology (CST), located in the Paris region. Its responsibilities include technical support and high-level expertise on behalf of subsidiaries, the development of products and processes, as well as the integration of mobility solutions as part of infrastructure projects. Moreover, the CST also serves as a meeting point for all Colas know-how and coordinates the technical network.

The head of Colas' Technical/R&D Department supervises the continuous improvement of this network and has put in place an audit framework, in collaboration with Colas' Audit Department, to carry out controls and implement a formal monitoring procedure. To date, about 50% of operations worldwide have been audited. Within the European Union, many products, including aggregates, asphalt mix, asphalt binders, concrete and paint, are gradually being brought under the CE marking system, a quality assurance standard managed at Colas by the laboratories of its technical network.

Above and beyond this traditional approach to the quality of products and structures, the Technical/R&D Department monitors the safety of its structures exposed to stability risks as part of Colas' duty of vigilance, which may involve calculation notes, design specifications, or on-site monitoring of construction projects. In particular, this approach concerns extensive embankments, retaining walls, large engineering structures, and buildings.

1.2.3.1.2. Operational excellence

In terms of management systems, the following approaches are being used at Colas:

- ISO 9001 systems, which are still very prevalent at certain subsidiaries;
- an approach put in place in Mainland France ten years ago to compile best practices for operational excellence and develop a system for sharing and disseminating them.

In both cases, the key to success rests in the direct adoption of the approach by operational managers rather than delegation to quality experts. Today, this commitment has made great strides, because operational executives have worked directly on the fine-tuning of the tools, which they have then adopted in their day-to-day work.

Over the past three years, overarching cross-business operational efficiency programs have been rolled out under the banner of the One Colas corporate plan, including in particular the following:

- One Colas Quarries, for aggregate-related activities: The objectives of this program are to optimize the portfolio of quarry sites, improve the performance of operations, increase the volume of sales, and develop new activities. This program is underpinned by an ambitious human resources component aimed at the 4,000 employees who work in these business areas;
- One Colas Bitumen, for bitumen-related activities: In an increasingly global bitumen market, the objectives of this program are to secure sources of supply and strengthen Colas' presence across the value chain: bitumen supply – transportation – warehousing – distribution – transformation. This program is supported by a cross-business organizational structure that is in the process of being put in place.

These two programs aim in particular to build a shared reference framework to be used at all operations worldwide to evaluate and improve performance.

At the end of 2020, on the occasion of the Winter Meeting that brought together 100 of the Group's senior executives, Colas' Chief Executive Officer launched the Group's new corporate plan based on CSR and Colas' eight new commitments to its stakeholders. The eight CSR commitments relate to the following themes:

- a commitment to integrate CSR into the business and, in particular, how we offer our customers and users solutions that meet the challenges of sustainable regional development;
- three CSR commitments directly related to Colas' activities in terms of the low carbon and biodiversity strategy, the circular economy, and reducing impact and improving acceptability;
- two CSR commitments to employees, particularly on how to attract, develop and retain talent through managerial excellence and health and safety;
- a commitment to responsible purchasing, or how to build a responsible supply chain founded on sustainable performance;
- a commitment to consolidating an exemplary culture of ethics and compliance.

1.2.3.1.3. BIM

Building Information Modeling (BIM) is gaining prominence as the universal language for building and infrastructure projects. A very powerful tool whose standardization is a vast project involving the participation of thousands of specialists around the world, BIM makes it possible to create a digital twin of the structure being built that is multi-dimensional (3D, costs, time, waste, nature of materials, etc.) and interoperable between all actors and all phases, whether they work in design, construction, maintenance, or even operations. It is bringing about a genuine digital transformation in the construction industry: governments and major private customers have not erred in promoting this new work process for their large projects. For Colas, BIM is becoming the universal tool of the construction and civil engineering sectors and the use of two-dimensional technical drawings will soon be a thing of the past.

This common language allows for the sharing and transmission of design methods and solutions everywhere in the world. In business lines for which local specificities protected actors in the past, BIM is the gateway to international standards. As a worldwide player, Colas must lead the way by embracing this technical transparency in its workplace ecosystems.

As part of this digital transformation, Colas is highly sensitive to the opportunity represented by BIM to improve collaboration between all of a project's stakeholders and to take better account of the uses of a structure throughout its entire life cycle. At Colas, the BIMbyCO team is developing cross-business solutions and promotes an open and collaborative perspective on BIM, which offers a real opportunity to curtail the far too frequent conflicts at work sites and optimize stakeholder satisfaction across multiple factors (costs, deadlines, ergonomics, safety, adaptation to users, upkeep, etc.). BIM is thus becoming an authentic shared management system.

The BIMbyCO team, which serves a dual role as mission control and proponent, develops the digital model and its associated processes for all Colas business lines in accordance with a central, global strategy, but also within the subsidiaries, thanks to a network of 35 correspondents. Initially, BIM was mainly used for building projects. During this early stage, Colas was a key player in extending its use for infrastructure, civil engineering structures such as railways, roads and pipelines, as well as decontamination and demolition projects.

Today, the team has expanded its areas of expertise to include City Information Modeling (CIM), which takes the intelligent modeling concepts of BIM to a broader level, in order to propose new uses and services to the various actors in a region, community or city, taking advantage of the same digital twin technology. Colas has thus entered into a partnership with the regional authority for Île-de-France, which aims to become Europe's first smart region, offering to lend its support for the joint development of uses for CIM. Lastly, the need to take better account of uses led Colas to test its new solutions using algorithms compatible with BIM, as is the case for the design of the Flowell dynamic luminous signaling solutions and urban heat islands.

This innovative work has been recognized with several prizes, and most recently the following:

- a *BIM d'Or* (gold) award in 2018 for the SRD refinery decontamination project in Dunkirk. This world-first application of BIM to subsoil issues was hailed for the quality of associated technical developments and the vision of collaborative transparency that was central to that development;
- a *BIM d'Argent* (silver) award in 2019, in partnership with Bouygues Construction, in the "Infrastructure Projects" category, for the upgrade of the Les Lavandes roundabout near Marseille-Provence Airport in the south of France. For this design-build project, a BIM agreement was put in place to define the objectives and roles of each participant. BIM has been embedded in all business processes to ensure interoperability and the proper compilation of models to create a composite one for the project. Project monitoring was also carried out using BIM, which facilitates the verifications of interconnections. Each business process had its own independent model and their compilation made coordination reviews more efficient. The new roundabout was delivered in March 2020;
- two *BIM d'Argent* (silver) awards in 2020: one in the innovation category, for the Flowell La Défense project using BIM for new uses (understanding luminous signaling thanks to virtual reality, simulation of vehicle and pedestrian flows, lighting scenarios, generative design to automatically model networks); the other in the international infrastructure category, for the Taza wind farm project in Morocco, an acculturation project for BIM infrastructure and its associated uses.

1.2.3.2. WHAT COLAS' CUSTOMERS EXPECT

Across the varied range of its businesses and despite the differing characteristics of the areas where it operates, Colas has noted that its customers, whether in the public or private sector and whether local or global, are conveying expectations with regard to the environment and society to an ever greater extent, and are increasingly addressing these concerns in the design of their projects and in their specifications. These expectations clearly express a demand for transport infrastructure to be better integrated into the living environment, particularly in urban areas (a desire for a more livable city where green spaces and alternative modes of transportation are not short-changed; a vision of the city as a complete ecosystem including water, waste recycling, biodiversity, etc.), beyond mere performance-based considerations for infrastructure.

Against this backdrop, customer demand for environmental engineering services is growing, such as the preservation or rehabilitation of natural habitats, restoration of degraded habitats, management of natural resources, management of ecosystem functions and services, reestablishment of ecological continuity, limiting land take impacts, combating invasive species, etc. (Section 6, "Environment and carbon").

The Group's public sector customers and local elected officials in particular are highly sensitive to the demands of local transport infrastructure users. Continuous improvement in road and rail safety is a major priority in which Colas has been investing for years to provide technical solutions, in particular via Aximum, its safety and signaling subsidiary. Colas has developed ANAIS, a solution that helps reduce the frequency of close-call traffic accidents. Colas has also developed digital traffic regulation tools, in particular for projects in urban locations (Réguly in Lyon) and on roads (Temps de Parcours, by Aximum), to lower the risk of accidents, achieve greater energy efficiency and curb greenhouse gas emissions.

Another priority is improving users' quality of life through better sharing of roadways between the various forms of mobility. As part of these efforts, in 2020 Colas was heavily involved in setting up so-called "corona paths" (bike paths introduced after the first lockdown for the Covid-19 pandemic), in particular in France, to support the growing popularity of green modes of transport. Colas is also developing Flowell, a dynamic road signaling system that enables roadway users to co-exist more successfully: installed on pedestrian crossings (at Mandelieu-la-Napoule), Flowell increases compliance with road markings by both pedestrians and motorists; used at intersections (Nantes, La Défense), it helps motorists better accommodate bus and cycle traffic.

Customers have not yet fully grasped the advantage of being most capable bidder from a CSR perspective when contracts are awarded, as being the lowest bidder always seems to prevail in decision-making. Colas also has very limited freedom to propose solutions that better meet these CSR challenges since, in most of the countries where it operates, it is prohibited from proposing alternatives to the basic solution described in public tenders and the purchasing departments of large contracting customers often follow a similar trend. That said, things have started to move in the right direction in France, where it is possible to propose modifications, albeit often limited ones and only for certain public contracts, while private sector customers are starting to become more receptive to these issues. In the United Kingdom, and more generally in countries with laws and regulations of British inspiration, the tradition for call for bids with performance criteria should also help give rise to bidding processes taking the total cost into account. However, budget constraints and a short-term vision often gain the upper hand and pose an obstacle to these generally healthy contractual developments.

The reticence among contracting authorities represents a major hurdle slowing the introduction of innovations in the mobility infrastructure sector. Even so, Colas has made a longstanding commitment to R&D in order to contribute to the development of the Company and the market, and to guide and support it. It has devised road construction products that offer a smaller environmental impact and lower greenhouse gas emissions (asphalt mix manufactured at a lower temperature), and has developed recycling solutions for these products to help conserve resources and limit journeys (on-site recycling). Demand for these solutions is still fairly limited in customers' tenders, but they are aligned with society's growing expectations, so it seems likely that they will gain momentum soon.

In addition to its range of products, Colas develops solutions that can help to reconfigure relationships with its stakeholders. Project design based on Building Information Modeling (BIM) is one such example, with the digital model being shared with the customer, project supervisor, and subcontractors to deliver a sharp focus on the project's priorities and ultimately move towards a collectively optimized design. Residents living next to worksites have not been forgotten, either. Local solutions can be implemented to keep them informed about worksite progress (*Hello Travaux*) or to share their experiences (*Osmose*).

1.2.3.3. RESEARCH AND DEVELOPMENT

Research is an integral part of Colas' DNA. It was the invention of a bitumen emulsion called "Cold Asphalt" 90 years ago that gave birth and name to Colas.

Building towards Colas' goal of developing innovative and sustainable mobility solutions, the Technical/R&D Department takes sustainable mobility products, techniques and infrastructure solutions from concept through to delivery via development and trials. In association with the Group's regional laboratories in every geographical region where Colas operates, the department's staff work at the Colas Campus for Science and Techniques in Magny-les-Hameaux in the Saclay cluster near Paris. Colas' key priorities in terms of R&D and innovation seek not only to meet the social expectations of customers and society in general but also to take into account the Group's environmental policy as regards its products, by favoring the use of more environmentally

friendly techniques and substances. The Innovation Department aims to speed up transformation, by designing products and service technologies for longstanding solutions or for disruptive breakthroughs. These key differentiators help to unlock the full value of offerings. The solutions devised may enhance internal processes – helping to improve employee working conditions and safety, for example – while also optimizing operational performance.

1.2.3.3.1. Reduction in road accident statistics

Colas R&D works in a number of areas to respond to road safety challenges, in particular:

- producing a range of high-performance surfacing that provides better tire grip (textured and/or draining products to limit skidding effects in rainy weather or reduce braking distance);
- improving visibility (work on road markings in cold or wet weather and at night);
- manufacturing road safety equipment (Aximum safety and signaling subsidiary).

1.2.3.3.2. Noise

Efforts to curb noise pollution caused by road traffic have been one of the top research priorities for around 20 years. In particular, Colas has developed a range of acoustic mixes (Nanosoft and Rugosoft) for Colas customers' many different use cases, which has been rolled out in Mainland France, Overseas France and other European countries (Denmark, Switzerland, Croatia, etc.).

It has won multiple technical accolades over the years for the effectiveness of these products. Optimization of Nanosoft continued in 2020 through a research project led by the Group's Campus for Science and Techniques (CST), which aims to further enhance mechanical resilience with the use of bio-sourced additives and expand the range of situations in which Nanosoft can be employed. Colas has also been actively involved in the LIFE Cool & Low Noise Asphalt project led by the City of Paris, which aims first and foremost to cut heat and noise emissions, and to expand the operation city-wide and then across Europe.

In 2020, there was a very substantial increase of close to 30% in the tonnage produced of this type of asphalt mix (486,800 metric tons compared with 375,000 metric tons in 2019). Implementation of the third tranche of the government's Prevention of Noise in the Environment Plan, which aims to assess current noise pollution and to draw up local measures to reduce exposure in trouble spots, may partly account for this increase.

1.2.3.3.3. Adapting to climate change

In order to adapt to climate change and its constraints, Colas is developing new products by adjusting the formulations for existing products, experimenting with alternative binders and new materials, or implementing breakthrough ideas. Colas is continuing with a program of academic discussions on the phenomenon of urban heat islands (discussions have previously been held with Université Paris Diderot's LIED laboratory, Université Laval, the GeM laboratory in Saint-Nazaire and Cerema in Nantes; the Group is currently collaborating with Artois University under an agreement entered into two years ago on the thermal characterization of materials) to reveal the complex interactions and retroactions characterizing this phenomenon, which is a concern for all the world's major urban centers. Concurrently, Colas continues to conduct a rigorous experimental program to characterize the thermodynamic properties of building materials and is ready and willing to participate in the full-scale measurement and experimental programs launched by several municipal authorities. This is an area in which collaborative solutions spanning water management, integration of green spaces, big data, urban planning, materials science, human and social sciences can be developed – it represents one of the key building blocks of tomorrow's sustainable cities. Among its many projects, the Campus for Science and Techniques is working on surfacing materials with high draining power, able to absorb rainwater to a greater extent, thus contributing to urban cooling.

More generally, as Colas has locations in all the world's climates, it is able to transfer techniques and know-how already developed in warmer regions and areas that have long been prone to windstorms and hurricanes.

1.2.3.3.4. Green chemistry

Research is being carried out to optimize eco-friendly binders and surfactants by applying the 12 principles of "green chemistry" ⁽¹⁰⁾, notably by introducing bio-sourced components from forest and marine resources, reducing production temperatures and limiting greenhouse gas emissions. This work focuses on using waste and renewable raw materials that neither interfere with the production of human food (to avoid the risk of pushing up oil and cereal prices) nor undermine wild ecosystems (e.g. by deforesting for oil production): the problem is that just to replace bitumen with a binder derived from vegetable oil would require an area roughly equivalent to one-third of the European Union's total cultivated area. In addition, to reduce chemical risk Colas promotes and commissions toxicological characterizations on the products made using these alternative chemical technologies, for example to detect potentially harmful substances like endocrine disruptors.

(10) As defined in 1998 by Paul T. Anastas of Yale University and John C. Warner of University of Massachusetts Boston.

1.2.3.4. INNOVATIVE AND SUSTAINABLE SOLUTIONS FOR A BETTER LIVING ENVIRONMENT

Innovative solutions rolled out by Colas or being tested through pilot projects focus on improving the fluidity of traffic in cities, helping urban residents get around their cities more easily, particularly for green modes of transportation and addressing the issues faced by local authorities by taking energy and environmental constraints into account. These innovations thus improve the living environment and safety for city dwellers. Colas is also present in the urban transformation and urban greening markets to help meet a policy of curbing the growth in the surface area covered by new infrastructure. Mobility by Colas develops and offers practical and powerful digital solutions meeting new mobility requirements for local authorities as well as urban residents. One of the program's priorities is to favor multimodal solutions by optimizing existing infrastructure.

1.2.3.4.1. Wattway: photovoltaic road surfacing

Photovoltaic power generation is considered one of the main renewable energy solutions under the global energy transition, but it requires vast available surfaces exposed to the sun. This problem is particularly acute in densely populated or agriculture-heavy countries: roof surfaces alone are not enough to produce the power levels required, and solar farms, although highly efficient, run up against issues of competition for land use (agriculture, natural spaces and landscapes). With its innovative Wattway solution, Colas provides access to a sizable surface area, with the potential to meet some of a country's needs in terms of solar power without impeding other types of land use.

Presented to the media in 2015, Wattway was the winner of a Solutions Climat prize, presented at COP 21. The Solutions Climat jury, comprised of experts in resource efficiency and climate action, awarded Colas a Coup de Cœur award for large companies in the "Mitigation" category. Wattway is a patented French innovation, the fruit of five years of research by Colas and INES⁽¹¹⁾. It is the world's first photovoltaic road surfacing solution that generates electricity from clean and renewable solar energy, while providing a safe surface for all vehicular traffic. Since the launch of this solar road solution, about 40 pilot projects around the world have demonstrated Wattway's robustness. These projects of various sizes have been developed to test multiple uses: powering street lights or urban furniture (in Mainland France and the United Kingdom), powering electric vehicle charging points, generating additional energy for buildings (offices, town halls, etc.) in France, Reunion Island, Canada, the United States, Japan and Luxembourg, and supplying energy to local power grids in France and the Netherlands. These experiments under real and highly varied conditions have resulted in further improvements in performance and resilience for the solution. In 2019, Colas began marketing Wattway Pack, the first step before the wider release, for large-scale applications, of this photovoltaic surfacing solution suitable for all types of vehicular traffic.

1.2.3.4.2. Flowell: dynamic signage for smart, modular roads

Flowell was created in 2017, harnessing Wattway technology. This is a dynamic, scalable and modular signage system that aims to optimize urban space, traffic flows, safety and the coexistence of multiple forms of transport. Flowell makes it possible to organize the shared space of roads and city streets thanks to a device based on dynamic control of light-emitting signage. Installed on existing roads, Flowell offers a great degree of flexibility and adapts the infrastructure to the needs of both urban and rural communities in real time. Flowell streamlines traffic on existing roadways by giving priority to certain users over specific time periods.

For example, communities can improve the visibility of bicycle crossings to ensure the safety of cyclists, turn parking spaces reserved in the daytime for deliveries into car parking spaces at night. They can also create temporary drop-off spaces around schools, and secure pedestrian crosswalks by enhancing their visibility and that of pedestrians with light-emitting markings. Several trial sites have been deployed to test the solution in real conditions. The goal is to benefit from the experience of communities and users as to the relevance of its applications, ease of use and integration in urban areas. For example, in Mandelieu-la-Napoule on the French Riviera, an intersection known to be hazardous was equipped with the solution. Driver behaviors were studied before installing the Flowell solution and measurements have been conducted since. A marked change was observed, with calmer driving, greater awareness of risks, and thus enhanced safety for pedestrians.

1.2.3.4.3. ANAIS: preventive road infrastructure management and road safety

ANAIS (for *Acquérir-Numériser-Analyser-Informer-Sécuriser*, or *Acquire-Digitize-Analyze-Inform-Secure*) is a made-to-measure solution intended for the authorities of relatively large areas (French administrative departments, Swiss cantons or US counties, for example) that enables them to anticipate maintenance needs for their road networks and optimize infrastructure costs. Built on preexisting preventive analysis methods for road networks such as SURE and ISRI, ANAIS adds a digital dimension. It is an innovative tool to support decision-making processes for the management of infrastructure. Data collected on near misses enables the geolocation of road sections in need of attention and continuous analysis measures the impact of works for the improvement of road safety. This service is currently being made available for the preventive management of the road network in France's Eure-et-Loir administrative department.

(11) Institut National de l'Énergie Solaire (the French National Solar Energy Institute).

1.2.3.4.4. Moov'hub: a mobility service marketplace

Currently under development at the Paris-Saclay research campus, Moov'hub is an integrated digital solution for mobility services created by Colas that covers a range of needs, from permitting the dynamic management of urban parking to making traffic run more smoothly and addressing concerns raised by local authorities. The Paris-Saclay development authority, in partnership with the Paris-Saclay administrative entity, is one of the organizations testing the rollout of this shared and innovative service that combines mobility concepts and digital technologies. Moov'hub is first and foremost a smartphone application that allows users to obtain information in real time about the availability of public or private parking places as well as the associated services (fees, hours, electric charging stations, etc.), directions to reach a parking place meeting their needs, or suggestions for alternative mobility solutions in the event of traffic congestion, with the ability to pay for the selected means of transportation via this unique application. Moov'hub is thus designed for local authorities, giving them a tool for the regulation of public space, optimizing the management of unoccupied parking places and mobility flows in an urban environment.

1.2.3.4.5. Qievo: management of large urban worksites

The proliferation of work sites in large metropolitan areas (new sustainable districts, installations of mobility infrastructure, etc.) is having a considerable impact on traffic and quality of life. Digital technologies can offer powerful solutions for reducing congestion in construction work zones and surrounding areas, while addressing issues relating to the acceptability of these work sites for urban residents. With Qievo, Colas aims to offer a complete and dynamic tool that gives users a real-time overview of logistics flows around work sites. This digital platform boasts a unique interface and has a dual objective: optimizing traffic flows entering and exiting work sites and limiting nuisances for local residents and users, by guiding trucks to follow specific routes, thus reducing traffic congestion. Qievo (under the Réguly brand name) is currently in use in Lyon's Part-Dieu district, where some 50 construction projects will be launched over the next five years to transform the services and living environment of this densely populated urban area surrounding one of France's main rail hubs. This service helped to save around 30 metric tons of CO₂ in 2020. In 2020, the program covered 25 worksites – all those in progress during the period.

1.2.3.5. GOVERNANCE OF INNOVATION AND PARTNERSHIPS

Since 2020, the Sustainability & Innovation Department (DDRI in French) has housed the environment, security, safety, quality, innovation, research and development, and institutional relations units. Close cooperation between these teams reflects the strength of the essential ties between CSR, innovation and operations. DDRI proposes, organizes and implements projects. The Executive Management Committee (CODG in French) is responsible for the governance of innovation, signing off on innovation and research priorities, ensuring contributions are received from entities in the field, monitoring ongoing developments and supervising progress against the targets set.

About a hundred innovation projects proposed by subsidiaries worldwide, focused on different areas, from improvements in working conditions for workers, energy efficiency, and transportation optimization to the use of digital technologies on work sites are now being coordinated at the level of the DDRI. Aside from monitoring progress, the DDRI also ensures that input and feedback from the potentially affected subsidiaries is being taken on board. An innovation roadmap was drawn up in 2020 featuring four major priorities: low-carbon solutions, sustainable mobility solutions, smart infrastructure, and digital solutions powering performance gains and new business.

At the corporate level Colas continues to develop numerous partnerships in France and around the world, to further build its knowledge and expertise, but also to adapt its business activities to tomorrow's challenges, in several areas:

- academic partnerships have been established with universities and schools (including the University of Birmingham in the United Kingdom, the University of Alberta in Canada, the École Centrale engineering school, Gustave Eiffel University, the Institut Mines-Telecom Lille, the ESTP French engineering and research graduate school, the University of Nantes and École Nationale de Chimie de Montpellier graduate chemistry school in France, MIT and Aston University in the United States, etc.), along with institutes and companies (such as Ineris, the French Alternative Energies and Atomic Energy Commission (CEA), ChemSud, and the Foundation for Research on Biodiversity (FRB), Arkema, Total, Peugeot, Valéo and Safran) for scientific or research and development projects;
- partnerships with innovation agencies are being developed:
 - with start-up incubators such as Via ID (innovative mobility solutions),
 - with start-ups in the context of innovation projects; examples include the partnership with RB3D to develop the ExoPush tool designed to make physical work easier, implementation of a high-volume data processing platform with Dawex, work with Wisebim in the development of the Grid2BIM solution, a platform which converts building permit utility plans into 3D-compatible models that can be integrated into construction site models, and work with Apilab and BeeOdiversity to protect the genetic diversity of bees and the use of beehives as a general bioindicator,
 - and more;
- partnerships with local authorities for experimentation, such as Colas' participation in the project being conducted by Sidewalk Labs (an Alphabet company) with the City of Toronto;
- partnerships with other large corporations in various industry sectors, which include several collaborative projects with Michelin, in areas such as recycling and future road uses, and with Volvo for the testing of technologies to enhance safety around machines used at work sites;
- partnerships with innovation or competitiveness clusters within the construction industry to move the sector forward in terms of digitization and the traceability of information, but also to work on digital and ecological transformation (Constructlab, Cap Digital) or conduct full-scale experiments to test innovative solutions (eLyon Euréka Confluence, Transpolis);

- partnerships with organizations developing standards like the French national research project MINnD to promote the use of BIM for infrastructure;
- partnerships with business foundations like Ferec (the Collective Research for Construction and Infrastructure Business Foundation), which supports research in the public works sector through its national and pan-European projects;
- and more.

1.2.3.6. RESPONSIBLE PURCHASING

As mentioned in the introduction, a company cannot view its corporate social responsibility uniquely as tied to its own operations. The right balance must be achieved between value chain partners who honor each other's specificities and autonomy in order to put in place a responsible upstream ecosystem. The keys to this kind of relationship are dialogue and the identification of essential CSR issues, so as to avoid getting bogged down by minor ones.

The responsible purchasing policy put in place by Colas is aligned with its overall corporate social responsibility policy. It is also pragmatic in its orientation and reflects Colas' various purchasing segments and its range of business activities, as well as its decentralized culture. This policy addresses the constraints involved in working with a very large number of suppliers (more than 145,000 direct suppliers), the risks associated with differing types of expenses depending on the region, and the potential for Colas to exert influence on its key suppliers. The aim is to establish a framework for the development of lasting and balanced relationships between Colas and its purchasing stakeholders.

The corporate social responsibility objectives to which the Colas Group's Procurement Department committed may be divided into the following three types:

1.2.3.6.1. Implementing a comprehensive approach to responsible purchasing

With regard to the development of the approach, the methodology applied in addressing CSR issues in the area of purchasing is to assess not only the net risks as a whole, but also those related to the duty of vigilance so that action plans may be put in place both in a global manner and in accordance with the specificities of the areas where Colas operates. This analysis is adapted to the various purchasing segments and their characteristics. The mapping of CSR purchasing risks at Group level was completed in 2020. This CSR purchasing risk map was sent to the purchasing function and country management teams in countries so they can adapt it to country level together with an action plan. The CSR aspects identified as material in the course of this mapping exercise will become an integral part of the Colas Group's Purchasing procedure.

To achieve balanced relations with suppliers, special importance is given to two subjects: economic dependence and payment periods.

With regard to economic dependence, Colas has asked its subsidiaries to carry out supplier risk assessments, as is the case for the transport of materials, where a driver uses their own truck and works mainly with one or more Colas profit centers in the same region. The process consists in reporting the information to the head of the subsidiary and the implementation of an action plan. This plan may result in no measures being applied for various reasons or in the identification of the actions needed to reduce the dependence. At present, no information system is in place across the Group that would allow for the detection of economic dependence, whether at the subsidiary, country or corporate level.

With regard to payment periods, the Finance and Accounting departments continue to work on a method to ensure that payments are triggered automatically when the invoice matches the order received. Some contracts are being reviewed to avoid discrepancies between the purchase order and the invoice. As an example, this is the case for equipment rentals: discounts are offered depending on the number of days of use, which may result in discrepancies between the purchase order and the invoice, leading to significant delays for payment. It is for this reason that the decision has been taken to eliminate these discounts for contracts in Mainland France processed through the Purchasing information system. In line with the continued rollout of this information system, decisions will be taken on a country-by-country basis with the finance departments at subsidiaries. Digitization of the procure-to-pay process (formal acceptance of the order, receipt of supplies or equipment, electronic invoice and payment by transfer) is currently underway and should cut payment periods significantly.

Lastly, beginning in 2021, the implementation of Colas' responsible purchasing approach will be accompanied by the gradual introduction of follow-up indicators and performance indicators in conjunction with a specific information system. Some of these indicators will be used each year in the preparation of Colas' Non-Financial Performance Statement, such as the proportion of employees in the Purchasing function who have signed personal commitments and who have participated in ethics and compliance training. These indicators are tracked by the HR Department.

1.2.3.6.2. Capitalizing on existing initiatives

Today, Colas capitalizes on a number of existing initiatives in the area of responsible purchasing for the following fields:

- **energy:** Incorporation of electric vehicles in the Car Policy; consideration is being given as to how alternative energies might be used at asphalt plants (conversion from fuel oil to gas, bioenergies) and energy self-sufficiency projects; fixed sites in France will run on so-called green electricity from 2021;
- **materials:** Apart from bitumen, purchases of materials are carried out locally. By looking at the risks associated with these purchases as a whole (bitumen included), Colas will be able to determine its levers for action in working alongside suppliers to better take into account CSR criteria;

- **capital expenditure:** A CSR questionnaire has been set up by the Procurement Department and the Equipment Department, which will need to be completed by all suppliers involved in capital expenditure procurement processes in 2020. CSR criteria will be an integral part of the overall assessment of suppliers;
- **Bouygues Group's CSR Charter for Suppliers and Subcontractors:** This document is provided as part of all purchasing transactions, whether under framework agreements or entered into as single transactions. It is also included as part of the specific purchasing terms and conditions. It is therefore an appendix mentioned in contract clauses. It has been disseminated across all regions;
- **taking the carbon footprint into account in all bids for purchases of binder plants, asphalt mixing plants, trucks and other vehicles:** This issue is being examined by the Equipment Department and the Innovation Department. Further in-depth work on this issue will be formally agreed as part of Colas' carbon policy through coordination between all relevant Colas departments. Proactive policy for vehicles and total cost of ownership (TCO) under which the less fuel you consume, the higher your performance. Partnerships with equipment manufacturers to test machines powered by electricity rather than fossil fuels (e.g. excavators). A commitment to continue setting up partnerships with manufacturers to test new machines;
- **taking into account safety and quality of life in the workplace:** Partnership with Volvo and the École Polytechnique Fédérale de Lausanne (EPFL) to develop a "safety bubble" around site machines. Initiative with equipment rental providers in France to include exoskeletons in their range of accessible tools, thus contributing to the more widespread availability of these devices. Ergonomic assessment of drivers' cockpits in site machines, already in use at Colas Suisse;
- **workwear:** As part of the project to develop the Group's new work uniforms, launched in 2013, Colas focused on ensuring that the manufacturing processes for some of these uniforms met criteria for environmental protection, fair trade, ergonomics, labor relations, etc. (Fairtrade certification from Max Havelaar, non-GMO organic cotton fiber produced in Mali and grown without using toxic pesticides, social services provided to producers, fabric woven in ISO 14001-certified European plants, OEKO-TEX® Standard 100 dyes), all confirmed by audits to verify compliance. At the time, Colas was one of the main French purchasers of organic cotton, thus earning a certain reputation among external stakeholders. Today, the aim is to further strengthen this initiative, extending the approach to workwear manufactured for subsidiaries located in developing countries, notably including Madagascar and Morocco;
- **suppliers employing people with disabilities:** In France, Colas already works with many ESATs (organizations that ease the integration of people with disabilities into the mainstream labor market) and EAs (companies with special facilities to provide employment for people with disabilities). The aim is to capitalize on this experience to increase the volume of this activity in France and develop comparable approaches for other countries.

1.2.3.6.3. Developing the professionalism of employees in the Purchasing function

This program has two separate components:

- the first component involves training for buyers. Every new hire in the Purchasing function signs up to clear commitments. Training courses in ethics and compliance, developed in collaboration with the Legal & Compliance Department, are delivered to all employees of the Purchasing function, irrespective of their level in the hierarchy. In 2021, a specific campaign will be set up to raise awareness and provide information on CSR, covering three main aspects: the overall principles of CSR and responsible purchasing, Colas' CSR policy, and responsible purchasing at Colas;
- the second component focuses on continuing internal collaboration across different teams, including those in the Safety, Technical/R&D, Environment, Legal and Equipment functions.

In late 2020, Colas formally agreed another purchasing-related commitment: "Build a responsible supply chain founded on sustainable performance" incorporates the following four priorities: train buyers in CSR and make them accountable for their decisions; build a CSR purchasing action plan in tandem with business lines and other CSR guidelines; monitor the CSR commitments and performance of suppliers/subcontractors; adhere to Colas' CSR commitments vis-à-vis its suppliers/subcontractors.

1.2.4. Human capital

One Colas HR is a cross-business project under the One Colas program. The aim of this project is to hone the main policies and implement action plans for all Colas subsidiaries worldwide. It puts the Group's human resources strategy into practice by dividing it into seven main focus areas:

- **safety**, with the development of a safety culture on a global scale (Section 4.4, "Protecting employees");
- **ethics and compliance**, with reference to the Colas compliance policy, monitoring the adoption and observance of compliance programs in all countries where Colas operates (Section 4.3, "Developing skills");
- **values and commitments**, whose objectives are to promote managerial excellence and internationalize human resources management (Section 4.2, "Retaining employees");
- **human resources management**, anticipating future skills needs and supporting employee growth while respecting diversity (Section 4.1, "Attracting and integrating talent");
- **digital transformation**, to standardize human resources processes worldwide (Section 4.3, "Developing skills");
- **building the employer brand**, to make Colas a more attractive employer (Section 4.1, "Attracting and integrating talent");
- **expand knowledge sharing within the Group**, by developing platforms open to all employees worldwide (Section 4.3, "Developing skills").

Colas implements this strategy by rolling out a responsible labor relations policy across all regions where it operates, based around four priorities:

- **attract and integrate** new talent by surrounding itself with people who reflect the plurality of civil society (diversity in terms of culture, ethnicity, age, gender, initial training, etc.); preventing discrimination; implementing dynamic recruitment policies for future employees, work-based training students and interns; and championing gender equality in the workplace and in promotion opportunities;
- **retain** employees by implementing actions favoring quality of life in the workplace, ensuring a good work/life balance, offering appropriate compensation and employee benefits, and creating the right conditions for dialogue between employees and management;
- **develop** employees' skills in order to enhance their expertise and give them more responsibility, make them more employable and also enable Colas to improve its financial performance and anticipate changes in its activities;
- **protecting** employees is a key priority. Colas has set itself a zero-accident safety goal. Risk analysis and looking into causality in terms of health and safety allow it to establish appropriate and structured action plans and implement an approach based on continuous improvement to prevent accidents and illness, including those that are work related.

1.2.4.1. ATTRACTING AND INTEGRATING TALENT

Public works are traditionally a less attractive business sector than others that faces difficulties with recruiting staff regardless of the jobs on offer and the skills required. In light of this observation, which is mainly rooted in a lack of understanding of the activities involved and the industry's lackluster image, Colas pursues a proactive policy to attract up-and-coming talent, notably by promoting a strong and authentic employer brand and encouraging diversity in all its forms: the company must reflect the plurality of civil society, which is made up of people of all ages from a wide variety of cultural, ethnic and religious backgrounds, with varying levels of education and training, different modes of consumption, etc. In adapting to this reality, Colas is making it a key tenet of its approach to human capital and factoring it into its HR practices.

1.2.4.1.1. A dynamic strategy

The Human Resources Department endeavors to make Colas more attractive and diversify its sources of recruitment in order to benefit from a greater variety of backgrounds in a highly competitive climate.

1.2.4.1.1.1. Hiring

France

The accolades received by Colas through surveys that rank employers (No. 2 among construction and civil engineering employers in the 2020 ranking of the best employers in France published by Capital and Statista – an improvement of two places compared to 2019) and its employees' pride in working for Colas are clear recruitment advantages for the Group.

Recruitment should be able to respond to needs relating to performing construction projects and the implementation of all Colas' functional and operational projects, no matter the level of activity.

In 2020, hiring was affected by the public health crisis. The requirements initially forecast at the beginning of the year, which reflected the business momentum nationwide just prior to the crisis, especially in the Paris region with the Grand Paris projects, were scaled down during the spring.

In general, Colas' recruitment strategy is supported in particular by its many partnerships with schools, which help build strong relationships with students, resulting in offers for internships, work-study positions, and ultimately full-time jobs. In 2020, in addition to developing relationships with engineering schools, university technology institutes and other two-year higher education programs in civil engineering, as well as institutions like Centre d'Égletons, a French civil engineering training school, Colas introduced or continued various initiatives to promote its employer brand, such as a schools ambassador program consisting of mixed pairs (one woman and one man). However, the public health crisis meant after-work events, sports tournaments and so on had to be cancelled.

In 2020, Colas continued to partner with the École des Ponts ParisTech, ENSAM, Centrale Lyon, and the École Supérieure d'Ingénieurs des Travaux de la Construction de Paris (ESITC Paris).

In addition, under the strict health protocol, which bans eating together with the students, the subsidiaries continue to hold site visits and get involved at schools in their local area.

In 2020, Colas hosted more than 800 interns (excluding final-year work/project internships). Of the 243 interns in the final year of their studies, around 35% were hired to full-time positions.

Outside France

Colas continues to use a number of different recruitment channels, especially social media and websites given the public health crisis. Nonetheless, relationships with local profit centers, co-option and partnerships with schools continued where this was possible. As in France, subsidiaries maintained their ties with schools within the geographic area they cover.

For the Overseas France and Indian Ocean region, a campaign was launched in September to recruit final-year interns. All the regions sent in their internship vacancies, and these were then shared on Taleo, Colas' recruitment platform. The goal was for the region to recruit 21 final-year interns. As of end-December 2020, 10 people had already signed up to an internship.

In Africa, close relations have been established with various leading schools in the employment market, such as École Nationale Supérieure d'Arts et Métiers (ENSAM) in Morocco and École Nationale des Ingénieurs en Génie Civil in Benin, although efforts were put on hold in 2020 due to the public health crisis.

In Europe, the Covid-19 crisis has had a major impact in what is an already strained and competitive market in many countries. Talents are becoming scarcer and the usual events (most country subsidiaries take part in student fairs and benefit from partnerships with schools and universities) have been canceled. Networks were able to partly make up for this situation. As in France, Colas UK has maintained the emphasis on its apprenticeship policy.

In North America – both the United States and Canada – university campuses were closed as a result of the Covid-19 crisis but job forums have been kept going remotely.

Name of indicator	Scope	2019 ⁽²⁾	2020
External recruiting by status (number)	World		
Total France (Mainland + Overseas)		3,847	2,679
– Managers		580	447
– Office staff, technicians and supervisors		985	650
– Workers		2,282	1,582
International ⁽¹⁾ (incl. New Caledonia)		18,610	15,202
– Managers		3,530	2,536
– Workers		15,080	12,666
Total		22,457	17,881

(1) Outside France, the total number of employees hired over the year is recognized, regardless of the nature of the employment relationship ("permanent" or "seasonal" employees).

(2) Not including data for Smac in 2019.

Name of indicator	Scope	2019 ⁽³⁾	2020
Leavers by reason for leaving (number)	France (Mainland + Overseas)		
Number of leavers in France (under permanent contracts only) ⁽¹⁾		2,969	2,909
– Redundancies (all reasons)		1,259	1,203
– Mutually agreed terminations		306	412
– Resignations		839	751
– Other (retirement, death, termination or end of trial period)		565	543
Number of leavers outside France ⁽²⁾ (all reasons and all statuses)	International (incl. New Caledonia)	16,044	16,289
Number of departures (all reasons and all statuses)	World	19,679	19,964

(1) In France, the total number of employees under permanent contracts who left over the year is recognized.

(2) Outside France, the total number of employees who left over the year is recognized, regardless of the nature of the employment contract or relationship ("permanent" or "seasonal" employees).

(3) Not including data for Smac in 2019.

Colas' recruiting volume was down 20% in 2020 compared with 2019, severely impacted by the global public health crisis.

This decline related primarily to France, with a fall of 30%.

All job categories were impacted to a similar extent.

Outside France, the decline was less marked, mainly concerning workers (down by around 16%).

The volume of departures remained more or less the same as in 2019, both in France and outside France. In France, departures under mutually agreed termination increased in connection with the new organization of the Roads business, while resignations were down.

1.2.4.1.1.2. Workforce

Colas' workforce totaled 54,651 at December 31, 2020. However, it should be noted that this figure underrepresents a sizable segment of the workforce in North America, where a large proportion of workers have employment contracts that are suspended during the winter months.

Name of indicator	Scope	2019 ⁽²⁾	2020
Workforce by geographic location ⁽¹⁾ (number)	World		
Total France (Mainland + Overseas)		30,981	29,835
International			
– Europe (excluding France)		10,055	9,912
– Indian Ocean/Africa/Middle East		6,840	6,140
– North America		7,734	7,266
– Asia-Pacific (incl. New Caledonia)		907	822
– Central America/South America		520	676
Total International		26,056	24,816
Total		57,037	54,651

(1) Workforce as of December 31, which corresponds to all individuals working under an employment contract of any type for a company within the scope of consolidation or receiving direct compensation for their work from said company, excluding those having entered into a business contract (such as a service agreement) with the company.

(2) Not including Smac's workforce in 2019.

As of December 31, 2020, Colas' global workforce was down 4% with respect to end-2019.

The decline was more marked outside France, where it concerned all regions apart from Central America/South America, which carried on the increase seen in 2019 (launch of Colvias in Peru and acquisition of Asfalcura in Chile).

1.2.4.1.2. Employer brand

Colas employees all share the same values, the same culture and the same mission: to design, build and maintain sustainable transport infrastructures from their local network all over the world. Wherever they are located, they are backed by the Colas brand, which embodies the Group's identity.

In connection with the Group's new brand platform, the Colas employer brand responds to four main priorities: developing the Group's notoriety externally, its attractiveness, the applicant experience as well as the employee experience. Reflecting Colas' values of caring, sharing and daring, it aims to create a coherent link between external and internal stakeholders in order to attract applicants, retain and encourage the engagement of its employees and showcase the Group's strengths to partners and clients.

To boost brand awareness, Colas is developing its presence on social media. In 2020, the Group redefined its strategy by reviewing its editorial line in order to promote the Group's contributions, as well as streamlining the LinkedIn pages of road subsidiaries in Mainland France to create a unified approach. The main aim is to embody the rationale behind Colas' actions by demonstrating the positive impact of its activities on a social, societal and environmental level. Human resources managers also have tools to enhance their profile searches on LinkedIn, such as pipeline builder campaigns (help with contacting potential recruits) and webinars on how algorithms work.

For example, to help with recruiting graduates in Overseas France and the Indian Ocean region (see 4.1.1.1 "Hiring"), a book was put together presenting the Group's advantages, what it offers, photos of projects and the email address to send applications. The link to the book has been shared on LinkedIn and its contents have also been shared internally for other Colas subsidiaries.

This new approach has been accompanied by the launch of an employee advocacy program by means of the Sociable internal ambassadors platform. This is of interest in three levels: it makes Colas' messages more visible thanks to a network of ambassadors; it increases employees' visibility and credibility; and it trains employees in how to use social media to give them greater autonomy as well as improved skills. The program enables Colas to involve employees in its advocacy strategy and embody its aim of being the leading name in innovative and responsible transportation solutions.

Colas has also created #CeuxQuiNousRelient ("What links us"), a series of videos that allows employees to voice their opinions externally. With these testimonies, the campaign highlights employees' experiences based on the employer brand themes. The aim is to share what goes on behind the scenes at Colas, create a close relationship with applicants, reflect the Group's authenticity, culture and values, and reinforce employees' pride of belonging. These testimonies will be shown on Colas' social media as well as on the Group's future careers website, which will offer a uniform recruitment approach as well as a simplified application process via the ColasWay global human resources information system, currently in the process of being rolled out.

In order to present Colas' strengths to future graduates, a podcast on the theme of innovative and sustainable transportation has been created in partnership with JobTeaser, the leading website for young talent. Still with a view to attracting new talent, an "Internships and work-study" campus advertising campaign has been launched, including in particular video testimonies from young employees hired on permanent contracts at the end of their internship. In Overseas France, the new InMind app has been used by certain recruiters during forums to eliminate the need for paper CVs, digitize communications and circulate applications as best possible through the Group.

1.2.4.1.3. Diversity and preventing discrimination

Colas' two main priorities in terms of diversity are still gender equality and disability.

In 2020, action plans ground to a halt in France on March 16 due to the lockdown in relation to the Covid-19 pandemic, not picking up again until the autumn before another slowdown due to the development of the pandemic.

Against the backdrop of the public health crisis, furlough measures and lockdown, all awareness-raising actions were delicate at best and unacceptable at worst. However, action plans could be launched and projects were able to go ahead before mid-March and then resume in the fall.

Name of indicator	Scope	2019	2020
Workforce by age bracket⁽¹⁾ (as %)	World		
< 25 years old		6.7	6.0
25-34 years old		20.9	20.4
35-44 years old		26.3	26.6
45-54 years old		28.1	27.9
55 years old and up		18	19.1

(1) All types of contract (permanent, temporary, seasonal); figures excluding – for 2019 – the Smac workforce.

The distribution of ages across the Group is fairly even worldwide, comparable to 2019 levels.

1.2.4.1.3.1. Measures to promote gender equality

The Gender Equality action plan is still in effect and maintains the same three objectives:

- **attracting talent:** The talent pool remains a key focus in the Group's business lines as a disproportionately low number of women study engineering, with even fewer pursuing careers in public works, and Colas cannot expect to attract them all. Against this backdrop, relations with schools have been rethought to target more women, now supporting an increasing number of cultural and artistic organizations (and not just team sports events). In France, the partnership with nonprofit *Elles Bougent* – which aims to bring more young women into scientific and technical professions by reaching out to them as early as junior high school – was renewed in 2020. This allowed Colas to take part in two Gender Equality forums at the start of the year: one in the Paris region and the other in Toulouse. However, the *Les sciences de l'ingénieur au féminin* (Women in Engineering) forum had to be canceled because of the public health crisis. These actions offer an opportunity to raise its profile among potential employees. On each occasion, these events involve the network of female sponsors and ambassadors, as well as female employee volunteers to promote their industry;
- **hiring more women in all business lines:** Colas is continuing with its efforts with a view to opening up its recruitment. Internal recruiters, temporary employment agencies and recruitment firms are regularly reminded of the principle that for all positions to be filled, both internally and externally, they need to put forward applicants of both sexes, particularly in supervisory roles;
- **retaining talented women and supporting their career development:** Colas is continuing with and enhancing the set of support measures put in place for its female employees. In 2020, 52 female employees were offered either a leadership development training course (*Leadership au féminin*) or a year of mentoring with a Colas or Bouygues manager, depending on their job level and requirements. In January, the first International Leadership event was held, a version of the French event specially tailored towards female employees outside France. Two sessions took place simultaneously, one in French and the other in English, so that the 24 participants were able to meet and talk in a relaxed atmosphere. The one-week program also gave them the opportunity to visit head office and meet the directors of their business lines. The participants welcomed this training week which, in addition to leadership, allowed them to develop their network and foster a strong sense of belonging to Colas. Given their success, these programs will run again in 2021, at least for female employees in Mainland France (with international travel remaining subject to the health situation).

In addition, Colas continued with the commitments made to respond to the expectations of members of the WE network, launched in late 2017 to combat sexism, break down gender stereotypes and create a more favorable environment for women to flourish professionally (suitable workwear, dedicated sanitary facilities, etc.). For example, in terms of fighting sexism, the campaign based on anecdotes collected and illustrated by Antoine Chereau in French and English continued at the start of the year. This campaign found its audience and is still on display around the world. In September, the Group got involved in a gender-inclusive race open to all worldwide: on October 10, 271 Colas employees in 15 different countries ran the SineQuaNon Run, a race to support gender equality and combat sexism. The event was covered by an internal communications campaign to showcase the commitment of participants all over the world working to make gender equality a reality.

In 2020, there was a huge variety of measures to promote gender equality depending on the Group's locations around the world.

In France, the law on the freedom to choose one's professional future introduced the obligation for companies to calculate a gender equality index beginning in 2019. For Colas, as of March 1, 2020, the calculation of this index, resulting in a score out of 100 based on five indicators, concerned in particular 17 companies with more than 250 employees. Nine of these companies achieved a score of 75 or more (the level below which an action plan must be put in place in collaboration with government authorities). The eight remaining companies were not able to calculate the index due to an insufficient number of eligible

staff for the calculation of one of the indicators (the proportion of women among workers was not representative). Given the procedures for the calculation of the index, scores could therefore not be determined for these companies. Informed of this situation, the government authorities accepted this absence of scores.

In Overseas France, in Mayotte, an agreement on gender equality is in force that provides for actions in terms of recruitment, training/skills development and promotion. This topic is systematically addressed during mandatory annual negotiations. On Reunion Island, the effects of the gender equality agreement signed in 2017, based on quantitative indicators, are continuing to be seen with a more representative proportion of women. In addition, young people from all backgrounds and of all levels of qualifications continue to be welcomed.

In Mauritius, despite a context and culture less inclined to employ women, more female workers were seen on construction sites when activity resumed after Covid-19 and this resulted in the first two female workers being hired.

In Morocco, meetings were organized between Colas female engineers and female students to allow them to find out about the experiences of women who have made their career in the male-dominated world of science.

Subsidiaries in Southern Africa focus on promoting gender equality. An equal employment plan sets out specific targets for employing women, in particular black women (African and Indian). The “Colas Girls on the Move” project, scheduled for March 2020 to promote construction jobs and careers among female university students, was canceled due to Covid-19.

Gender equality is a key priority of the human resources policy at Colas UK, involving various actions such as organizing visits to girls’ schools or workshops to encourage our main suppliers to adopt the principles of diversity, equality and inclusion.

The Women’s Forum for Economy and Society was held remotely this year. 23 female employees of Colas in France and worldwide took part in these two days of meetings led by Bouygues SA. In addition to taking part in the forum, the delegation worked on ways of improving in the areas of inclusion, artificial intelligence and technology, as well as business, climate and health. A selection will be made in 2021 of the 18 proposals made and work will be done to roll these out within the Group’s various business lines.

Name of indicator	Scope	2019	2020
Workforce by gender ⁽¹⁾	World		
Women (%)		10.8	11.3
Men (%)		89.2	88.7

(1) All types of contract (permanent, temporary, seasonal); figures excluding - for 2019 - the Smac workforce.

The percentage of women in the workforce rose by around 5% in 2020. The action plans rolled out are beginning to produce positive results.

Name of indicator	Scope	2019	2020
Representation of women at Colas ⁽¹⁾	World ⁽¹⁾		
- Female office staff, technicians and supervisors ⁽³⁾ (as % of total office staff, technicians and supervisors)		21.4	22.1
- Female workers ⁽³⁾ (as % of total workers)		2.8	2.9
Female managers (as % of total managers) ⁽²⁾		10.4	9.6

(1) All types of contract (permanent, temporary, seasonal); figures excluding - for 2019 - the Smac workforce.

(2) Number of women managers relative to the total number of managers.

In France, the “Female managers” category is based on employment code criteria, under which managers are defined as being at or above the level of department head (chef de service).

Outside France, the “Female managers” category is based on a concordance table according to a level of responsibility similar to that practiced in France.

(3) Staff = office staff, technicians and supervisors.

Changes vary: while the percentage of female staff increased, the percentage of female workers is comparable to 2019.

The percentage of female managers, impacted in particular by a change in the counting methodology used for outside France, fell by around 8%.

1.2.4.1.3.2. Preventing discrimination

Despite a challenging year due to the consequences of the Covid-19 public health crisis, Colas continued to apply its Diversity policy and implement associated action plans, notably through presentations and awareness-raising activities: the National Diversity Committee continued to operate (with Diversity officers from subsidiaries in Mainland France); diversity content was included in manager training (University 2 training for managers, delivered at various stages of their careers); diversity articles were included in each edition of the e-RH newsletter (a quarterly e-mail newsletter sent out to over 33,000 employees worldwide, in French and English); a message was included in the in-house magazine *Routes*, which is distributed to Colas employees. In addition, a new anti-discrimination e-learning module, "Working Together for Diversity", was developed and rolled out as mandatory training for all the Group's managers in France (over 1,200 people), covering seven areas of discrimination (sex, age, national origin, disability, religious beliefs, union membership, and sexual orientation), with the aim of safeguarding against the risk of discrimination, even when it is the result of unconscious bias.

In France, partnership agreements were also signed locally with GEIQs (employer groups for integration and training) to help facilitate the employment process for people having trouble accessing the job market or returning to work. GEIQs directly hire individuals within these target groups and then make them available to member companies by organizing their schedules to alternate between theoretical training and on-the job work experience.

In addition, some entities in Mainland France have extended their involvement in the HOPE project (which helps refugees secure housing and find work), hosting refugees. Since 2018, the aim of this experimental program, developed by the French employment ministry in partnership with FNTP, Afp, GEIQs and Pôle Emploi, has been to respond to the specific difficulties encountered by refugees on arriving in France. Each of them is able to benefit from French lessons, training in worksite prevention and an internship to learn about the company on the ground.

In the United Kingdom, Colas Ltd, which has "Be Fair" accreditation, is strongly committed to implementing a diversity policy and is involved in the professional reintegration of specific categories of individuals, including veterans, people with disabilities and the long-term unemployed. Over the past few months, a process has been kicked off with the aim of helping former offenders develop their job interview skills with a view to finding work.

In Canada, where harassment is considered as a form of discrimination, various policies have been put in place, such as the Harassment Awareness Policy, to fight discrimination and guarantee employees a more respectful work environment. Members of the WE Canada network have developed action plans based on training, mentoring, induction videos, use of indicators, etc.

In the United States, an anti-discrimination hotline was made available more widely, and the dual approach kicked off in 2019, including the WE USA women's network fostering discussion, and participation in a forum for women engineers to facilitate their recruitment, continued.

1.2.4.1.3.3. Measures to employ and promote the social integration of people with disabilities

Colas continues to apply its policy promoting social integration for people with disabilities.

Its action plan is structured around three goals: recruiting people with disabilities; providing employee support to safeguard against the risk of unfitness for work; and expanding the use of sheltered employment organizations whenever possible.

In France, as regards recruitment, all job offers are posted on the Agefiph website and Colas works closely with local Cap Emploi offices. Human Resources managers, who have the closest contact with workers, are made aware of the risk of unfitness for work and how to safeguard against it (how to talk to employees about their difficulties; who to contact outside the Group to get help; what process to go through with Agefiph). In 2020, almost 270 Human Resources managers received awareness-raising training in this area, creating a network that is now available to employees, and in particular on-site workers.

While sheltered employment organizations are increasingly being used, there is still room for improvement. They were promoted further in 2020 to potential user areas such as General Services, Communications and Purchasing.

To help combat prejudice, disability and the right to talk about one's difficulties are regularly covered in articles in the e-HR e-mail newsletter sent out to 33,000 employees worldwide in French and English, poster campaigns, and e-mail campaigns. A brochure has also been sent out to workers at their home address together with their pay slip: focused on workplace well-being, it offers support for anyone encountering disability-related difficulties.

As a result of the second lockdown, Disability Employment Month could not take place in November as planned, and was instead postponed until spring 2021.

In Overseas France, the specific culture of some areas means sensibilities vary. The GTOI subsidiary on Reunion Island stepped up its communication efforts, communicating directly with employees through its internal newsletter, informing all managers of the services offered by the island's sheltered employment organization, and contacting temporary employment agencies to prioritize the recruitment of people with disabilities as soon as possible. It also personally contacted all redeployed employees and those on long-term leave to make them aware of their recognized status as workers with disabilities. In Mayotte, early morning meetings on the topic of disability are regularly held, with the involvement of Colas HR managers.

In the United Kingdom, disability initiatives at Colas Limited have resulted in the company being recognized as a benchmark employer since 2017, in particular, it has obtained “Be Fair” accreditation. The company was also asked to give a presentation on its approach to disability at an industry event (organized by Highways England).

Name of indicator	Scope	2019 ⁽²⁾	2020
Number of employees with disabilities ⁽¹⁾	France (Mainland + Overseas)	874	865
Number of new hires with disabilities ⁽¹⁾	France (Mainland + Overseas)	17	14
Revenue with companies that employ people with disabilities (in euros)	France (Mainland + Overseas)	1,801,102	1,224,644

(1) Fixed-term and permanent contracts.

(2) Smac workforce not included for 2019.

Various initiatives to hire people with disabilities were hindered by the Covid-19 crisis. As a result, indicators held steady, with the exception of revenue with companies in the sheltered employment sector, which declined by around 30%.

1.2.4.2. RETAINING EMPLOYEES

1.2.4.2.1. Organization of working time

Worldwide, the organization of working time takes into account the seasonal nature of the Group’s transportation infrastructure construction and maintenance business. The topic of work-life balance generated many comments in the stakeholder consultation exercise.

In France (Mainland and Overseas), the preferred organization of working time is based on annualization and a fixed number of days worked. Annualization and the working time modulation plan – which apply to workers and office staff, technicians and supervisors in the Operations business line – mean that work can be organized according to seasonality, while rewarding overtime. In businesses like Railways and Road Safety & Signaling, where safety requires that work be carried out at night, specific procedures are used for the organization of work. The working hour arrangement applied to managers, which is based on a set number of days worked, is being gradually extended to supervisors. The tool used to manage working time and time off for employees whose working time is counted in days keeps track of days worked, rest days, and leave days on a monthly basis. It is also designed to facilitate ongoing dialogue between managers and employees about their workloads and the work-life balance. In Mainland France, subsidiaries use temporary employment agencies to fill short-term staffing requirements.

Outside France, the seasonal nature of business also has an impact on the organization of working time:

- in North America, projects are mainly carried out between April and November, with a large proportion of seasonal employees. In the United States and Canada, in many states, weather conditions mean that it is not possible to work on construction sites all months of the year. The approach to staffing is influenced by this seasonality: employees work at Colas business units for six to eight months of the year and are rehired from one year to the next. In Canada, working times during periods of activity are governed by provincial regulations and, for unionized workers, by collective bargaining agreements. A fatigue management policy is in place at most Canadian companies that tracks hours worked and rest periods;
- in Europe, working time is calculated on an annual basis in most countries, in line with the local legislation. This offers flexibility and makes it possible to concentrate work at the times of the year best suited to construction. At the end of the year or when new projects come in, subsidiaries and their business units publish a schedule of activity for the upcoming year and submit it to employee representatives. In other countries such as the Czech Republic, Austria, Denmark and Iceland, subsidiaries bring in seasonal staff at the busiest times of the year;
- in Africa, working time is geared to the legislation in force in each country. An overtime rate is paid for hours worked outside normal working times. On certain projects, employees are granted time off at the end of the month.

In certain countries, working times are adapted during the month of Ramadan.

Name of indicator	Scope	2019	2020
Employee working time arrangements ⁽¹⁾ (as %)	France (Mainland + Overseas)		
– Hourly		79	78
– Fixed number of days worked		21	22
Number of hours worked ⁽²⁾	World	110,173,788	106,272,726

(1) Fixed-term and permanent contracts.

(2) All types of contract (permanent, temporary, seasonal); figures excluding – for 2019 – the Smac workforce.

The volume of hours worked fell 4% but remained noticeably high and close to 2019 levels despite lockdowns and business stoppages in a number of countries. It should be noted that this volume of hours worked does not include hours worked under short-time working arrangements.

1.2.4.2.2. Conditions for labor-management dialogue and agreements signed with employee representatives

Three major agreements were negotiated in Mainland France in 2020:

- an agreement dated April 3, 2020 on the organization of work during the Covid-19 crisis. The purpose of this agreement, which supplements the Bouygues Group agreement of March 27, 2020, was threefold: to agree Colas' public health standards – which go further than those in force across the construction and public works sector and are better suited to Colas' business lines – with trade unions and employee representatives; to determine concrete solutions in response to the decision by the public authorities to institute a lockdown in mid-March, both to avoid excessive use of short-time working and to prevent a loss of income for employees by using rest days and leave days, including by bringing them forward; and to prepare for and facilitate the resumption of activity through appropriate organizational arrangements (in terms of working hours, public holidays, etc.);
- an agreement dated August 6, 2020 on the mutually agreed termination of collective bargaining agreements (Roads business unit of Colas, Colas SA and Colas Digital Solutions): this agreement aims to adapt the functional organization of the Roads business unit of Colas by opening up the possibility of voluntary redundancy, which would be governed by a negotiated process that is more attractive than that provided for in ordinary law (statutes and collective bargaining agreements), with the deadline for employees to sign up brought forward to the final quarter of 2020;
- following the creation of Colas France, a memorandum of understanding formalizing decisions jointly agreed on October 29, 2020 with a view to introducing a single harmonized status for employees of that company with effect from January 1, 2021: the aim of this memorandum of understanding is to introduce a more or less uniform status as of January 1, 2021 covering all employees of the newly established company Colas France, formed from the six regional Colas companies, while seeking to ensure that the Company and its business units remain competitive. The aforementioned agreement, currently in the process of being finalized, will apply to approximately 20,000 employees and will mainly cover the status of workers (calculation of working hours over a full year, terms of employment, etc.) and a more meaningful status for superintendents, who are an essential link in Colas' organizational chain.

Name of indicator	Scope	2019 ⁽¹⁾	2020
Turnout for latest elections for members of works councils or social and economic committees, employee representatives, or the combined works councils and employee representatives known as <i>délégations uniques du personnel</i> (as %)	France	84	84
Existence of a staff representative body ⁽²⁾ (as%)	International	77	76

(1) Smac workforce not included for 2019.

(2) Number of companies with more than 300 employees at which there is a recognized interface for dialogue (either elected or designated) between management and local staff, divided by the total number of companies with more than 300 employees.

In France (Mainland and Overseas) as of December 31, 2020, labor-management dialogue took place via 274 employee representative bodies, a lower number than the previous year due to the effective introduction of all CSEs (economic and social committees). Turnout for the latest elections remained high (around 84%).

Employee representation in Overseas France is organized the same way as in Mainland France, with meetings and/or committees and locally negotiated agreements. Labor-management dialogue is ongoing, notably in Mayotte, though the environment remains challenging there (it should be noted that an economic and social committee was set up in late 2019 and that two mandatory annual negotiation agreements were signed in 2020).

At the Group's International entities, and particularly in Europe and Africa, three-fourths of companies employing more than 300 people had staff representation comparable to that in France.

In Northern and Central Europe, the quality of labor-management dialogue is satisfactory in all countries thanks to employee representative bodies. In Slovakia, the main topic of dialogue is the ongoing restructuring.

At Colas UK, employee representatives have been meeting twice a year at information-sharing meetings. Other, more informal events are also held to bring together and dialogue with employees (charity events, celebrations of religious festivals, barbecues, etc.).

In North and West Africa, and particularly in Benin, Côte d'Ivoire and Gabon, dialogue is channeled through employee representatives. Other, more direct forms of employee communication have also been used such as notices, memoranda, mailings and meetings with employees.

In Southern Africa, labor-management dialogue – already challenging due to economic conditions and further aggravated by the Covid-19 crisis – is usually structured around several meetings a year as well as Affirmative Action Committees.

Labor-management dialogue is ongoing in New Caledonia in a historically strained social context thanks to close relationships and a quarterly brochure on developments at the subsidiary.

In Mauritius, a Welfare Committee of a dozen employees set up two years ago holds regular meetings with staff and seeks to involve the subsidiary in social and environmental activity (helping people in difficulty, giving blood, etc.).

In North America – both the United States and Canada – labor-management dialogue takes place via trade unions and industry bodies, with unions acting as a preferred channel for employee dialogue. However, Colas encourages all employees, both unionized and non-unionized, to engage in dialogue with management. In the United States, a remote support service is

available to provide advice on ethical issues. The subsidiaries also hold staff information meetings to foster discussion on a variety of issues such as safety, ethics and so on, and to facilitate understanding at different levels of hierarchy within the company. In light of the Covid-19 crisis, wage agreements were rolled over without any changes to mitigate temporary difficulties organizing negotiations, which were pushed back to 2021.

In South America (Chile and Peru), labor-management dialogue takes place through periodic meetings.

Name of indicator	Scope	2019 ⁽¹⁾	2020
Number of collective bargaining agreements negotiated, including mandatory annual negotiations	France (Mainland + Overseas)	113	49

(1) Smac workforce not included for 2019.

After an election year in 2019, Colas had fewer agreements to negotiate in 2020.

Of the 49 agreements negotiated in 2020, three relate to labor-management dialogue, 34 to compensation, employee benefits and collective agreements, six to organization and working hours, two to jobs and career management, and four to sundry issues including the Covid-19 crisis.

As regards freedom of association and the right to collective bargaining, since Colas does almost all its business in OECD countries, it has few operations in countries where there is a substantial threat to freedom of association or risks of discrimination or modern slavery. The Group also works with few subcontractors. Colas made a commitment to observe the United Nations' Universal Declaration of Human Rights and the ILO's fundamental principles (as per Article 2 of the Code of Ethics of Colas' parent company, Bouygues). To ensure compliance with these fundamental principles, Colas provides its employees with a copy of the Bouygues Group Code of Ethics and includes social and environmental criteria in its procurement policy. In developing countries where it established operations many years ago (in Madagascar, West Africa and central Africa, in particular), Colas is involved in health initiatives (to fight AIDS and malaria in particular) that cover employees, their families and local populations. In Madagascar and the Comoros, local labor codes comply with fundamental constitutional principles and international labor standards as laid down in ILO conventions and declarations. In the United States, many legislative texts (at federal, state and local level), such as the Fair Labor Standards Act (FLSC), the Occupational Safety and Health Act (OSHA) and the Family Medical Leave Act (FMLA), prohibit all forms of discrimination based on race, color, religion, sex, age, etc., and govern working conditions (minimum wage and safety conditions). In Canada, human rights, workplace equality and equity are governed by a similar system to that in place in the United States, with legislation at the federal and provincial levels (Employment Labour Code, Employment Standards Act, Accessibility for Ontarians with Disabilities Act, etc.). In the United Kingdom, anti-slavery legislation requires companies to publish an annual modern slavery statement highlighting steps taken to combat human trafficking. Under this legislation, the UK subsidiary of Colas Rail has committed to operate in a business environment free of slavery and human trafficking. The Group's sites in Ireland are subject to the Protection of Young Persons (Employment) Act 1996, which aims to protect the health of young workers and ensure that their education is not put at risk by work carried out during school years. In South Africa and Namibia, labor experts check that policies comply with both local and ILO standards.

Digital communication is also a growing channel for fostering dialogue with employees. The Yammer network was expanded with communities for employees working in the same business line, on the same project or in the same geographical area, both in France and abroad. The Colas Share knowledge management platform, launched in 2019, now has 17 expert communities and 21 sub-communities (in more specific areas of expertise). During the Covid-19 crisis, it was updated with various materials on the topic of protecting employees' health. The My Colas employee portal, also rolled out in 2019 to office staff, technicians, supervisors and managers at all Colas entities in Mainland France (totaling around 13,000 employees), is regularly updated and is currently being rolled out in Overseas France ahead of a phased international rollout. It offers a more interactive, personalized experience for employees, notably thanks to new HR services such as a digital safe, self-service options (annual leave and HR) and communication spaces (based around the Yammer network and an in-house magazine). Social media are also a key communication channel (see the "Employer brand" section).

1.2.4.2.3. Agreement relating to quality of life at work

Rollout of the agreement relating to quality of life at work, signed in December 2017, continues. The agreement, which covers all subsidiaries in Mainland France, underscores Colas' desire to put in place measures to help employees achieve a healthy work-life balance. These measures relate to work organization, support for parents and assistance for employees who are caregivers.

This agreement provides for the development of remote working in the form of weekly (one or two "fixed" days per week) and monthly remote working formats (with quotas of between four and eight days per month), with the option for employees to fulfil their remote working quotas either from home or from a Colas site. Roles and activities that must by nature be performed on business premises, due to either the equipment used or the need for a physical presence, are not eligible for this type of working arrangement. By definition, given the specific nature of activities inherent to construction sites, depots, workshops, quarries and industrial sites, and the interdependence between such sites, Workers are in principle not eligible for this type of working arrangement. Remote working expanded in 2020 as a result of the public health crisis, with 327 employees working remotely at year-end 2020. New tools explaining how to work or manage teams remotely were developed to help employees navigate this transition. However, occasional remote working – a more flexible form of working remotely – remains better suited to the work of operational managers.

The agreement also provides for the following:

- help with children’s homework, with free and unlimited access to a tutoring platform that is available 24/7 (from kindergarten to high school, as well as various trade certifications) and provides access to “online teachers”. This homework and tutoring service with online teachers experienced rapid growth and came into its own during lockdown, with employees relying on the platform to help home-school their children;
- childcare through a personal and household services platform (babysitters, emergency childcare, shared childcare and out-of-school childcare) as well as pet-sitting and home services;
- the option of transferring some unused days off to the Bouygues PERCO and/or PEG company savings plans;
- support for employees who are caregivers, in partnership with PROBTP (a communications campaign on new government measures planned for late 2020 was pushed back to early 2021);
- the “My Family Solutions” information portal (launched in June 2019), which aims to simplify employees’ day-to-day lives by offering legal and administrative assistance.

One of the key developments in 2020 was the impact of the Covid-19 public health crisis on working conditions. As soon as authorities in France and many other countries announced a lockdown, various HR processes and communication tools were rolled out to keep all employees informed of pandemic-related news and advise them of steps to be taken to protect staff at production sites and in offices. The Communications Department used mailings, text messages and social media posts to put out memos, videos from the Chief Executive and Covid-19 newsflashes (five editions for France and two World editions) with the twofold aim of staying in touch with employees during the crisis and preparing for activity to resume. A dedicated e-mail address was also set up to respond to employee questions. The Health, Safety and Environment Department published a Colas Group Covid Kit, including five guides aimed at different stakeholders (and nine posters) to help them organize Covid starter meetings where applicable both in France and abroad. These guides established more stringent safety measures than those laid down in France by, for example, the Government and the industry, in particular the OPPBTP (the French professional agency for risk prevention in building and civil engineering). As an example, the guides introduced the requirement to wear face masks on construction sites as early as April 11, 2020. Employee representatives were involved in implementing measures. The Human Resources Department established rules governing leave, absence and pay, putting in place schedules, procedures and pay arrangements suited to the situation. The Procurement Department ordered face masks, hand sanitizer, wipes and other protective equipment as early as March with a view to activity on sites resuming in April. Superintendents, trade unions and employee representatives, and managers implemented these measures at all sites.

1.2.4.2.4. Compensation and changes in compensation

Like Bouygues, Colas’ compensation policy is to ensure that all employees worldwide receive total compensation that is fair and appropriate to the specific characteristics of each activity, employee profile and geographical region, and to give employees a stake in the Group’s results.

Colas’ policy is based on the annual guidelines issued at the end of October by the HR Department, taking into account the economic environment, inflation, the job market and wage negotiations with trade unions and employee representatives. This policy keeps jobs aligned with responsibilities, with attention to equity between men and women, and includes measures for young people, talent management, and promotions. It rewards achievement and is applied at the individual level. It is a key driver of development and performance that recognizes employees’ skills and aims to reward those who achieve or exceed individual and shared targets.

This pay policy is adapted in each individual country taking into account the economic environment, the unemployment rate, local inflation and labor market conditions in the public works sector.

In France (both Mainland and Overseas), where the market is recovering, with inflation at 1.1% in 2019, the decision was made to allocate a pay increase budget of 3.0% of payroll on a present/present basis (i.e. for employees present over the period from January 1 of year Y-1 to January 1 of year Y) on January 1, 2020. The variable compensation policy applied by Colas is based on the overall performance of all its entities in France and around the world. The amount paid out by subsidiaries is based on three criteria: Colas’ operating profit/(loss), that of the subsidiary and individual performances related to the year’s objectives. Variable compensation paid to executives and managers is more impacted than that paid to supervisory staff by the entity’s financial performance and meeting personal targets. Compensation paid to the Chairman and to the Chief Executive Officer consists of a variable portion linked to financial performance and certain CSR indicators (Prevention and Environment). Every manager is provided with a pay review tool, plus relevant performance indicators. Managers are thus given all the information they need to review their team’s pay levels and can submit their proposals with a single click to the subsidiary’s validator and then to Colas’ headquarters for approval. This information system constitutes a management monitoring tool that provides traceability, efficiency and a seamless approach to employee career management. It should be noted that the compensation policy in Overseas France is the same as in Mainland France, except in Mayotte, where the French Labor Code entered into force on January 1, 2018, resulting in changes in the amount and structure of compensation. In line with the overall compensation policy applied by the Bouygues Group, Colas provides employees with very good levels of health insurance, pension benefits and personal risk coverage and allows employees to share in profits by giving them access to the Bouygues PEG (*Plan d’Épargne Groupe*) and PERCO (*Plan d’Épargne Retraite Collectif*) employee savings vehicles and profit-sharing plans.

In the United States, the pay policy is based on local pay surveys, given the regional differences between its units in western states (Alaska, California, Colorado), central states (Wyoming, South Dakota, Nebraska, Ohio, Arkansas, Missouri, Illinois), and

eastern states (Florida, Georgia, South Carolina, Virginia, Pennsylvania, New York). As a result, its employees can be paid at a level in line with the local market. Since 2017, US subsidiaries have been using Pathways (now named Colasway) to manage pay more efficiently and fairly.

In Canada, Colas sets pay levels on the basis of local collective bargaining agreements, particularly in Quebec and Ontario. For unionized employees, pay is set through the collective bargaining arrangements applicable to their businesses. A Covid-19 bonus of 400 Canadian dollars was paid to employees of all subsidiaries in October 2020.

In Northern and Central Europe, pay policy is also informed by local surveys to keep in step with local market practices and retain key talent, particularly in tight labor markets (the United Kingdom, Hungary and Switzerland).

In Africa, the Group's subsidiaries in Morocco, Côte d'Ivoire, Benin, Senegal and Gabon rely on a market benchmark produced by Mercer for each country covering best practice among similar-sized companies operating in the same industry sector. The pay process has been reviewed to better reward performance and ensure internal equity. Having initially focused on pay (salary and bonuses), this work is now looking at employee benefits. In South Africa and Namibia, salaries are rebased in line with local collective bargaining agreements.

Name of indicator	Scope	2019	2020 ⁽²⁾	Change
Average annual wages by status ⁽¹⁾ (in euros)	France (Mainland + Overseas)			
- Managers		63,316	63,778	0.7%
- Office staff, technicians and supervisors		38,492	38,914	1.1%
- Workers		27,701	28,399	2.5%

(1) Permanent contracts.

(2) Smac wages not included for 2019.

Average annual wages in France have seen steady year-on-year growth. It should be noted that pay has risen across all categories, though more specifically for workers and, to a lesser extent, middle management.

1.2.4.3. DEVELOPING SKILLS

Continuous improvement is a core principle of employee policy at Colas, which aims to foster employees' social and economic development. The concept of social mobility ⁽¹²⁾ has traditionally been embedded in the construction and public works sector. This entails, for employees, enhanced skills and improved organizational arrangements, enabling them to grow personally, boost their employability ⁽¹³⁾, enjoy improved quality of life at the workplace and find meaning and interest in their work, and for the business, a tailored and enhanced skills base resulting in greater agility and a competitive edge.

1.2.4.3.1. Career management

The mobility policy pursued by Colas has long been a key element in its approach to career development for the Group's employees. It aims to facilitate transfers between different functions and/or regions within the Colas Group to help meet employees' professional and/or personal goals and the staffing requirements of the business. One of the challenges of this policy is making the development of talent fit Colas' performance and growth.

Transfers between subsidiaries/countries or within subsidiaries/countries concern all employees both in France and abroad. The key principles are presented in the Colas Mobility Charter, which is available on the e-colas intranet. It states specifically that the process for each transfer should be based on a partnership between the employee, the manager and the Human Resources Department. It also indicates that special arrangements should be put in place to assist with transfers, which includes expatriate assignments and secondments, as well as outright transfers.

These mobility support measures evolved in 2020, with a new procedural memo issued and a Mobility Guide published for employees transferred in Mainland France. These measures, which are clearer, more transparent and better suited to the personal and professional needs of employees and their family, also address factors that can hamper mobility, such as a spouse's job and housing costs. They now include a common set of assistance packages (including moving costs, contribution towards the cost of finding a new home, etc.), plus specific and optional forms of financial assistance that may vary according to employee status.

To boost the visibility of these mobility support measures and make them more accessible to employees, a link has been added to the My Colas page linking directly to the colasandme.com mobility site, which contains detailed information and links to jobs boards Nomades, which displays Colas Group job offers, and Moby clic, the Bouygues Group jobs platform. Subsidiaries - particularly those outside France - often have their own information tools about the opportunities available to employees. For example, Canada's "Colas Leadership Rotational Development Program", revised in 2020, encourages mobility.

(12) Social mobility: Where a business line or company helps its employees develop both socially and economically.

(13) Employability: Ability to acquire and maintain the skills needed to find or hold onto a job.

The study into key jobs initiated in 2018 also continued, in cooperation with the Group's subsidiaries, leading to the development in 2020 of the first global jobs reference framework (in French and English) setting out key jobs and associated skills in each business area. This framework, shared on the ColasShare knowledge management platform accessible to managers and staff, provides better visibility with regard to possible career paths and thus allows for improved career planning, particularly in the context of job transfers. This jobs and skills framework is also used in preparing for the digital annual performance appraisal, the first round of which runs from October 5, 2020 to March 31, 2021 and initially covers all managers in Mainland and Overseas France. Development plans will be put in place informed by employee self-assessment and manager assessment of skills, thus contributing to the gradual implementation of a career management policy.

Through the "One Colas" corporate plan, the Group's Executive Management has reaffirmed its desire to internationalize Colas' talent base by recruiting staff from international backgrounds, offering career development guidance to Colas employees worldwide, and promoting career mobility between different geographical regions.

"Careers Committees" are now firmly established within subsidiaries' and countries' practices. They provide a forum for thinking about how best to develop and support talented individuals, as well as facilitating succession planning for key Colas managers and identifying new talent each year.

In Overseas France, the HR Department and managers on Reunion Island hold in-depth HR reviews at least twice a year, taking into account individual analysis, development prospects and replacement tables. The Reunion Island subsidiary has also launched an online business skills assessment platform (PREPS Compétences). In 2021, the platform is set to be populated by on-site clerical, technical and supervisory staff and workers.

1.2.4.3.2. Integration of young managers

In France, some young managers joining Colas complete an on-the-ground integration program, for example allowing young construction engineers to train alongside teams on construction sites before gradually being given responsibility.

The "Tour de France" scheme offers new joiners three to four stages at different subsidiaries, or even a tour of the region within the same subsidiary. In 2020, 30 Tour de France posts were available. Consideration is being given to whether some of these stages could be completed outside Mainland France.

New managers then take the first Colas University seminar, usually during their second year with the Group. The aim is to develop autonomy, responsibility, teamwork, knowledge of Colas, cooperation and integration. Career development towards management responsibilities is then achieved rapidly within the Group's various business lines.

Efforts to integrate young people are also reflected by hires under the International Volunteers in Business⁽¹⁴⁾ ("VIE") program in technical roles as well as support and management control functions; a total of 13 young people were integrated in 2020.

As regards Overseas France, in Mayotte several partnerships have been entered into with apprenticeship training centers, while on Reunion Island a number of employees serve as part-time lecturers teaching a range of disciplines at universities and other educational organizations, enabling the subsidiary to maintain a high volume of work-based training students.

1.2.4.3.3. Training policies

Colas has a policy of investing in training, supported in each subsidiary by training or skills development plans, which are formalized at 99% of locations. These plans put into action the development priorities set by Colas' Human Resources Department, notably as regards safety and prevention training, which represents the number one category of investment in training, but also training in technical fundamentals and management skills. In addition to these Group policies, the subsidiaries have their own training strategies designed to respond to more local and/or context-specific needs.

Colas' Training Department is extending its international reach, notably through its digital content distribution platform (the Colas Campus learning management system) and its project to create a "World" corporate training offering. The aim is to offer all Group employees opportunities to develop consistent, high-quality skills aligned with their expectations, irrespective of where they work.

In 2020, the One Colas Excellence offering of tutorials was rolled out to more than 30,000 employees connected to Colas Campus. This training program consists of nearly 25 video modules focusing on operational excellence and aimed at strengthening technical expertise and mastering key site processes, notably in connection with asphalt mix, earthworks and surface dressings. In a similar vein, a module covering on-site waste management has been rolled out worldwide through the Colas Campus intranet.

It is not only digital training content that is being rolled out internationally. Colas' international face-to-face training offering is also expanding. For example, the Women's Leadership course welcomed its first international intake of around 15 Group managers from a variety of backgrounds.

Furthermore, Colas will soon be ready to launch its brand new English University program, which aims to offer the Group's non-French-speaking Directors an equivalent level of training to Colas University Phase 3. Unfortunately, the course was not able to run last year due to the public health crisis.

(14) *International Volunteers in Business ("VIE") is a French government scheme that enables participants, under certain conditions, to undertake an assignment (which may be scientific, technical, commercial, humanitarian, etc.) at a French firm located abroad. Applicants must be aged between 18 and 28. VIE postings are paid.*

As regards prevention and safety, the One Safety project in conjunction with Dupont Sustainable Solutions continues to run. In 2019, more than 800 employees received training through this program, which aims to embed a safety culture across Colas. Around 2,000 employees were trained in 2020, with a total target of 9,000 by year-end 2021. The plan had been to train an additional 4,600 employees.

1.2.4.3.3.1. France

Across the whole of Mainland France, 3.82% of total payroll was invested in training, corresponding to 30,293 training actions and 440,709 training hours (N.B. quoted training figures are for 2019). Total training actions and training hours decreased relative to 2018, mainly due to the deconsolidation of SMAC (sold in 2019).

In 2019, the four Colas University courses had 380 participants, guiding them through the key stages of their professional development. Of these, 88 came from international subsidiaries.

Many training courses had to be pushed back from 2020 to 2021 due to the impossibility of holding training sessions during lockdown.

Prevention and safety training made up 54.8% of total training hours. The second most common area of training (15.1%) was general training related to the Group's specialized activities (for superintendents, works managers, team leaders, etc.). Colas also made a significant contribution to boosting the technical expertise of its staff (10.5% of training hours).

Breaking down training hours by status, 51% of training hours were delivered to workers, 25% to office staff, technicians and supervisors and 24% to engineers and managers. This breakdown is the same as that in previous years.

As regards Overseas France, training for superintendents and team leaders was organized in Guadeloupe. These sessions, kicked off in 2019 in partnership with the Egletons continuing education center, aim to develop employees' skills over a two-year period. The training is designed to improve and consolidate team leaders' responsibility for equipment, health and safety rules and operating methods. On Reunion Island, a dedicated course on business line fundamentals and operational excellence has been run mainly for superintendents (construction, civil engineering and public works) to develop their awareness of empowerment, management, communication and behavior in the areas of health and safety, the environment and the financial aspect.

1.2.4.3.3.2. International

The main international training projects are as follows:

In the United States, after kicking off work in 2015, Branscome rolled out a specific training program to embed the Group's safety culture in conjunction with Caterpillar. The program includes comprehensive training for the Executive Steering Committee, professional training for three in-house trainers specializing in safety, and the development of dedicated courses for each category of employees. On ethical issues, an online training system to improve knowledge of compliance rules was rolled out via the PathWays training platform. Furthermore, preparations were made at Delta to roll out a major leadership training program aimed at local management (Development Supervisor Training) but had to be put on standby due to the Covid-19 crisis. Despite the pandemic, an overall offering of more than 4,000 online training sessions was made available to all employees of US subsidiaries.

In Canada, as well as the already extensive range of training historically offered by Colas Canada Training, various training academies or "institutes" have been established at subsidiaries such as McAsphalt (McAsphalt Institute of Training) and Miller (Miller Institute of Excellence), highlighting the fact that developing employees' skills remains a key priority in the region. Moreover, to help managers handle the Covid-19 crisis, Miller offered virtual "Covid-19 Resources and Toolkit for Leaders" training explaining the new working environment.

In the BIMEA (British Islands, Middle East and Africa) region, Colas Middle East hosted Colas University's "Management and Leadership in a Changing World" module in Dubai in October 2019 and ran skills assessment training workshops as part of a skills review kicked off in the region. Colas Ireland rolled out the "Colas Ireland Internal Sprayer Driver Training" program. In South Africa and East Africa, there has been a significant push in the area of training dedicated to new technologies and techniques affecting Colas' core activities (basic road construction techniques, bitumen and even safety).

In Europe, Colas Poland launched a workshop on effectiveness and energy management. The program mainly covers professional effectiveness, stress management and attitudes to change. Colas Denmark ran its first "Asphalt School" in conjunction with professional association Asphalt, one of Denmark's main trade unions (3F) and leading Danish companies in the sector. The aim of this school is to ensure that all employees working in these areas receive basic training, particularly in Danish and mathematics but also in other essential subjects such as IT and English.

Lastly, APIL University (set up in 2017 and aimed at senior managers) welcomed a new intake last year made up of employees from various Group countries. Each country has launched its own leadership academy to support managers.

Name of indicator ⁽¹⁾	Scope	2018	2019
Existence of a formal training plan ⁽²⁾ (as %)	World	99	99
Number of employees trained	World	37,608	37,937
Number of days of training	World	114,904	111,426
Number of people under apprenticeship contracts taken on during the year	France	566	477
Number of people under vocational training contracts taken on during the year	France	261	142

(1) Figures related to training are consolidated in fiscal year Y for the period Y-1. They do not take into account information concerning SMAC for 2018.

(2) Outside France, this refers to the number of companies with more than 300 employees where a training plan exists.

In 2019, more than two-thirds of Colas employees worldwide received training and a total of 111,426 days of training were delivered across all Colas companies.

1.2.4.4. PROTECTING EMPLOYEES

An employer's first duty is to look out for its employees' physical and mental integrity. Colas' activities are potentially hazardous, particularly when undertaken in areas where there is live traffic. Conversely, reducing risks relating to health and accidents is good for families and society in general, thus generating positive externalities ⁽¹⁵⁾. With the aim of developing a health and safety culture across all its jobsites and materials production sites around the world, Colas has identified two areas of focus:

- workplace health and safety: taking into account all known types of chronic or accidental risk (risks related to collisions between machinery and pedestrians, traffic, consignment/deconsignment, working at height, lifting activities, excavation, work carried out near grids, noise, dust, bad weather, exposure to chemicals, use of hazardous tools and machinery, psychosocial issues, drugs and alcohol, musculoskeletal disorders, etc.) as well as carrying out ongoing monitoring of emerging risks;
- road safety: since its main activity is the construction and maintenance of all types of road infrastructure, Colas has a duty to undertake specific actions in this area. Colas' commitment to road safety is reflected in frequent initiatives to increase awareness of road risks among employees around the world.

Safety is thus a priority issue at the highest levels of the company: it now forms one of the criteria explicitly used in calculating variable compensation for managers and subsidiary CEOs.

To support its actions in this area, Colas has signed up to a number of charters (e.g. in France, a charter signed with the Government and CNAMTS ⁽¹⁶⁾, regularly renewed since 1997), is involved in various road safety competitions (such as the one run by the Royal Society for the Prevention of Accidents in the United Kingdom) and organizes an annual Safety Week for all Group employees worldwide, focusing on road safety as well as safety issues relating to Colas worksites, as well as managing and coordinating a network of around 100 prevention specialists in the field.

It is important to emphasize that the impact of these actions extends beyond Colas: they benefit not only Colas employees but also their families and friends (through sharing best practice) along with all road users. Colas cares not only about reducing the negative impacts of its activities, but also about significantly expanding its positive impact, thus benefiting its employees and society as a whole. One example of the long-term concrete actions Colas has implemented in this area is its employee first-aid training policy, which has been in place since 2006: Colas places a major emphasis on first-aid training at all its sites worldwide. As of now, nearly 40% of Colas employees have learned life-saving techniques. This training benefits employees as well as everyone around them, including their families and friends.

Name of indicator	Scope	2019 ⁽¹⁾	2020
Total number of employees trained in first aid (at end of period)	World	23,049	20,466

(1) Smac workforce not included for 2019.

The number of employees trained in first aid declined by 10% after rising 15% in 2019.

(15) Positive externalities: Actions carried out by the company that have a positive impact outside the company at zero cost to their beneficiaries.

(16) Caisse Nationale d'Assurance Maladie des Travailleurs Salariés (National Health Insurance Fund for Employees).

1.2.4.4.1. Road safety policy

While Colas' Road Safety Charter, agreed with the Road Safety Commission (DSCR) and CNAMTS, covers all Group employees in Mainland and Overseas France, Colas' preventive Road Safety Policy has gradually been extended to all countries in which the Group operates, in accordance with local cultures and rules.

1.2.4.4.1.1. Road Safety prevention program

The Road Safety action and prevention program in place within the Group relies on subsidiaries and business units' strong commitment to implement local initiatives, at the behest of Executive Management.

Each subsidiary around the world has its own Road Safety Correspondent; these correspondents are supported at region or business unit level by a network of over 400 Road Safety Officers tasked with implementing and coordinating the program.

This initiative, rolled out on the ground in France, centers on a program ("SCOPE") focused on raising drivers' awareness of safe driving rules, organization of travel, the vehicle fleet (purchase and maintenance, and active and passive safety equipment) and the environment (road infrastructure, traffic plans, etc.). This program uses audiovisual media, driving audits, post-accident analysis (resulting in corrective action), and statistical tools for analyzing and monitoring accident rates at French business units and subsidiaries. More than 30,000 employees in France have received road safety training since it was introduced in 1997. Over 15,000 driving audits have been undertaken by either Road Safety Officers or specialized training centers. These various measures are supplemented by an emulation system that incentivizes subsidiaries and business units to demonstrate their assertiveness and inventiveness: the French Inter-Subsidiary Road Safety Challenge, which recognizes the top-performing business units in this area, includes a road safety component.

Outside France, similar road risk prevention training and awareness programs have been developed in many countries with the aim of gradually extending this policy to all countries and regions where the Colas Group operates, in accordance with local cultures and regulations.

Raising employee awareness of road safety issues also means, in some locations, designing and disseminating communication tools within subsidiaries to boost the program's impact (posters, comic strips, videos, etc.); regularly reminding staff of Highway Code rules (including those covering the use of mobile phones) during 15-minute site safety briefings known as "starters"; training using simulation software; awareness days in partnership with local stakeholders (training centers, prevention specialists, police, etc.); giving out breathalyzer tests as part of efforts to prevent drinking and driving; first aid training, etc. The "avoidability" of accidents is systematically highlighted, notably through feedback following accidents.

Raising awareness of road safety issues also involves making improvements to project organization and how travel is managed, as well as improving management of the vehicle and equipment fleet (maintenance, vehicle equipment including reversing aids, etc.).

The program's effectiveness is largely dependent on internal communications, not only to share experience and promote best practice but also to disseminate targeted messages from Executive Management.

1.2.4.4.1.2. Changes in the number of accidents and the vehicle fleet

Colas sets itself targets to reduce losses, a goal shared by all subsidiaries. The decline in the road accident frequency rate, which fell 45% worldwide between 2004 and 2019, was further accelerated by the reduction in travel resulting from the public health crisis in 2020 (the worldwide frequency of road accidents at Colas declined by 59% between 2004 and 2020; between 2019 and 2020, the road accident frequency rate declined by 25% in a single year).

In accordance with each country's laws and regulations (e.g. *Commission Nationale de l'Informatique et des Libertés* in France, GDPR in the European Union), onboard telematics in vehicles is set to be gradually extended in the future. For example, positive results, such as a significant reduction in speeds, have already been obtained at Colas Rail Ltd in the United Kingdom, following discussion with the drivers concerned about the risks of excessive speed, supported by data collected. In Madagascar, a contract has been signed with a supplier for a geolocation system offering new possibilities for driver feedback and the ability to influence driver behavior.

1.2.4.4.2. Workplace safety policy

The Group's workplace safety policy is built around four priorities: compliance with rules, training and information, a safety-first approach to project and process design, and follow-up of action plans.

Significant actions in 2020 included the following:

- the launch of the Group safety rules by Colas' Chief Executive Officer during Safety Week 2020. These rules, which will be rolled out worldwide ahead of the next Safety Week in June 2021, encompass the Five Rules of Life and Ten Life-Saving Rules, and will be used as a reference framework for audits. The goal is to build a shared safety culture Group-wide;
- the continuing roll-out in France of the One Safety approach with DuPont Sustainable Solutions (DSS), first launched by Colas Centre-Ouest in 2019. The approach now extends to all regions reporting to Executive Management France. All managers, from the CEO down to team leaders, including subsidiary chairmen, are coached in key management skills and how to adopt a collaborative approach when discussing safety issues with their teams. Colas Rail and GTOI (a Colas subsidiary on Reunion Island) are also set to adopt this methodology. The goal is to instill an enduring safety culture across France;

- the continuing roll-out in North America, via Caterpillar Safety Services, of the Living Goal Zero process, another safety culture program;
- the continuing of the Safety Culture program at Spac together with ICSI, a French industrial safety culture institute, launched in 2019;
- “Safety Culture” days in Mainland France for all newcomers to the Group;
- virtual reality training on crush hazards as part of the prevention days for newly hired employees;
- continuation of projects addressing “accident risk”, identified as being the most dangerous workplace situation (see fatal accidents in 2020), including the innovative project with Volvo Construction Equipment whereby both operators and any pedestrians entering a prohibited area close to machinery are alerted. The system uses artificial intelligence to recognize when a human is in the vicinity;
- trials in Mainland France of other systems detecting the risk of collisions between machinery and pedestrians.

Local initiatives backing up these major campaigns were implemented, such as the launch of a safety-related drawing competition for employees’ children and grandchildren on Reunion Island.

In addition, several initiatives related to temporary staffing agencies were implemented in 2020:

- harmonization of safety inductions using Accueil software and introduction of an induction document for site managers;
- a fresh drive to identify jobs at particular risk, along with more extensive training;
- a campaign with Routes de France and the FNTP (French National Public Works Federation) to launch the PASI from 2021. This safety passport with a 10-year validity period is issued after its recipient is given front-line training covering the main risks. It is a means for temporary employees to gain appropriate safety training. It will be a new safety requirement that temporary staffing agencies will have to meet;
- the introduction of Pixid temporary staffing management software to track this population more effectively, covering the process from expression of a need through to site induction.

1.2.4.4.3. Health policy

Colas pursues specific health-related initiatives on a range of topics.

1.2.4.4.3.1. Covid-19

During March 2020, Colas introduced a range of Covid-19 procedures so that operations could resume from mid-April at sites where they had been halted. These procedures were drafted with a group of risk prevention specialists and operational staff to meet health requirements and promote take-up by front-line teams.

The documents were produced as guides (unit managers, site supervisors and managers, construction and industries, etc.), “starter” briefings (about Covid-19, transport, daily organization, etc.), posters (maximum number of people allowed in each area, hand-washing, protective measures, etc.), record-keeping (monitoring of cleaning, temperature checks), business continuity planning, and a protocol covering suspected Covid-19 cases.

Most of these measures were introduced in France (Mainland and Overseas) before being adapted to international operations. Given the various regulations and measures taken by each country, it was impossible to standardize the entire process. In Canada, for example, remote healthcare and psychological support programs were introduced for employees and their close family members during lockdown. In southern Africa, all employees were given access to a service provider (ICAS) providing psychological assistance and information about Covid-19. The service also hosts regular sessions on various issues, such as remote working, resilience, employee engagement, etc.

1.2.4.4.3.2. Musculoskeletal disorders

Musculoskeletal disorders probably constitute the chief health risk in the public works sector. Colas has long responded to this issue by providing physical activity risk prevention training and making available ExoPush powered exoskeletons to help reduce strain for asphalt paving teams. ExoPush was designed jointly by engineers, workers and experts from Colas to help operators manually prepare asphalt mixes and thus improve their working conditions. The benefits to workers are an improved posture (much more vertical than with a non-assisted tool) and a lower heart rate (cf. Section 3.5, “Governance of innovation and partnerships”). More than 90 units have been rolled out or are in testing in France, Belgium, Switzerland, Denmark, Australia and Central Europe. A study was carried out in conjunction with the INRS (National Research and Safety Institute) in 2020 to identify factors promoting uptake of this new technology and thus facilitate its roll-out.

1.2.4.4.3.3. Noise

The large amounts of heavy machinery used on public construction sites means employees are inevitably exposed to noise. This issue was the main subject of the 2019 Safety Week, which highlighted the dangers of noise and the importance of always wearing hearing protection, which is compulsory at all Colas worksites (including construction sites, quarries and plants). The goal was to remind all staff that noise is hazardous above 80 dB (A), that it has harmful effects on the human body and that hearing loss is irreversible. This Safety Week ran at all Colas sites worldwide, involving the whole of the Group’s workforce. The film “Noise” (which won a gold award at the Fimbacte festival, in the “responsible communication” category) was shown at all Colas sites, with the campaign rounded out by video quizzes presented by managers, a summary booklet for all employees, and posters. Hearing protection is among the mandatory items of personal protective equipment listed in the Group’s safety rules.

1.2.4.4.3.4. Ultraviolet radiation

The risk of exposure to ultraviolet radiation from the sun's rays is inherent in outdoor work. Colas makes sure all site staff are aware of the need to wear protective clothing and helmets. This topic is always covered at safety induction meetings for new employees.

1.2.4.4.3.5. Bitumen fumes

In 2013, an official monograph on bitumen fumes was officially published by the IARC⁽¹⁷⁾. The IARC stated that, despite the substantial number of studies carried out, it was unable to judge whether there is a link between cancer and exposure to bitumen and bitumen fumes in road work. Given the IARC's findings, no new positions have been adopted by national authorities in the various countries where Colas has operations, with the exception of France, whose health authorities have produced an extensive update on the issue. The conclusions and official report of ANSES⁽¹⁸⁾ reflected the risk analyses carried out by the road construction industry, stating that there are no grounds to consider a carcinogenic risk in the production or use of non-oxidized bitumen, but that this substance does present risks of eye and upper respiratory irritation. There were no further publications in 2020. In order to monitor the risk of employee exposure to this irritant, a major study was launched by INRS (the French national research institute for occupational safety and health) and French road construction industry representatives (Routes de France) to develop a standard method for the measurement of bitumen fumes inhaled by workers. This research, which involved broad participation by industry players and Colas in particular, was completed in 2015. An assessment template to evaluate the effectiveness of prevention methods has been developed and is now used by health insurance agents. Employee exposure data monitored using this new assessment tool enables a database to be built up and analyzed at least every five years.

For several years now, Colas has worked on reducing exposure to bitumen fumes and has pursued its strategy around the world with two main objectives:

- reducing bitumen application temperatures, since every 12°C reduction in temperature reduces fume emissions by around 50%. In addition, the rollout program for warm mixes is being supplemented by communications campaigns aimed at convincing customers to adopt warm mixes in place of traditional hot mixes; in 2016, the INRS⁽¹⁹⁾ determined that the use of warm mix results in a statistical reduction in exposure of 25% (see indicator below);
- upgrading the fleet of finishers (machines that lay asphalt mix) to equip them with fume extraction systems. In 2016, the INRS determined that using these systems results in a statistical reduction in exposure of 55% (see indicator below).

Name of indicator	Scope	Coverage	2019	2020
Percentage of warm mix and low-temperature mastic asphalt (as % of quantity)	World	Asphalt and mastic asphalt plants	20	19
Percentage of finishers equipped with a bitumen fume extraction system (as % of quantity)	World	All fleets of equipment	64	66

The collection and consolidation of data for these indicators follow the rules described for environmental and social indicators (see note on methodology).

The proportion of finishers equipped with dust extraction systems advanced by a further 2 points this year, demonstrating that efforts in this area continue to make progress everywhere as and when equipment is replaced.

Use of warm mixes decreased slightly, with a significant decline in Switzerland, the Czech Republic and Slovakia.

(17) International Agency for Research on Cancer (an offshoot of the World Health Organization).

(18) French national agency for food, environmental and occupational health and safety.

(19) French national institute for research and safety.

1.2.4.4.3.6. Dust

Workplace health bodies and industry players have rallied around the issue of exposure to dust – in particular respirable crystalline silica particles – at worksites, quarries and gravel pits.

In France, Routes de France, a trade body in which Colas plays a very active part, published guides on two issues: preventing dust risk in surface-planing, sawing, chipping, scaling and coring activities; and preventing dust risk on recycling platforms, together with the UNPG (French national union of aggregates producers). The Group also takes part in a number of industry-wide measures relating to crystalline dust emissions as part of the campaign launched by the FNTP⁽²⁰⁾ and OPPBTP⁽²¹⁾. These guides were prepared with input from the DGT as well as OPPBTP.

Colas is taking action in France and around the world to reduce exposure to dust at manufacturing facilities and construction sites alike by using equipment and processes that create a humid environment (through spraying or misting), having workers wear personal protective equipment, and upgrading milling and planing equipment with machines fitted with dust extraction systems.

Name of indicator	Scope	Coverage	2019	2020
Percentage of asphalt planers equipped with a dust extraction system (as % of quantity)	World	All fleets of equipment	56	61

The collection and consolidation of data for these indicators follow the rules described for environmental and social indicators (see note on methodology).

The proportion of asphalt planers equipped with dust extraction systems advanced by 5 points, demonstrating that efforts in this area continue to make progress everywhere as and when equipment is replaced.

In France, Colas has taken part in the debate on the presence of amphibole elongate mineral particles (which belong to the same family of naturally occurring rocks as asbestos) in existing roads, recycled materials and newly extracted aggregates. Colas is a member of several working groups that bring together public-sector experts as well as building, construction, demolition and public works industry associations to better gauge this risk and develop suitable prevention measures.

The health effects of potentially asbestos-bearing actinolite and of amphibole elongate mineral particles (EMPs) are an issue that has attracted attention for a number of years in several countries (including the United States, Germany and Hungary) from a regulatory and scientific standpoint. At present, France is the only country in which a number of public decision-makers have decided to identify this risk as a commercial asbestos risk. Requirements in this area vary from one country to another. Colas ensures that it complies accordingly, and at the same time, intends to promote a genuine scientific and regulatory dialogue internationally, including in the United States, where most of the research in this area has been carried out, but where it has not been regarded as sufficiently conclusive. Colas complies with requirements laid down by the French authorities.

1.2.4.4.3.7 Solvents

Solvents are the latest front in the fight against employee exposure to toxic chemicals, a category that includes chlorinated solvents used in laboratories, fluidifying agents or anti-adhesive petroleum-based products used at worksites, and petroleum-based or chlorinated solvents used in workshops. Solvents are hazardous to human health when absorbed through the skin (and via the respiratory tract, especially when heated). In addition to maintaining high standards for individual and collective protection equipment and the strict supervision of all products used, Colas has begun a program focused on finding safer alternatives for all solvents in use. Progress in this area is difficult to achieve because possible alternatives may encounter resistance from staff for technical reasons. They may also be more costly, not available in all countries, or require adaptations in working methods due to their lower effectiveness.

Name of indicator	Scope	Coverage	2019	2020
Percentage of chlorinated solvents used in closed-loop systems (as % of quantity)	World	Laboratories	74	80

The collection and consolidation of data for these indicators follow the rules described for environmental and social indicators (see note on methodology).

The percentage of chlorinated solvents used in closed-loop systems increased by 6 points. To a large extent, this increase was attributable to higher usage of chlorinated solvents in closed-loop systems in Canada (up 31 points) and in the Morocco, Central Africa and West Africa region (up 18 points). It should be noted that purchases of these laboratory solvents by US subsidiaries have been reduced to extremely low levels. More generally, the risk related to chlorinated and petroleum solvent use has been reduced in workshops, on worksites and in laboratories, both in France and internationally. More than 70% of Colas' parts washers no longer use these types of solvents to clean workshop and laboratory equipment, having replaced them with organic solvents, plant-based solvents or aqueous cleaning solutions. The goal of completely eliminating these uses in an open environment still has to overcome several highly specific applications, the laboratory standards in certain countries and the availability of equipment and alternative equipment in certain locations. Colas continues to invest in refining control methods, but it seems likely that progress will now become slower and harder to achieve.

(20) Fédération Nationale des Travaux Publics – [French] National Federation for Public Works.

(21) French construction and public works prevention organization.

1.2.4.4.3.8. Employee benefits

Colas is an active participant in the BYCare program set up by Bouygues in 2019 to provide a common core of employee benefits around the world that go further than the requirements of the local legislation in each country.

In 2020, efforts focused mainly on life insurance, with new cover negotiated providing additional capital payouts on top of the statutory minimum and equivalent to at least one and a half year's gross basic salary.

At year-end 2020, 93% of the Colas Group's employees outside France benefited from this level of life cover (estimate by Willis Tower Watson, the partner broker for all Bouygues Group entities outside France). Efforts are continuing to plug the gaps that still exist in certain countries, with a target of blanket coverage by early 2021. Maternity and disability cover will also be considered, with a target of falling into line with the average level of cover provided locally.

In addition, local employee health initiatives continue to operate. In Madagascar, an aid station was set up and two doctors were hired to provide front-line care for common complaints and to conduct employees' mandatory medical visits. In West Africa, including Côte d'Ivoire, each site has an occupational physician and aid station (with nurses).

1.2.4.4.4. Workplace accidents, particularly their frequency and severity, and occupational illnesses

Name of indicator ⁽¹⁾	Scope	2019	2020
Frequency rate ⁽²⁾ of employee workplace accidents	World	6.19	6.12
Severity rate ⁽³⁾ for employee workplace accidents	World	0.38	0.44
Number of fatal employee workplace accidents ⁽⁴⁾	World	3	5
Number of employees recognized as suffering from an occupational illness during the year	France	120	73
Percentage of companies outside France providing employee benefits	International	100	100

(1) These 2019 figures do not include Smac.

(2) Number of lost-time accidents × 1,000,000/Number of hours worked. These are accidents declared and recognized by the competent authorities, e.g. the CPAM in France.

(3) Number of working days lost × 1,000/Number of hours worked, in line with the regulatory definition of "Severity rate": "Working days lost in the current year are taken into account even if the accident occurred in the previous calendar year, within a maximum period of three years from the initial event."

(4) The number of fatal accidents relates to the registered workforce and consists of accidents linked to occupational activities resulting in death, including road traffic accidents (but excluding commuting accidents and cardiac events).

In 2020, the frequency rate declined further than in 2019, dropping from 6.19 to 6.12, but the severity rate increased from 0.38 to 0.44, taking it back to its 2018 level. Five accidents occurred in which lives were lost, chiefly as a result of collisions with construction machinery. The Group held a "Stop Day for Life" on December 3, 2020, during which all its business units around the world came to a complete halt to bring together all its (operational and functional) employees and explain the causes of these accidents to them. The Group safety rules launched in September and introduced to prevent serious and even fatal accidents should help to instill a shared safety culture right across the Group.

During 2020, the roll-out of the Safety Culture initiative with Dupont Sustainable Solutions in Mainland France continued at the road-building subsidiaries. This rollout is scheduled to be completed in 2023.

1.2.4.4.5. Absences

The absence rate is a useful but hard-to-interpret indicator: an increase in the rate could equally well point to a deterioration in labor relations within the company or a deterioration in the health of the workforce.

Name of indicator	Scope	2019 ⁽¹⁾	2020
Number of working days lost due to workplace accidents (excluding commuting accidents)	World	42,086	47,232
Absence rate ⁽²⁾	France (Mainland + Overseas)	4.85	5.99

(1) These 2019 figures do not include Smac.

(2) Permanent contracts; this indicator measures the number of working days lost due to workplace accidents, commuting accidents, illness or occupational illness, in proportion to the number of calendar days.

In France, the absence rate surged in 2020 after two years of decreases in a row. The rate was higher than the national rate for the private sector of 5.11 in 2019 (according to the Ayming absence survey), but the pandemic should be taken into account.

France's overall rate of 5.99 breaks down as follows: 7.9 for workers; 5.2 for office staff, technicians and supervisors; and 1.85 for managers. These figures reflect the deterioration in the severity rate in 2020, especially in France. The measures implemented (safety rules, One Safety) should deliver a significant reduction in the absence rate.

1.2.5. Ethics and human rights

1.2.5.1. COMPLIANCE POLICY

Acts of corruption or complicity in corruption are major economic and financial risks and a risk to the company's reputation. Colas identifies all risks of corruption and influence peddling risk, draws up and displays rules of ethical conduct (code of ethics, compliance programs and gifts and hospitality policy) and implements prevention, detection, whistleblowing measures and penalties for corruption.

Compliance acts solely to ensure that employees' decisions and behaviors, both within the company and in their dealings with third parties, comply with internal or external standards applicable to their areas of activity. At its core are five programs ("Anti-corruption", "Competition", "Conflicts of interest", "Financial disclosures and stock market transactions" and "Embargoes") drawn up to supplement the Code of Ethics, which has been in place for many years. These documents summarize applicable legislation and, in particular, the Sapin 2 law of December 9, 2016, and define specific practical behaviors prohibited by the Group as well as best practice to be adopted.

The Group's French subsidiaries added a section on ethical requirements within the Colas Group and the Bouygues Group to their rules of procedure, after consulting with the employee representative bodies. The requirements also provide for the application of disciplinary sanctions where these rules are not observed.

At subsidiaries outside France, employees give a written undertaking when submitting compliance documentation. From 2021, they will sign this undertaking electronically.

At the organizational level, after appointing its Group General Counsel and Chief Compliance Officer in September 2018, in 2019 Colas set up a four-person Compliance unit that forms part of the central Legal & Compliance Department. Locally, Chief Legal Officers have responsibility for supporting the compliance unit. The Colas Group Compliance Procedures affirm the key role played each manager in this area.

In April 2019, all the processes deployed internally in line with the Compliance Documentation were compiled into a Colas Group Compliance Handbook. In September 2020, this Handbook was updated and circulated to all the Group's subsidiaries falling within its scope (companies in which Colas has a direct or indirect interest of over 50%). One section of the document covers procedures and rules for gathering and responding to ethics alerts.

Compliance-related processes (covering corporate patronage, sponsorship, gifts, consortia, etc.) were digitized to make them operate more smoothly and increase traceability at the global level.

Monitoring of compliance procedures set out in the compendium now forms part of the inspection checklist drawn up in conjunction with the Audit Department.

Colas asked its subsidiaries to map their risks by business line and by country using its ColasMap software. In all, 65 risk maps were produced. In April 2020, the action plans for these risk maps were presented by each geographical region to Colas' senior management. The risk maps will be reviewed every two years once they have been approved (next updates due during 2021).

1.2.5.2. ACTIONS TAKEN TO PREVENT CORRUPTION AND ENCOURAGE FAIR BUSINESS PRACTICES

A number of actions had been implemented over previous years to combat active and passive corruption, unfair competition and conflicts of interest, some of which were strengthened in 2020:

- the E-comply software tool, which is used to digitize (non-HR-related) compliance procedures and real-time controls on their correct application, was rolled out in 2020. At the same time, a compliance intranet site was set up as a one-stop shop holding all the relevant materials (ethics documentation, training materials, whistleblowing procedure, etc.);
- a whistleblowing system open to all Colas employees has been in place since 2017;
- in 2020, as in previous years, Colas' Ethics and Corporate Sponsorship Committee, which is comprised of three Directors (two of them independent), met twice, in February and September. It was given presentations on progress with the roll-out of compliance programs during the previous fiscal year and on compliance measures implemented and those planned in the future;
- since 2017, executive commitment has been reflected in the requirement for each executive to sign an ostensible commitment. A campaign to renew these commitments takes place every two years and covers all managers (from head of department upwards), company officers and all Purchasing staff;

- under the terms of the Colas Compendium of Compliance Procedures, the requirement to verify the identity and integrity of stakeholders translates into the need to gather information and assess the risk of corruption to which a third-party relationship exposes a given Colas entity. The appropriate level of investigation to be undertaken depends on the characteristics of the planned relationship or transaction (from Level 1, undertaken by operational departments on an “open source” basis, to Level 4, undertaken by an outside organization under the supervision of the Group Legal & Compliance Department). Colas uses specific research software (Compliance Catalyst) to carry out Level 3 investigations. At end November 2020, a total of 3,889 investigations had been carried out. Framework agreements with external service providers to conduct Level 4 investigations were put in place during 2020. Lastly, Colas laid down the Level 1 assessment arrangements in 2020. A “test mode” deployment of this procedure, backed up by appropriate IT systems, is planned in France during 2021, subject to approval of its viability from a human and technical perspective.

In 2020, the training campaigns continued and were stepped up:

- the “Applied ethics and compliance” module, aimed at familiarizing all employees taking the module with the core principles of compliance documentation and providing an overview of all procedures contained in the Compendium, was rolled out in 2019 both in France and internationally, except in the United States (which has its own specific procedures and training modules). In April 2019, Chief Legal Officers responsible for overseeing this training at the local level were provided with common training materials applicable to all Colas subsidiaries. A total of 2,353 employees were trained between November 1, 2019 and October 31, 2020. In the United States, 3,900 employees were trained. This training is incorporated into all “UNI” sessions (central training programs);
- rollout of the Fair Play serious game continued in 2020: this e-learning module, aimed at all employees with a business e-mail address, is designed to help employees explore issues relating to ethical best practice. In 2020, 233 employees delivered this training (4,939 since 2017). Lastly, the module is in the process of being translated into Czech, Croatian, Flemish, Polish, German, Romanian and Spanish are now available on the platform;
- all participants in the Colas University 1, 2, 3 and 4 courses receive training in the fundamentals of compliance. 173 employees were trained in 2020 as part of the University 1 and 2 courses. A two-hour slide show presentation was produced to be used by Chief Legal Officers to train subsidiary staff;
- the subsidiaries in North America continued their rollout of a specific communication and training program on ethics:
 - in the United States, the face-to-face training initially planned for employees and managers switched over to Teams amid the Covid-19 pandemic. The topics covered included anti-competitive practices, workplace conduct, compliance with the Disadvantaged Business Enterprise regulations, conflicts of interest, gifts and hospitality. Two ethics training modules have been offered at Colas University in the United States. In parallel, all US subsidiaries regularly hold training sessions on ethics-related topics, some of which were covered at length in in-house magazines. As part of this program, all employees of subsidiaries in the United States with an email address were given access to various online modules relating to Colas’ code of conduct in the United States, fraud and the anti-discrimination drive. All employees have been invited to view online the Bouygues code of ethics and the Colas code of conduct specific to the United States and to confirm that they have read them carefully. Furthermore, all employees of Colas subsidiaries in the United States are required to confirm each year in writing that they have received the code of conduct and comply with it. The hotline number for anonymous ethics-related whistleblowing reports is displayed on all Colas websites. Fold-out cards listing the phone numbers and the website for ethics issues were also distributed,
 - in Canada, Ethics and Compliance Program training had been delivered to 81 employees by the end of 2020. As a reminder, a new whistleblowing system for employees was introduced across Canada in June 2017. A major communication campaign informed all the employees of the Canadian subsidiaries about this bilingual service run by an independent third party. In addition, the overhaul of the Colas Canada intranet provided an opportunity to reiterate the obligations with regard to commercial intermediaries, corporate patronage and sponsorship, gifts and hospitality.

1.2.5.3. HUMAN RIGHTS

In Article 2 of its Code of Ethics, the Bouygues Group, Colas’ parent company, commits to complying with the United Nations’ Universal Declaration of Human Rights and the ILO’s fundamental conventions. In 2020, risk mapping efforts continued with a view to fine-tuning identification of the main risks facing Colas.

The drive identified the following main risks: harassment and discrimination; excessively long working hours; workers’ quality of life, living standards and accommodation.

In 2020, progress was made with implementing the action plan produced on the basis of the risk maps (including roll-out of a program to champion diversity, introduction of new payroll and HR monitoring tools (ColasWay), improvement of worksite installations and equipment, and establishment of a minimum standard of employee benefits).

In 2021, fact-finding missions in the field (the first of which took place in Morocco in 2019) will continue to refine monitoring measures, define vigilance thresholds and provide Colas’ Audit Department with a set of baselines against which to carry out controls and checks.

1.2.5.4. PERSONAL DATA PROTECTION

The European Union's General Data Protection Regulation (GDPR) entered into force on May 25, 2018. The Colas Group was already mindful of the need to protect personal data taking into account the evident expectations of numerous stakeholders.

Given the nature of its business activities, Colas prioritized a policy of protecting its employees' personal data.

The Group stepped up its innovation activities in 2020, leading to a greater focus on protecting personal data, mainly reflected in a review of applications in accordance with the "privacy by design" and "privacy by default" principles.

Colas put in place a decentralized governance structure, appointing a Colas SA Data Protection Officer (DPO) in September 2020. A legal specialist in personal data protection also joined the central Legal & Compliance Department.

The DPO is supported by a global network of 37 correspondents from the Human Resources function. To help them fulfil their roles, these correspondents are assisted by members of the legal and IT functions.

The Group has published policies on protecting employee data as well as data protection policies aimed at third parties. Procedures on managing the rights of individuals and data violation have also been issued, as well as model contractual clauses.

These tools are posted on an intranet site dedicated to GDPR (ColasShare), which is available to all employees in both French and English.

Lastly, as an international group, Colas has drawn up Binding Corporate Rules (BCRs). This corpus of documents is to be rolled out to all subsidiaries. The procedure to secure approval from CNIL, France's data protection agency, is in progress.

1.2.6. Environment and carbon

Given the overlap between general environmental issues and issues specific to Colas' activities as set out in its business plan, the Group has structured its response to these issues around five themes: risk prevention; energy and carbon; the circular economy; biodiversity and ecosystems; and water management.

The topics of R&D and innovation in these areas are covered in Section 3, "Value chain and innovation".

1.2.6.1. GENERAL ORGANIZATION

In light of the large environmental footprint of Colas' activities, a specific organizational structure has long been in place under the responsibility of the Environment Department. With effect from January 1, 2020, this department was incorporated into the new Sustainability & Innovation Department (DDRI). It draws on a network of about 60 environmental representatives at the Group's subsidiaries in France and around the world, in turn supported in the field by several hundred coordinators and internal environment auditors, who often have responsibilities in other areas such as safety and/or quality.

To deepen the professionalism and expertise of this network, the Environment Department has developed various collaborative and participative tools:

- conventions on environmental themes are held every other year;
- EOCE, an individual and collective development program for environmental correspondents aimed at putting correspondents to work together in groups of four, with each correspondent focusing on three high-priority themes for his/her subsidiary, drawing on the network's resources, the three other members of the group, two coaches who have already completed the program and a member of the Environment Department team. At the end of the program, each participant visited seven Colas subsidiaries around the world to help develop appropriate solutions inspired by existing best practice, received help in situ from six Colas experts to make progress on his/her own themes, strengthened the relationship with his/her subsidiary CEO and other functional and operational managers within his/her subsidiary, and built relationships with the worldwide network of environment correspondents and the Environment Department's corporate team. To date, 32 correspondents have completed or are currently completing the program, 20 of them from international subsidiaries. Since the program kicked off in May 2015, the Environment Department has trained 12 coaches who have taken on board the methodology and each supported two program participants for more than half a year;
- a dedicated Yammer social network for environment correspondents, set up at the initiative of the EOCE program and coordinated by the Environment Department;
- a multilingual sharing platform accessible to all Colas employees, ColasShare Environment, for pooling professional experience, formalizing expertise and coming up with improvements;
- working groups: following this constructive discussion within the program, participants in the EOCE program expressed a need to pool their knowledge and expertise in the form of informative and prescriptive themed information sheets; the Environment Department took responsibility for organizing the resulting working groups and publishing final versions of these information sheets on ColasShare Environnement. Over 50 themed information sheets have already been circulated covering field issues like treating odors in carbon black industries, reading analyses of soil, aqueous waste and atmospheric discharge, managing inert waste, managing invasive exotic species, etc.;

- the Industrial Risk Committee, a cross-departmental committee that was formed in 2017 to look into industrial risk with the Materials, Workplace Health & Safety, Audit, Technical/R&D and Risk & Insurance Departments, as well as with the operational executive management teams. Its role is to specify a Colas policy for various risks with appropriate tools for the different types of facilities (FMECA ⁽²⁴⁾, causal tree, etc.). This approach aims to take account of technical and human factors as well as organizational factors, while also including a review of industrial equipment suppliers. The Industrial Risk Committee appoints and manages various working groups and signs off their deliverables in the form of prescriptive documents. The relevant corporate departments and Colas' Audit Department subsequently check that the instructions in these documents have been implemented. To date, documents have already been finalized covering “twin drum” asphalt mixing plants and storage tanks for chemicals, bitumen and hydrocarbons;
- various training programs are available covering environmental topics, such as the Environment e-learning module for construction projects, which can be found on the Colas Campus training platform. ISO 14001 and environmental audit training is also delivered annually, jointly facilitated with the Environment Department. The topic of the environment is also covered in two training programs: University 1 for newly hired managers and University 3 for managers;
- environmental certification standards (particularly ISO 14001) require that the environmental performance of employees be assessed, that environmental training be provided for employees when necessary, particularly for new recruits, and that contractors be provided with relevant information (pursuant to Section 4.4.2 of ISO 14001).

1.2.6.2. RISK PREVENTION

1.2.6.2.1. Preventing environmental risks

The entry into force of the French “duty of vigilance” law provided an opportunity to step up efforts to safeguard against environmental risks. A comprehensive approach has been implemented to identify major key risks in terms of the environment and chemical health and safety, broken down by type of site and industrial process, size and type of construction project, consumption and storage of hazardous products, flows of waste, etc.

The approach is divided into three key phases:

- current state assessment: Following a self-assessment exercise, sites were identified where the duty of vigilance may be of particular significance. Other sites were also identified through enhanced monitoring;
- action planning: Identified sites implemented action plans to reduce the risk of serious breaches;
- audit: An outside firm audits the identified sites. The purpose of these audits is to verify sites' overall approach to the duty of vigilance and check that action plans have been implemented. Audits will also look at the following: stakeholders, safety, emergency preparedness and response, environment, and process safety.

A total of 43 sites and construction projects have been identified through the enhanced monitoring process: the first pilot audit was undertaken in 2020 in the USA. This will be followed by two pilot audits (Australia and Major Projects) based on a mapping of risks, vigilance plans for each of the relevant sites and projects, and specific audit arrangements. The goal is to validate audit standards specifically applicable to the duty of vigilance and roll out the audit campaign across all identified sites.

Outside of this scope, which is managed on a top-down basis with the business units in question, responsibility for safeguarding against risks is delegated to business units and subsidiaries around the world, within the framework of a policy managed by the Environment Department. The key issue for Colas mainly relates to permanent facilities: equipment maintenance workshops, laboratories, materials production sites (asphalt mixes, modified binders and bitumen emulsion, paints, quarries and gravel pits, ready-mix concrete, etc.), depots where such materials are stored, and so on. Construction projects are less affected given their small average size and the fact that the vast majority take place in areas that are no longer in their natural state. However, the largest projects are subject to specific arrangements such as Environmental Protection Plans (a regulatory requirement), as is the case, for example, of the major Route du Littoral (Coastal Highway) project on Reunion Island. Furthermore, the Colas Projects QSE team is tasked with leveraging feedback and improving performance.

Operating licenses for environmentally sensitive facilities subject to special administrative processes (“ICPE” or “ISDI” facilities in France) generally require strict compliance with environmental requirements, irrespective of the country in question. Compliance with these administrative requirements is the number one concern for environment managers at business unit and subsidiary level, and is subject to regular audits and self-assessments of various types. On this subject, it is worth mentioning the system of annual inter-subsidiary cross-audits carried out across Belgium, Mainland France, Switzerland and Romania by specially trained internal auditors to assess facilities and strengthen prevention. This approach will be rolled out across other geographical locations starting in 2021.

Safeguarding against environmental risk within business units and subsidiaries mainly relies on two tools:

- formal environmental management systems at ISO 14001 or equivalent standard, based on internal and external audits or certification. This implies the existence at each relevant site of an environmental analysis, dashboards and preventive action plans (particularly for managing discharges) and archival arrangements ensuring a good level of traceability;

– self-assessments using Colas checklists: This very practical system uses a set of over 100 questions by type of facility, and are used to determine progress plan priorities. A standard checklist has been prepared for practically every type of stationary facility: R&D laboratories, works center depots, workshops, hot- and cold-mix plants, emulsion and binder plants, bitumen depots, quarries & gravel pits, recycling platforms, ready-mix concrete plants, prefabrication plants, and construction waste disposal sites. This covers more than 3,100 production units all over the world. These checklists are incorporated into Colas' internal control system and are being developed into a new full web multimedia computer platform christened CHLOE. This application is designed to improve usability for users within subsidiaries, facilitate updates to checklists and allow for the development of new functionality in terms of dashboards, indicators and action plans. Use of checklists is monitored as part of Colas' internal control system. These collaboratively developed checklists also serve as a training vehicle and audit benchmark, as well as helping with the design of new facilities; they bring together the contributions of over a hundred Colas employees worldwide over the past 15 years or so.

These arrangements give rise to three indicators shown in the table below:

Name of indicator	Scope	Coverage	2019	2020
Percentage of materials production activities that have environmental certification (as % of CAE ⁽¹⁾)	World	100% of CAE ⁽¹⁾ of materials production activities	65	61
Percentage of materials production activities that carry out environmental self-assessments using Colas checklists (as % of CAE ⁽¹⁾)	World	100% of CAE ⁽¹⁾ of materials production activities for which checklist is applicable	79	86
Percentage of materials production activities that use a tool to manage environmental impact (environmental certification and/or Colas checklists) (as % of CAE ⁽¹⁾)	World	100% of CAE ⁽¹⁾ of materials production activities	89	83

(1) CAE: revenue + intra-Group transactions and disposals. This amount takes into account Colas' upstream activity (essentially construction materials), whereas accounting for Colas' vertical integration results in the elimination of more than 50% of materials production activity from revenue.

The “percentage of materials production activities that have environmental certification” indicator fell by 4 points and remains at a satisfactory level, given the range of contexts around the world in which Colas operates and the minority interests held by Colas in many of these businesses. However, in some regions, managers have begun to question the usefulness of this approach, or would like to replace it with more practical and less systemic guidelines. At this stage, work is currently underway to come up with a Group position on this indicator. However, there is a strong tendency at subsidiaries to define the certified scope of their activities with greater precision.

The checklist-based environmental self-assessment indicator improved (gaining 7 points) and is at a high level thanks to significant improvements in this indicator at subsidiaries using the Chloé platform. Self-assessment using checklists continues to be the cornerstone of Colas' policy for addressing environmental risks.

The final indicator, which combines the two approaches, declined – mainly as a result of some subsidiaries no longer pursuing environmental certification – but remains high. The target remains 100%, though this objective is very ambitious considering that other companies sometimes have large and even majority stakes in some Colas entities, which prevents Colas from ensuring complete oversight.

1.2.6.2.2. Prevention expenditure and amount of provisions

Colas does not use consolidated indicators for planned spending on the prevention of environmental hazards or pollution. This spending is included in normal operating expenditures and it is difficult to allocate purchases or major maintenance costs: for example, replacing a bag filter at an asphalt mix plant constitutes a routine investment for Colas, even though it is of an environmental nature since it serves to prevent particulate emissions.

As regards contaminated land, in line with its management guidelines, Colas makes provisions for clean-up expenses when the amounts have been determined based on an assessment by an independent firm and when a date for site rehabilitation has been set (by the competent authority, for example) or is otherwise known (upon lease termination, for example). Colas also has a particular advantage in managing this type of liability thanks to its subsidiary Colas Environnement, which specializes in groundwater and subsoil decontamination. This subsidiary, recognized for its cutting-edge expertise, operates for both internal customers and outside industrial operators. Following conclusive trials outside Mainland France in Reunion Island and Spain, it continues to grow and provide its expertise to Colas, whether to evaluate budget allocations or to manage tricky decontamination exercises such as the current exercise at the SRD site in Dunkirk.

A large number of quarries and other sites worldwide are subject to specific regulatory requirements when they are no longer operated and require provisions to cover environmental risks during operation. This entails a wide variety of guarantees and practices (such as performance bonds, insurance, escrow accounts and provisions) that depend on national laws. Colas' provisions on site rehabilitation commitments totaled €207 million at December 31, 2020.

As of this date, there is nothing that indicates that any of these measures were insufficient, either during internal or external audits or during the investigation of insurance claims.

1.2.6.3. ENERGY AND CARBON

As set out in Colas' business model, the issue of the Group's carbon footprint is paramount and is even covered by its parent company's vigilance policy, given its specific importance relative to other Bouygues Group business lines: Colas' activities are structurally carbon-intensive, as demonstrated by its calculated carbon footprint. There is thus a need for a proactive policy and a good understanding of the levers available to significantly reduce this carbon footprint, in step with commitments entered into by the majority of countries where Colas operates. Given the climate disruption associated with greenhouse gas emissions, Colas' contractual and non-contractual internal and external stakeholders have expressed their sensitivity very clearly, though with significant variation, notably by country and by customer.

At the beginning of 2020, Colas set about drawing up a low carbon carbon and biodiversity roadmap. This collaborative work identified six priorities broken down into 29 commitments and 20 tracking indicators to monitor actions. A Low Carbon Strategy Committee was put in place, with members drawn from the Sustainability & Innovation, Equipment, Purchasing, Business Development, and Technical/R&D Departments and designated sponsors in each of Colas' geographical and specialized business units.

The Low carbon roadmap consists of the following five priorities:

Priority 1: Incorporate climate issues into the Group's strategy

- Analyze business risks and opportunities resulting from climate change
- Raise employee awareness of climate issues
- Develop new business segments based on renewable energy offerings
- Promote the Group's low-carbon strategy in its offerings

Priority 2: Improve energy efficiency to reduce greenhouse gas emissions from direct energy consumption

- Implement tools to manage and monitor energy used by asphalt plants, machinery and vehicles
- Deliver eco-driving training to employees who use machinery and vehicles
- Reduce vehicle consumption and idling rates
- Reduce dependence on fossil fuels by making use of renewables
- Promote alternatives to road transport for bitumen and aggregates (rail or waterways)
- Evolve the vehicle fleet towards low-carbon solutions (electric, green hydrogen, biogas, hybrid)

Priority 3: Develop and promote low-carbon products, techniques and solutions

- Increase purchases of low-carbon cement and hydraulic binders
- Reduce the carbon intensity of concrete produced on Colas sites
- Increase use of bio-sourced materials
- Position the Group as a key player in research into the use of low-carbon binders in transport infrastructure
- Increase the proportion of recycled materials used in asphalt mix
- Develop in-place road recycling
- Reduce the asphalt mix production temperature
- Promote warm mixes, which require less energy to produce than hot mixes

Priority 4: Help customers and users achieve carbon neutrality and reduce emissions

- Offer innovative and sustainable mobility services: Optimization of movement and parking flows, preventive management of road networks, planning and regulation of flows around urban construction sites (Mobility by Colas solutions); improve user security and manage shared mobility flows (Flowell dynamic signaling solution)
- Optimize infrastructure usage (local energy autonomy thanks to Wattway photovoltaic road surfacing)
- Promote research and development into carbon capture and storage through partnerships with existing companies and start-ups specializing in this area

Priority 5: Optimize carbon accounting

- Implement a construction project carbon calculator based on physical flows
- Build on options for calculating the amount of carbon saved or avoided (tCO₂)
- Analyze the value chain and identify and replace the physical flows that generate the most emissions

Colas has set itself a target of reducing its CO₂ emissions by 30% by 2030 across Scopes 1, 2 and 3a (baseline: 2019).

1.2.6.3.1. Colas' carbon footprint

Colas' carbon footprint is calculated across Scope 3a, "from cradle to gate": it thus includes the entire carbon cost of the upstream value chain as well as direct greenhouse gas emissions by Colas but excludes the downstream carbon cost. This choice is based on simple considerations: since Colas does not know how the materials it sells to external customers (aggregates, bitumen, etc.) are used, it cannot estimate the carbon cost resulting from such use; at the same time, since Colas has no control over the maintenance of or traffic transiting through the transport infrastructure on which it works, it cannot calculate the upstream carbon cost.

Following detailed methodological work to calculate its carbon footprint for the first time in 2010 using emissions factors recalculated by major geographical region, Colas updates this calculation every year. Caution is required when interpreting this information: a carbon footprint (which should more properly be called a "consolidated assessment of greenhouse gas emissions, expressed as CO₂ equivalent") is calculated with around 30% uncertainty, notably due to the impossibility of calculating the upstream carbon cost sufficiently accurately; in Colas' case, this upstream carbon cost depends on data held by hundreds of thousands of direct and indirect suppliers of all types.

This type of calculation does, however, provide an order-of-magnitude estimate of the carbon footprint and its various components:

Name of indicator	Scope	Coverage	2019	2020
Greenhouse gas emissions (in millions of metric tons of CO ₂ equivalent)	World	All Activities	13	12
Carbon intensity (in kilograms of CO ₂ equivalent per euro of revenue)	World	All Activities	1	1

Colas' carbon footprint may be estimated as follows:

- scope 1: 1.7 million metric tons of CO₂ equivalent;
- scope 2: 0.1 million metric tons of CO₂ equivalent;
- scope 3a: 10.2 million metric tons of CO₂ equivalent.

Four figures are worth highlighting, expressed as percentages of the total carbon footprint:

- 21%: upstream contribution of cement (Scope 3) ;
- 16%: contribution of Colas' direct energy expenditure (Scopes 1, 2 and 3) ;
- 13%: upstream contribution of bitumen (Scope 3) ;
- 8%: upstream contribution of freight (Scope 3 only).

These four items alone thus account for well over half of Colas' carbon footprint.

With a carbon footprint of around 12 million metric tons of CO₂ equivalent, Colas has a duty to work to reduce its greenhouse gas emissions; the options available for reducing direct emissions obviously differ from those available for reducing the upstream carbon cost. Scopes 1 and 2 held fairly steady between 2019 and 2020. For Scope 3a, the reduction was 7%, due in large part to the reduction in activity resulting from the public health crisis but also, to a lesser extent, reduced use of concrete in new projects.

1.2.6.3.2. Energy consumption

In spite of the relatively modest proportion (14%) of greenhouse gas emissions generated directly by Colas, the idea of pursuing a policy of reducing the upstream carbon footprint without having committed to a policy of reducing the Group's own carbon emissions is clearly out of the question.

In value terms, Colas' internal energy consumption equates to almost 3.5% of consolidated Group revenue, while its average consolidated net profit has not exceeded 2.5% of consolidated Group revenue over the past three years. This gives rise to an initial observation: Colas does not have the resources to switch to more expensive greener energy and must instead always make use of the cheapest available energy in each of the territories where it operates; that being the case, only regulatory constraints or tax incentives can affect its energy mix by sending the market price signals applicable to Colas and its competitors; for example, this is the case in Switzerland, with its dynamic energy taxation policy and the possibility of exemption for businesses that put in place a strictly controlled strategy to lower their carbon cost.

Pending such price signals in other countries and fields, Colas is focusing its efforts on energy efficiency, and thus on lowering its consumption for any given task and level of production; the aim is to establish an effective culture of energy sobriety to avoid waste and excess consumption.

Energy expenditure is monitored using the following three indicators:

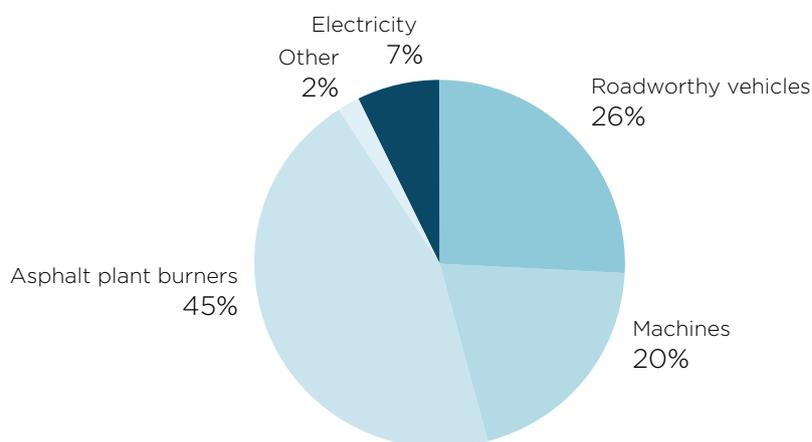
Name of indicator	Scope	Coverage	2019	2020
Total energy costs (in millions of euros)	World	All Activities	450	366
Total energy consumption (in millions of MWh)	World	All Activities	7.9	7.5
Ratio of total energy costs to IAV ⁽¹⁾ (as %)	World	All Activities	3	3

(1) IAV (Internal Activity Volume): the purpose of this performance indicator is to establish an accounting scope reflecting direct energy consumption by Colas, in order to calculate a ratio of direct energy intensity. It is equivalent to CAE (revenue before eliminations) less operating profit margin and revenue from subcontracted work.

The energy bill fell by 19% and total consumption by 5% as a result of lower energy consumption and a decline in activity resulting from the public health crisis in 2020.

To implement an energy intensity indicator, Colas looked at establishing a relationship between these energy costs and a relevant denominator, such as revenue or added value. This work helped to reveal the complexities involved in this regard. Selecting revenue, for example, would encourage energy-intensive business activities to be outsourced via subcontracting; revenue would remain unchanged, while direct energy consumption would go down, without actually making progress in this area. For this reason, Colas defined IAV to express the volume (in euros) of business activity that truly constitutes the basis of energy costs. IAV is equivalent to CAE (revenue before eliminations) less operating profit margin and revenue from subcontracted work. The ratio of total energy costs to IAV was unchanged between 2019 and 2020.

Colas' energy expenditure is broken down as follows:



1.2.6.3.2.1. Asphalt plants

Opportunities to drive improvement in the field have long been known: managing the moisture content of aggregates; reducing idling of equipment; adhering to recommended temperature settings; adjusting burners; adopting the widespread use of warm mixes; limiting the number of different formulas produced; etc. Data on the consumption of each burner at Colas' 435 active asphalt mixing plants has been reported annually for many years, while 27% of plants have computerized real-time or daily monitoring systems running applications developed by Colas (My-mix, Hamp Report, Mix link®, etc.). To promote the implementation of resulting best practice, Colas has adopted the following policy:

- interim target: Reduce energy consumption at the burner per metric ton of asphalt produced by 1 kWh a year to 74 kWh per metric ton by year-end 2024;
- interim target: Increase warm mixes as a proportion of Colas' global production of asphalt to 25% by 2024.

The situation deteriorated in 2020 due to non-negligible increases in consumption by asphalt mixing plants in North America. As part of the strategic One Colas Plants program, a special analysis will be carried out in 2021, with a systematic audit of all plants with annual production of over 75,000 metric tons where consumption exceeds 90 kWh per metric ton. Furthermore, the approach used for the operational excellence component of this program will take into account energy best practice.

Name of indicator	Scope	Coverage	2019	2020
Energy consumed per metric ton of mix produced (kWh per metric ton)	World	Asphalt mixing plants	79	81
Greenhouse gas emissions per metric ton of mix produced (in kilograms of CO ₂ equivalent per metric ton)	World	Asphalt mixing plants	20	19

Warm mixes, which require less energy to produce than hot mixes. The rate fell slightly in 2020 due to a decline in this indicator in the USA, where high levels of asphalt production significantly affect this asphalt mix indicator, and at French subsidiaries (down 5 percentage points for the Sud-Ouest ERT and down 4 points for the Colas Midi-Méditerranée ERT). All employees remain committed to expanding the use of these products across all regions, adapting production tools and conducting ongoing research to develop new technical solutions that enable lower product temperatures, with the knowledge that the health-related benefits are essential (see explanatory comment on the indicator in Section 4.4.1.2, "Health policy").

Name of indicator	Scope	Coverage	2019	2020
Percentage of warm mix and low-temperature mastic asphalt (as % of quantity)	World	Mixing and asphalt plants	20	19

1.2.6.3.2.2. Machines and vehicles

While opportunities to drive improvement in the field have also long been known (adopting environmentally friendly driving habits, lowering engine power, optimizing loading on outward and return legs, switching off engines when idling, etc.), performance indicators are much more complex to implement and the target employee base is almost 100 times larger than operators of asphalt plants alone. It is thus essential that employees be made more energy-aware, and Colas is continuing with its information campaign to encourage truck drivers and equipment operators to reduce their fuel consumption by adopting environmentally friendly driving habits and switching off engines when equipment is idling. To help achieve the target of a 30% reduction in direct emissions between 2019 and 2030, a number of interim targets have been set:

- target: Equip 50% of the Group's vehicles and equipment with onboard telematics⁽²²⁾ by the end of 2024;
- target: Ensure that vehicles and equipment with onboard telematics have their engines switched off when idling in at least 80% of cases by the end of 2024;
- energy efficiency is already taken into account when choosing which equipment to buy, while the target of a 2% increase in the average utilization rate means the least efficient equipment is automatically removed from the fleet.

Name of indicator	Scope	Coverage	2019	2020
Percentage of vehicles with on-board telematics	World	All Activities	23	27
Percentage of machinery with on-board telematics	World	All Activities	28	33

The number of site machines and vehicles equipped with energy consumption monitoring systems continued to rise (by 4 points for vehicles and by 5 points for site machines in 2020). This action concerning telematics also features in Priority 2 of the carbon roadmap. This project, named MyEquipment, aims to increase the use of onboard telematics in wheeled equipment, which will improve average utilization rates and make it possible to monitor consumption and idling rates. These last two indicators will serve as performance indicators for the low carbon strategy.

1.2.6.3.2.3. Energy purchases

While the current system for monitoring energy bills is mature in France, it is not yet able to detect abnormal consumption or billing errors at the international level. The system will be reinforced worldwide and verified under the strategic One Colas Quarries and One Colas Plants as well as through customary audits of subsidiaries carried out by Colas' Audit Department.

(22) Systems that provide real-time primary data on the operation of vehicles or equipment: consumption, engine speed, speed, distance traveled, etc. Such systems may be natively built into recent equipment or fitted as an extra to older equipment. They must also be capable of sending instructions to the driver.

1.2.6.3.2.4. CO₂ quotas

As combustion facilities with a rated thermal input exceeding 20 MW, some Colas asphalt plants are concerned by the European Union's emissions trading system. This applies to five permanent asphalt mixing plants in Belgium, two in Denmark and three in France. Compared with other manufacturing facilities concerned by this system, asphalt plants are minor CO₂ emitters. For example, the five French plants totaled around 8 thousand metric tons of CO₂ in 2019 (reported in April 2020) for a production of about 800 metric kilotons of asphalt mix. Following the closure of Société de la Raffinerie de Dunkerque, Colas picked up surplus quotas, allowing it to transfer 27,600 CO₂ quotas to unprofitable subsidiaries in 2020 in respect of 2019 without calling on the CO₂ market. Thanks to these transfers, each subsidiary had a quota balance following the April 2020 report corresponding to the free quotas allotted in February 2020, which will have to be used in the April 2021 report. For Colas, this scheme has proved administratively cumbersome and ineffective at lowering emissions.

1.2.6.3.3. Reducing indirect emissions

Opportunities to reduce the upstream carbon footprint (which accounts for 85% of Colas' total carbon footprint) are also severely limited by financial constraints. However, there are still some initiatives worth implementing or reinforcing:

1.2.6.3.3.1. Transportation

With transportation accounting for a significant proportion of Colas' upstream carbon footprint, the Group is continuing its efforts to transfer upstream and downstream freight to waterways and railways. These efforts are helped in particular by the sea, river and rail freight expertise of the Group's businesses specializing in transporting bitumen. A reliable indicator monitoring tonne-kilometers of freight for each non-road mode of transport has been in place for several years:

Name of indicator	Scope	Coverage	2019	2020
Number of metric tons of materials transported by rail or waterway (in millions of metric tons)	World	All Activities	10.5	7.9

The tonnage of materials transported by rail or waterway decreased by 25%. This reduction was mainly due to a decline in the use of rail transport as a result of the across-the-board decrease in Colas' activity levels in 2020. The average distance traveled was unchanged between 2019 and 2020. The quantity of materials transported by rail or waterway equates to nearly 2,935 freight trains (with each train containing 44 freight cars), which avoids deploying more than 264,000 trucks, each with a haulage capacity of 30 metric tons.

1.2.6.3.3.2. Recycling asphalt mix and aggregates

Recycling of asphalt mixes and aggregates has been one of the biggest sources of energy savings for Colas since the Group's carbon footprint was first calculated in 2010 (cf. Section 6.3.5, "Summary of prospective reductions at Colas"). Annual reporting indicators have helped determine a target for asphalt mixes: increase the amount of recycled asphalt mix as a percentage of each metric ton of asphalt mix produced by 0.5 points a year for the next ten years. This target has now been incorporated into measures under the strategic One Colas Plants program. Recycling bitumen recovered from demolition or the milling of road surfaces is currently the main means of reducing CO₂ emissions (113,000 metric tons of CO₂ equivalent in 2020).

1.2.6.3.3.3. Research and innovation

The two materials with the biggest negative impact on Colas' carbon footprint are bitumen and cement⁽²³⁾, the former due to the volumes involved and the depletion of raw materials, and the second due to its greenhouse gas intensity. While Colas cannot unilaterally stop using either of these materials, it can continue with research and innovation efforts to reduce their contribution to its carbon footprint – an approach that can be extended to encompass other materials that have less of an impact on Colas' carbon footprint. The goal is to offer the market less harmful alternatives and translate the corresponding research effort into a specific competitive advantage:

- bitumen: first of all, it is important to remember that bitumen used for road paving is not converted into CO₂, since it is neither burned nor consumed; fossil bitumen thus remains a stable carbon sink for road use. However, bitumen is a distillate of oil, and as such is vulnerable to policies limiting the extraction and transformation of the fossil fuels with which it is de facto associated. For this reason, Colas has long been interested⁽²⁴⁾ in researching alternative organic binders for many years, whether involving plastic waste or biomass. As regards biomass, the required volumes are challenging: replacing the amount of bitumen used worldwide with a vegetable oil derivative would require the equivalent of one-third of the European Union's total cultivated area⁽²⁵⁾. That being the case, Colas is refocusing its research on the recovery of agricultural waste, and in particular lignin;

(23) Cement and bitumen account for 21% and 13% of Colas' carbon footprint respectively.

(24) For example, Végécol® was developed as a bitumen alternative based on vegetable oils and resins as long ago as 2003.

(25) This calculation is based on an oilseed yield of 2 metric tons of oil per hectare – higher than the global average – and annual global bitumen consumption of around 100 million metric tons.

- cement: through its subsidiary Argeco, which produces flash metakaolin (16,000 metric tons in 2020), Colas has for several years been working to reduce the carbon footprint of concretes. The Group is now involved in the global effort to develop low-emission cements while continuing its work on alternative binders based on inorganic geopolymers;
- green chemicals: efforts to upgrade the Group's use of chemicals (bitumen emulsions, road marking paint, surfactants, etc.) in accordance with the principles of green chemicals have led Colas to work towards switching to biosourced materials for some of its niche products (Vegecol® plant-based binder, patented in 2004; Vegeflux® fluxing agent, patented in 2006; Vegemark® road marking paint, certified in 2010; Ostrea®, a hot road marking product certified in 2006; Ekoflux®, a plant-based bio-fluxing agent which entered the development phase in 2014), which has the effect of moving from petroleum-based fossil carbon to a biosourced carbon sink, and even lowering production and application temperatures or reducing overall materials requirements in some cases.

1.2.6.3.4. Helping reduce the downstream carbon footprint

Colas is also committed to extending its customer offering to include solutions for lowering the carbon cost associated with designing and running projects.

1.2.6.3.4.1. Low-carbon alternatives

Colas has for many years⁽²⁶⁾ sought to offer its (public sector) customers environmentally friendly alternatives to reduce the use of carbon and materials. It does this by changing the choice and quantity of materials laid down in specifications, though without diverging from specified performance requirements. Such alternatives often rely on the use of materials sourced more locally and greater use of recycling. Moreover, it is important to emphasize that such alternatives usually result in a lower cost to the customer. In France, such alternatives rely on the Seve® software, approved by public authorities. Regrettably, these efforts have had little success, with public works contracts still heavily reliant on technically and legally conservative basic solutions. Such low-carbon alternatives are currently only used in less than 0.1% of projects won by Colas worldwide. Furthermore, the number of such projects decreased 67% in 2020, with the result that the amount of CO₂ avoided fell sharply, down 59% to its lowest ever level of 1,279 metric tons. The SustainEuroRoad project, subsidized by the European Union and spearheaded by Routes de France (formerly USIRF, a French road industry association), in which the Colas Group is involved, could speed up this revival to overcome market indifference.

1.2.6.3.4.2. Driving and parking assistance

Many studies have shown that vehicle congestion and time spent looking for parking spaces represent an exorbitant cost in terms of not only lost productivity and societal frustration but also pollution and greenhouse gas emissions. Against this backdrop, a significant portion of Colas' innovation policy is focused on techniques and applications dedicated to these issues under the Mobility by Colas initiative (refer to Section 3.4, "Innovative and sustainable solutions for a better living environment").

1.2.6.3.4.3. Just-in-time maintenance

The issue of how and when to maintain road and rail infrastructure remains unresolved in most countries. If maintenance is carried out too late, it involves more work, which costs more and entails a higher carbon cost. Independently of efforts to promote virtuous contractual approaches in this area, such as the use of PPP and concessions, Colas has for decades been developing increasingly effective tools for populating predictive maintenance programs, whether for infrastructure itself or the associated urban equipment. Progress has been made by using the Internet of Things to make infrastructure "smart" and using inspection and testing systems powered by the latest technology combined with expert data analysis software. Among the most recent fruit of innovation in this area is the ANAIS system (refer to Section 3.4, "Innovative and sustainable solutions for a better living environment").

1.2.6.3.5. Summary of prospective reductions at Colas

The following table, which has been monitored for the past several years, shows the current status of reliably measured actions:

Name of indicator	Scope	Coverage	2019	2020
Greenhouse gas emissions avoided by Colas' actions (metric tons of CO ₂ equivalent/year)	World	All Activities	483,000	417,000

(26) Ecologiciel® was the first software developed by Colas (in 2006) to offer Colas' public sector customers low-carbon alternatives. This system was subsequently replaced by Seve®, developed by the French road industry, which is currently in the process of being expanded across the European Union with the support of the European Commission.

1.2.6.4. THE CIRCULAR ECONOMY

Colas' approach to reducing the consumption of raw materials (essentially aggregates and bitumen) is based on the following action plan:

- optimizing and maximizing recycling of all types of excavation material, demolition debris and inert waste produced by construction and public works projects. Colas has developed indicators to track the amounts of materials effectively recycled at its industrial facilities in order to compare these amounts to the volume of new materials produced, rather than simply record the amount of waste generated by its worksites or the amount of recycled materials Colas reuses. This decision serves two purposes: it improves data reliability and encourages the subsidiaries to invest in materials recycling equipment. The aim of this approach is therefore not to track total consumption, the interpretation of which has proven too complex to allow proactive action plans to be developed. For example, some totals may increase with revenue while others decrease due to changing market conditions (such as bitumen consumption, the increasing proportion of service and maintenance activities, and the development of new activities);
- developing new products at Colas' R&D laboratories based on a sustainable design approach that seeks to minimize the use of raw materials, particularly non-renewable resources (see Section 3, "Value chain and innovation");
- developing and offering low-carbon alternatives: for many years now, Colas has led the way in offering its customers environmentally friendly alternatives and in developing "eco-comparison" tools for assessing these alternatives.

Colas is one of the world's five biggest recyclers across all sectors and materials. A leading producer and user of construction materials, Colas recovers and recycles its waste and site demolition materials in its road construction, and more generally also waste and materials from other construction and public works professionals and even other industries (mirror glass waste, broken porcelain, shoe soles, etc.). In total, this amounts to more than 17 million metric tons a year (compared with 16 million metric tons in 2019). This positioning is continuing to improve and is particularly robust in that it corresponds to a very fine network of recycling sites across practically all regions where Colas operates (numerical targets are available in Section 6.3.3.2, "Recycling asphalt mix and aggregates").

Since most of the materials that Colas uses are relatively heavy, recycling must be optimized at a very local level to minimize transportation requirements. By using short supply chains wherever possible to maximize the use of local resources and favoring sites that adopt an integrated industrial ecology approach, Colas helps each local area develop using its own materials while minimizing waste: road construction activities are able to achieve virtually zero waste provided that recycled materials are accepted by customers and authorized recycling sites to combat the use of landfill sites.

1.2.6.4.1. Aggregates

Aggregates are the resources most used by human beings, after water. Public works account for the bulk of this consumption, with road construction alone making up more than half of it. Aware of the responsibility that results from this, Colas has been developing recycling techniques for over 40 years and has disseminated them across all of the regions where it works. Today, around 460 Colas sites transform used materials to turn them into public works materials. This avoids exploitation of around 50 quarries worldwide and an even larger number of landfill sites.

Name of indicator	Scope	Coverage	2019	2020
Quantity of recycled materials produced (in millions of metric tons)	World	All project and materials production activities	9.2	7.8
Ratio of materials recycled to total aggregates produced (as % of quantity)	World	All project and materials production activities	10	9

In 2020, Colas recycled and recovered 7.8 million metric tons of materials. This represents almost 9% of its total aggregate production and worldwide savings equivalent to the production of 28 medium-sized Colas quarries. The amount of recycled materials declined significantly in 2020, down 1.4 million metric tons, a 16% reduction relative to 2019. This trend is reflected in the following regions in particular: France (down 22%), United States (down 9%), EMEA (down 9%) and Canada (down 6%). These reductions were mainly due to a significant decline in activity in these geographical regions as a result of the Covid-19 crisis.

1.2.6.4.2. Bitumen

Reclaiming asphalt pavement makes it possible to reduce consumption of bitumen (a non-renewable petroleum resource) by reusing that contained in the aggregates recovered when repairing or demolishing roads. Asphalt mix, the surfacing used for most road systems throughout the world, consists of a mixture of about 5% bitumen with aggregates. Reclaimed asphalt pavement (RAP) comprises the materials recovered from the milling or demolition of roadways before new asphalt mix is applied. Recycling asphalt mix when repaving a road offers three advantages:

- saves energy and reduces greenhouse gas emissions (see Section 6.3.3.2, "Recycling asphalt mix and aggregates");
- enables the reuse of bitumen (a non-renewable natural resource), and aggregates;
- reduces road construction costs for the customer (often public sector) at identical levels of quality and performance.

Name of indicator	Scope	Coverage	2019	2020
Quantity of reclaimed asphalt pavement (in millions of metric tons)	World	Mixing and asphalt plants	6.2	6
Percentage of reclaimed asphalt pavement with bitumen recovery (as % of quantity)	World	Mixing and asphalt plants	16	16

For several years, Colas has been monitoring progress on the reintroduction of reclaimed asphalt pavement into asphalt mixes. In 2020, reclaimed asphalt pavement on average accounted for 16% of Colas' global production of asphalt mix: approximately 309,000 metric tons of bitumen were thus recycled, the equivalent of the annual bitumen production of a medium-sized refinery.

The percentage of reclaimed asphalt pavement in 2020 was stable relative to 2019. Although the quantity of RAP used declined slightly in 2020 (down 2%), this had little impact on the percentage of reclaimed asphalt pavement used, since total production of asphalt mix also declined slightly in the year (down 2%).

Meanwhile, the quantity of reclaimed asphalt pavement reused trended slightly downward in France (down 6%) and the United States (down 7%). Conversely, quantities increased significantly year on year in the Morocco, Central Africa and West Africa region (up 260%) and the Asia-Pacific region (up 100%).

1.2.6.4.3. In-place road recycling

In-place road recycling - which involves removing the asphalt mix from a road, adding a binder to it at the worksite and repaving the road with the resulting mix - saves a great deal of energy by considerably reducing the need to transport materials. Substantial amounts of aggregates are also saved since the material removed from the road is recycled in place.

Name of indicator	Scope	Coverage	2019	2020
Surface area of road recycled in place (in millions of m ²)	World	Sites	7.4	9.8

The surface area of road recycled in place increased sharply in 2020, up 34% relative to 2019 to a total of 9.8 million square meters. This sharp increase was mainly driven by construction work carried out by the subsidiaries Miller (Canada) and GTR (Morocco), and the first-time consolidation of Asfalcura in Chile.

1.2.6.4.4. Environmentally friendly alternatives

Environmentally friendly alternatives are often a prime opportunity to move the circular economy forward by favoring local materials supply chains, shortening transportation distances, making savings on materials at the design phase, recycling locally available materials, making savings on transportation and energy, and so on. Colas invests significant effort in promoting its expertise as an innovative, regionally based group, reflecting one of the most fundamental aspects of its business model. It must, however, be recognized that these efforts have met with only modest success (cf. Section 6.3.4.1, "Low-carbon alternatives"):

Name of indicator	Scope	Coverage	2019	2020
Number of low-carbon alternatives offered to customers	World	Sites	121	92

The number of environmentally friendly alternatives on offer in 2020 reflects the current state of the market and the difficulty of offering such alternatives. Only 17% of environmentally friendly alternatives proposed were taken up. Within the road construction industry, Colas is playing an active role in efforts to give new impetus to environmentally friendly alternatives, especially now that the French SEVE® eco-comparison tool is attracting genuine interest in Europe.

1.2.6.4.5. Waste prevention and management

As part of its effort to measure its waste management performance, Colas has developed a specific indicator to monitor the management and disposal of waste oils generated by all its subsidiaries and business lines. In most countries, waste oil is subject to special hazardous waste regulations and is the main hazardous waste generated by Colas' business activities. The indicator is calculated based on the ratio of used hydraulic and motor lubrication oil that is either disposed of by a certified channel or responsibly recovered, relative to total oil purchased.

Name of indicator	Scope	Coverage	2019	2020
Waste oil recovery rate (as % of quantity)	World	All Activities	70	84

Regarding waste oil, the optimum oil-recycling ratio is considered to be 80% if the oil that is consumed and burned by vehicles and machinery is taken into account. Colas' recycling ratio rose 14 points in 2020, exceeding this optimum level. In particular, oil recycling rates rose significantly in Canada (up 57 points) and in rail activities and water and energy distribution activities (up 27 points).

The management of all types of waste is monitored and assessed pursuant to ISO 14001 certification requirements and at annual self-assessments using checklists. Furthermore, compliance levels for this “Waste” component are available in Chloé, the digital environmental checklist system (see Section 6.2.1, “Risk prevention policy for environmental certification and self-assessment”).

1.2.6.5. BIODIVERSITY AND ECOSYSTEMS

Climate disruption and the collapse of biodiversity are both key environmental challenges. As regards biodiversity, the first report produced by IPBES for the UN in 2019 did a lot to raise public and government awareness in most of the countries where Colas operates, and particularly in France, where an international plenary session was held to finalize the report. The report highlighted five factors responsible for this collapse, in descending order of importance: (1) changes in land and sea use; (2) direct exploitation of organisms; (3) climate change; (4) pollution; and (5) invasive alien species.

Colas, which is affected by factors 1, 3, 4 and 5 (climate disruption is covered in Section 6.3, “Energy and carbon”, and pollution is covered in Section 6.2, “Risk prevention policy”, and Section 6.6, “Water management”), has already done a lot of work on some of these issues: its first attempt at a formal biodiversity policy dates back to 2011 and was accompanied by performance indicators and a methodological guide. In keeping with its emphasis on practical solutions, Colas has not sought to adopt systemic approaches such as calculating the ecological footprint (the scientific basis of which remains to be validated), monetizing ecosystemic services (which are often overly reductive relative to ecosystems’ intrinsic richness) or subscribing to the French National Biodiversity Strategy (whose principles the Group considers both too general and administratively cumbersome businesses). Colas has instead sought to incorporate its pro-biodiversity initiatives into simple programs (biodiversity program at extraction sites) and existing tools (ISO 14001, Colas checklists, etc.) while pursuing in-depth dialogue with the scientific community through the French Foundation for Biodiversity Research (FRB) to improve its understanding of the complexity of ecosystemic phenomena.

1.2.6.5.1. Changes in land and sea use

The principle here is the three-pronged “Avoid, reduce, offset” approach adopted in French regulations. In keeping with these regulations, Colas is particularly committed to the first two prongs of this approach.

90% by value of all projects delivered by Colas are conducted on sites that are no longer in their natural state: the Group’s work leads it to maintain, rebuild or develop areas that have already lost most of their environmental value. Meanwhile, for the remaining 10% of new infrastructure developments, Colas often has no control over how land is used, since the land for its projects (including concessions and public-private partnerships, or PPPs) is made available by its customers. Given the nature of its worksites, Colas therefore rarely has a direct impact on land use, as the land take of its activities is determined by the project owner. Meanwhile, Colas does not authorize the construction of its own industrial facilities on high-quality natural sites. Even though Colas has relatively little interaction with ecosystems, the need to prevent the collapse of biodiversity is so pressing that the Group has nevertheless identified four priorities:

1.2.6.5.1.1. Education

As highlighted by Professor Claude Villeneuve⁽²⁷⁾ at the Colas Environmental Convention in Montreal in 2018, biodiversity is first and foremost a cultural issue: irrespective of the country, conservation initiatives have little impact if neighboring populations fail to see their benefit or take ownership of them. Colas is thus able to magnify the impact of its initiatives in the field through educational action at the local level, and can even sometimes incorporate such action into participatory science approaches⁽²⁸⁾ and listen to local knowledge about how to respect and manage nature. Indeed, genuine solutions to the challenges posed by biodiversity will be found only if people take ownership of them on a local and global scale. Against this backdrop, Colas always considers how it might include an educational component in its biodiversity initiatives. Feedback in this area has been very enlightening: Colas employees tasked with explaining their actions to those around them find that, in so doing, they strengthen arguments in support of those actions and thus gain their colleagues’ buy-in.

1.2.6.5.1.2. Quarries and gravel pits

All quarry and gravel pit sites are restored when they are shut down and many are progressively restored while still being operated. In addition, the amount of materials recycled is equivalent to the production of about 30 quarries or gravel pits and many more landfill sites around the world (see Section 6.4, “Circular economy”).

(27) *Claude Villeneuve is a biologist, former Director of the Institut Européen pour le Conseil en Environnement (European Institute for Environmental Consulting) in Strasbourg, and professor in the Department of Basic Sciences and holder of the Environmental Consulting Chair at Université du Québec à Chicoutimi. He is particularly known for his work taking into account cultural factors, which he successfully introduced into UN environmental frameworks, and his work on the cultural knowledge of First Nations people gained from living in harmony with their ecological niches.*

(28) *Participatory science: An approach that consists of involving citizens in the scientific process, with concomitant educational benefits for those who contribute. For example, volunteer members of the Audubon Society have been carrying out a survey of birds across the whole of the USA every Christmas for over a century, resulting in a database that could only arise from a citizen science approach of this kind.*

Colas has also on occasion identified that its sites had become refuges for remarkable pioneer species (whether animal or plant) that were colonizing the new ecological niche created by the site. In such cases, a systematized approach has been adopted to ensure that each site implements and monitors actions aimed at fostering and facilitating the presence of such species, with the support of skilled naturalists and the provision of educational information for local residents. The program has made steady progress, with key successes including a recovery in the raven population in Brittany, the continued presence of nesting pairs of peregrine falcons in a region of Quebec, and educational initiatives to combat poaching of the giant pangolin in Gabon. The program is tracked using a reliable indicator in place for several years:

Name of indicator	Scope	Coverage	2019	2020
Percentage of CAE from aggregate production activities that take action to promote biodiversity (as % of CAE)	World	100% of CAE of permanent aggregate production activities	52	44

To date, 171 aggregate production sites have implemented biodiversity initiatives, 145 of which relate to species of note and 56 to the creation of beehives. The biodiversity indicator declined 8 points in 2020. This biodiversity effort remains patchy, varying from one cultural context to another: while modest in the United States and Canada, it enjoys strong support in France and Europe, where local residents always show their support and interest.

1.2.6.5.1.3. Road construction and railway projects, etc.

As stated earlier, Colas has relatively little leverage and relatively little impact on ecosystems. For new infrastructure projects, Environmental Protection Plans are usually put in place by customers (whether public or private sector) and added to by Colas staff, an example being the large Route du Littoral Coastal Highway project on Reunion Island, where Colas staff received an award in recognition of their efforts to protect marine mammals at the project site.

To curb growth in the amount of space dedicated to transport infrastructure and decouple it from growth in the human population, Colas offers innovative solutions for optimizing traffic and making more effective use of existing infrastructure (see Sections 3.4.1, 3.4.2, 3.4.4 and 3.4.5 in Section 3.4, “Innovative and sustainable solutions to improve living conditions”), in keeping with its business model focused on developing infrastructure that promotes sustainable mobility.

1.2.6.5.1.4. Ecological engineering

Colas has for decades been carrying out one-off projects to restore or protect ecosystems. The Group also draws on long experience of restoring ecosystems at its quarries and gravel pits.

Today, such preservation, restoration and offsetting projects are increasingly common, and the proportion of standard projects that incorporate an ecological engineering component is rising steadily in some countries, and particularly in France. On the strength of feedback from its subsidiaries in the field, Colas decided to develop its activities in this area by capitalizing on its teams’ existing skills, putting in place regional champions, pooling expertise and identifying opportunities to innovate, whether in natural or urban ecosystems. In France, Colas is already recognized as a pioneer in ecological engineering thanks to its highly motivated and skilled staff, in keeping with the expectations of many stakeholders. This networking approach fosters relationship-building with scientists in the fields of plant-based and ecological engineering as well as with design firms specializing in ecological surveys.

1.2.6.5.2. Invasive alien species

Colas is an unintentional local propagator of invasive exotic plant species in its minor terracing works: Excavating a few cubic meters of earth in one place and depositing it at another site a few miles away can inadvertently transfer seeds or rhizomes. The deliberate or accidental human introduction of invasive alien species threatens ecosystems, habitats and native species, with adverse ecological, economic and health consequences: examples of such species include ambrosia and the Asian hornet.

Colas was one of the first companies to own up to this problem, made all the more tricky by the shortage of available eradication and prevention solutions, most of which would increase the cost price per cubic meter excavated by a factor of 100 or 1,000 – as in the case, for example, of contamination by knotweed propagules in Japan. Colas is thus committed to dialogue with the scientific community, and in particular the FRB (French foundation for biodiversity research); it is one of the few companies to have been part of the FRB’s strategic steering committee since 2011. In this context, it encourages research (in November 2018, it awarded a prize to a young researcher in the category “Biodiversity and the fight against invasive species.”) and is mobilizing a growing number of subsidiaries to discuss and experiment with pragmatic solutions as part of its work on ecological engineering.

1.2.6.6. WATER MANAGEMENT

Water consumption is more important in some parts of the world than in others. In general, Colas subsidiaries must take local water requirements into account, especially considering that water consumption by Colas' business lines is fairly low. Water management is one of the criteria in the ISO 14001 standard (see Section 6.2.1, "Risk prevention policy"). Colas has nevertheless put in place two targeted programs.

1.2.6.6.1. Protecting water resources from pollution

The main environmental risk for Colas' materials plants is generally considered to be the risk of gradual pollution resulting from accidental spillage into the aquatic environment (via rivers, sewage drains, aquifers, etc.): Colas has thus defined surface water and groundwater protection requirements to guard against the impact of accidental or everyday pollution at its fixed production and maintenance sites. The sites follow strict guidelines, backed up by Colas checklists, to ensure that they are or can be completely isolated from the surrounding environment. A specific indicator has been extracted from checklists to monitor progress on managing this risk: if a site meets a list of ten or so criteria, it is more or less physically impossible for that site to pollute water resources:

Name of indicator	Scope	Coverage	2019	2020
Percentage of materials activities with procedures in place to manage wastewater discharges (as % of CAE)	World	100% of CAE of materials production activities	22	26

26% of CAE from Colas' global materials production activity meets all these requirements. This percentage rose 4 points relative to 2019. It should be noted that this percentage represents criteria which are very difficult to meet completely at a single site, especially at older or very large facilities. But it is still an excellent indicator of the vulnerability of Colas' sites and illustrates the necessity of its environmental risk management systems.

1.2.6.6.2. Colas business units located in areas facing extremely high water stress

In 2015, Colas introduced new indicators to measure and limit the pressure exerted on water resources by its operations in regions where water is extremely scarce. In such regions, any additional use of local water resources can cause problems; the number of such regions around the world is steadily growing, though Colas' water footprint is not a material global priority, with the Group deriving only 6% of its revenue from such regions. In order to limit the pressure exerted by Colas business units on water resources in these regions, action plans aim to increase subsistence consumption of water, encourage recycling and reduce waste.

The methodology used to assess the Colas operating regions concerned is based on the interactive "Overall Water Risk - Baseline Water Stress" map published on the website of the World Resources Institute. The water consumption of Colas' fixed facilities in these areas in 2020 is estimated to be under 2 million cubic meters.

These indicators continued to become more reliable in 2020, both in terms of the business units in question taking ownership of what the indicators are telling them and in terms of water management at these locations. The concept of extremely high water stress is not based solely on climate considerations but also on overexploitation or poor management of water by populations.

Name of indicator	Scope	Coverage	2019	2020
Percentage of stationary activities (in terms of CAE) located in areas facing extremely high water stress (as % of CAE)	World	100% of CAE from permanent facilities	5	6
Water self-sufficiency rate of areas facing extremely high water stress (as % of m ³)	World	100% of CAE generated by stationary activities in areas facing extremely high water stress	77	40
Percentage of CAE generated in areas facing extremely high water stress for which an action plan has been implemented (as % of CAE)	World	100% of CAE generated by stationary activities in areas facing extremely high water stress	60	47
Percentage of water consumption in areas facing extremely high water stress for which an action plan has been implemented (as % of m ³ consumed)	World	100% of CAE generated by stationary activities in areas facing extremely high water stress	78	37

In 2020, the number of sites in areas experiencing extremely high water stress increased slightly due to a change in the baseline map. While the bulk of such sites consist of quarries and gravel pits, they also include workshops, depots, binder plants, asphalt mixing plants, ready-mix concrete plants and recycling platforms.

In addition to reducing water consumption in these localities, a key objective for Colas is to increase water self-sufficiency so as to minimize disruption of the water cycle and downstream water use. The water self-sufficiency indicator declined sharply in 2020, coming out at 40%. The objective of this indicator is for most of the water consumed to be obtained internally and not from the local water system. This preserves access to water resources for other local users.

By tracking its action plan progress indicators, as part of a continuous improvement process, Colas is able to monitor and reduce pressure on water resources in areas facing extremely high water stress. Implementation of action plans declined between 2019 and 2020 for both CAE and water consumption, mainly as a result of changes in scope arising from changes in the baseline map.

1.2.7. Local presence and adapting to local needs

Colas' policy has always been to pursue long-term integration in the areas where it operates: this is at the heart of the Group's business model, which revolves around a sustainable, lasting presence in local areas through local operations on a human scale. This results in genuine solidarity between Colas staff and the areas where they work. This is a more or less completely intangible component of Colas' worldwide culture: both in France and internationally, local populations are highly sensitive to this relationship of solidarity, which is spontaneously recognized as being associated with the Colas brand.

1.2.7.1. ADAPTING RULES

The issue of adapting general policies to the reality of local conditions has been the subject of lively debate among Colas' stakeholders, as stated in § 2.1 of Section 2, "Governance of responsible development". The obvious conclusion is that this kind of adaptation, while inevitable, must be managed in such a way as to avoid harmful excesses that could detract from the global consistency of the Colas Group. The Group's approach to managing this issue is based on a principle of exemption and a governance structure:

- principle: no local adaptation must produce an inferior result to what other companies have successfully achieved in the same local area;
- governance: moreover, such exemptions must be controlled and authorized by the relevant corporate departments, and may even be subject to prior approval by the Executive Management Committee of Colas.

In some extreme cases, this may lead to an operation being shut down when it is no longer possible to adapt to local constraints without compromising certain principles: in the past, Colas has already had to resort to temporarily or permanently shutting down sites due to security or corruption issues. Such decisions are never easy, since they always leave local staff facing the difficulties that prompted Colas to pull out of their country.

Conversely, some adaptations make sense: Colas has had some success in withdrawing from use some products that are hazardous to health, safety or the environment, except in certain countries where their use is required by the public authorities; rather than pulling out and forfeiting any further opportunity to improve these markets, especially when pulling out would have no impact on the market itself, Colas has authorized its subsidiaries to use the products in question subject to three conditions:

- they commit to constantly lobby the authorities in the country in question to convince them to withdraw the products, reporting annually on this commitment;
- their use of such products is controlled through specific risk assessments and that very restrictive measures are in place to protect people and/or the environment, as applicable;
- they obtain sign-off for such exemptions from the relevant corporate department of Colas, report on them annually and submit themselves to enhanced audits.

For example, this approach is being introduced to authorize the use of cutback bitumen in those few countries where local authorities still require this technique - now prohibited throughout the rest of the world - to be used on most projects.

This approach as a whole aims to meet the aspirations of Colas' internal and external stakeholders: to adapt locally while strengthening the overall consistency of the Colas brand as expressed in the One Colas corporate plan, and to make this trade-off more transparent. This debate, which is central to the success of the Group's business model, has been going on at Colas for over half a century.

1.2.7.2. SOCIAL ACCEPTANCE AND LOCAL DIALOGUE

The notion of social acceptance allows for the creation of an idea of economic development that takes account of the positive and negative impacts of Colas' activities overall in a given region. This means taking into consideration Colas' relations with its stakeholders and being able to listen to their expectations. In keeping with Colas' culture, management of stakeholder relations is decentralized, while a global approach is favored for issues faced by the Group as a whole.

Colas manages a large number of production sites for construction materials (aggregates, ready-mix concrete, asphalt mixes, bitumen, emulsions, and others). The acceptance of these sites, particularly by local residents, is an increasingly sensitive topic throughout the world. Concerns raised include those relating to nuisances (odors, dust, traffic, noise) and risks of environmental or health impacts. Colas has identified community acceptance as one of its key priorities for Social Responsibility and has initiated action plans focused on two areas:

- exemplary production sites: each site must implement progress measures that go beyond mere compliance with administrative or regulatory requirements. The preferred approach is to obtain environmental certification and use Colas checklists (see Section 6.2.1, “Risk prevention policy”);
- dialogue initiatives with neighboring communities, local governments and the relevant authorities: maintaining an open dialogue with local communities makes it possible to better understand their expectations, explain the reality and constraints of production sites, and promote mutual understanding to prevent crisis situations.

Name of indicator	Scope	Coverage	2019	2020
Percentage of CAE from materials production activities with an organization for local dialogue (as % of CAE)	World	100% of CAE of materials production activities	44	43

A local dialogue indicator was introduced in 2006 to measure the extent of this dialogue with local communities, local elected officials, and the competent government agencies: Colas is considered a pioneer through its use of this indicator. This indicator held relatively steady in 2020, falling very slightly as a result of the change in CAE. Furthermore, a working party governed by the processes of the themed information sheets has been set up to implement the tools that will allow for progress in this area, with the aim of passing the 50% mark within the next two years.

As regards its work sites and new production sites, Colas aims to identify and anticipate the risks of blockages relating to social and societal contexts (population displacement etc.), cultural contexts (sacred ground etc.) and environmental contexts (protected species, water stress etc.), as well as disturbances (noise, vibration, dust, smells, visual pollution, light pollution, etc.). It is developing a structured and proactive system for listening, consulting and dialoguing with stakeholders so as to take into account their expectations (open days; meetings; raising awareness about recycling; “Colas and me” and “Hello Travaux” smartphone apps to help local residents stay informed and be in touch with superintendents to ask questions or make comments; etc.).

Initiatives in this area include successful trials by the Colas communication center at the Boulevard de la Marina site in Cotonou (Benin) and ongoing daily dialogue with residents in connection with the Portsmouth PPP project (United Kingdom). This constitutes a genuine commitment by Colas site staff, who are expressing a simple reality: the maintenance and construction of transportation infrastructure aims to foster connections between people, cultural exchange and economic development within regions; streets, roads and railways thus *de facto* form the first social network within and between regions.

1.2.7.3. SOCIOECONOMIC IMPACT AND PARTICIPATION IN LOCAL LIFE

Due to the nature of its activities, whether in terms of long-term operations or major projects, Colas has a socioeconomic impact on the regions where it operates through both job creation and local purchasing. In addition to this role, it supports general interest initiatives in the fields of education and humanitarianism, culture and heritage, scientific research etc.

1.2.7.3.1. Local employment

Colas operates in more than 50 countries across five continents. As regards employment, Colas prefers to train and internally promote locally recruited staff wherever possible, as demonstrated by the extremely small number of expatriate employees around the world: approximately 300 people from around 20 countries, out of a total of around 25,000 employees outside France.

1.2.7.3.2. Local purchasing

As regards purchases, Colas’ activities are decentralized and in this respect a significant proportion of purchasing is done locally via the network of suppliers in each country and each region in which Colas operates. Colas helps preserve local economies in the areas where it operates, also working to improve economic vitality, by adopting several principles:

- framework agreements signed at Colas Group level are with companies that are predominantly represented locally;
- preference is given to local suppliers and subcontractors in the case of similar offers from several bidders, unless there is a strategic reason to prefer a non-local product or service.

1.2.7.3.3. Corporate citizenship

Participating in local life also involves responsible corporate patronage and sponsorship activities governed by guidelines set out in Colas' compliance policy (Section 5, "Ethics and human rights").

Name of indicator	Scope	Coverage	2019	2020
Patronage: Cash donations (in millions of euros)	World	100% of CAE of all activities	2.9	2.8
Patronage: In-kind donations (value in millions of euros)	World	100% of CAE of all activities	0.22	0.37
Sponsorship: Cash expenditures (in millions of euros)	World	100% of CAE of all activities	3.7	2.4
Sponsorship: In-kind expenditures (value in millions of euros)	World	100% of CAE of all activities	0.011	0.022

Total patronage donations (in cash and in kind) declined nearly 4% between 2019 and 2020. These donations mainly related to solidarity-based and humanitarian initiatives, reflecting a strong commitment to helping local people cope with the Covid-19 pandemic. Total sponsorship expenditure declined 35% between 2019 and 2020 amid the public health crisis (due to activity shutting down and cautious budgeting). As in previous years, sponsorship focused on sports.

In 2020, Colas SA kicked off a review of its patronage and sponsorship policy with the aim of focusing it on those areas most closely aligned with its social commitments and most likely to resonate with all employees in the 50 countries where the Group operates.

NOTE ON METHODOLOGY

With Ministerial Order No. 2017-1180 of July 19, 2017, and Decree No. 2017-1265 of August 9, 2017, France has implemented the EU directive of October 22, 2014, relating to the disclosure of non-financial information, and amended Articles L.225-102-1 and R.225-104 to R.225-105-2 of the French Commercial Code accordingly.

Specifically, the "Article 225" system under the Grenelle II Act has been replaced, for fiscal years beginning on or after September 1, 2017, by the obligation to prepare a "non-financial performance statement".

Colas' 2020 Non-Financial Performance Statement reflects the principles set out in the new legislation. As part of the Group's continuous improvement process, changes to this document are planned every year. It includes sections covering the following topics:

I Group business model

II Social responsibility approach

1. Revised policy
2. Governance of social responsibility
3. Value chain and innovation
4. Human capital
5. Ethics and human rights
6. Environment and carbon
7. Local presence and adapting to local needs

In light of its activities, Colas does not consider that it has a significant impact on the following societal issues:

- combating food waste;
- combating food insecurity;
- promoting animal welfare;
- responsible, fair and sustainable food.

Indicators monitored by the Human Resources Department

Indicators monitored by the Human Resources Department are calculated on the basis of a calendar year from January 1 to December 31. The scope of companies considered in their calculation is a subgroup of the scope of financial consolidation.

For 2020, the calculation rules for employee indicators were the following:

1. **fully consolidated companies are 100% consolidated;**
2. **proportionately consolidated companies are 100% consolidated if the percentage owned is above 50%, while the remainder are excluded from the scope;**
3. **equity-accounted associates are excluded.**

Colas makes the scope of its employee reporting as wide as possible in order to reflect the activities of its companies in France and around the world. Employee reporting at Colas is common to all entities worldwide. The software that produces these indicators interfaces with the payroll management system in France (rollout of a global payroll management system began in 2019) and with the World Activity Report consolidation process. Indicators are consolidated according to the definitions found in the Bouygues Group's employee reporting protocol.

Section 1.2.4. Human capital

In 2020, around 50% of the indicators were consolidated on a worldwide basis:

- External hires by status and number of leavers
- Workforce by geographic location
- Workforce by age bracket
- Workforce by gender
- Representation of women in the Group
- Number of hours worked
- Existence of a formalized training plan
- Number of employees trained
- Number of days of training
- Total number of employees trained in first aid
- Frequency rate of employee workplace accidents
- Severity rate of employee workplace accidents
- Number of fatal employee accidents
- Number of consecutive lost-time days following workplace accidents

38% of the indicators correspond to definitions that come from the French Labor Code and are therefore consolidated under the “France (Mainland and Overseas)” scope:

- Number of departures (permanent contract staff)
- Number of employees with disabilities
- Number of employees with disabilities recruited
- Revenue with companies that employ people with disabilities
- Employee working time arrangements
- Number of collective bargaining agreements negotiated, including mandatory yearly negotiations
- Average annual wages by status
- Number of people under apprenticeship contracts taken on during the year
- Number of people under vocational training contracts taken on during the year
- Number of employees recognized as suffering from an occupational illness in 2019
- Absence rate

8% of the indicators apply to companies incorporated under French law and those with more than 300 employees outside France:

- Turnout for latest works council elections; existence of an employee representative body
- Percentage of companies outside France providing employee benefits.

Indicators monitored by the CSR Department

The indicators listed below are strictly defined. They are collected across the world using Xfi – a BFC (BusinessObjects Financial Consolidation) application – and calculated over a non-calendar year from October 1 of year Y-1 to September 30 of year Y (to allow sufficient time for precise data collection, verification, processing and analysis). Following the structural changes made in 2013 and new features added in 2014, the Xfi application has undergone extensive maintenance work since fiscal year 2015.

In 2020, the scope of consolidation for Colas’ environmental and social indicators broadened with respect to 2019 to include the Chile and Peru head reporting entities (ERTs).

For environmental and social reporting, the following rules apply to companies that are acquired, merged, created, abolished or sold in the course of the fiscal year:

- the company is taken into account for reporting for the same period only in Magnitude, the Group’s financial consolidation reporting system;
- companies that are too small to be taken into account in financial consolidation (revenue of less than €2 m) may or may not be included in non-financial reporting for the first fiscal year depending on the specific requirements of the Colas company to which they belong;
- as Colas produces indicators in the form of ratios and percentages, there is no pro forma adjustment of non-financial figures for the previous year to compare them with the current year if the scope is amended.

If for technical reasons an exception is made to one of the three rules listed above, Colas shall provide the reasons for this in a report to this effect in its Non-Financial Performance Statement.

For several years, the indicators used for materials production activities have also applied to companies held with partners outside the Colas Group, and for which Colas does not always have control over environmental aspects (as is the case for example with sites in which Colas has a minority interest). The broad scope of Colas’ responsibility and risk exposure may have a negative impact on indicator results.

In addition, this scope includes small materials production companies, even when their consolidated revenue is lower than the threshold for financial consolidation (€2 million). The total volume of materials produced by these companies can be significant, even though their revenue is often subject to a high rate of restatement, due to Colas' vertical integration.

The rules of consolidation, which were changed in 2013 to more closely resemble those of the financial consolidation, are presented in the table below. However, data from some joint ventures in which Colas is a minority partner could not be incorporated into the Group's non-financial reporting without significantly affecting published indicators.

	Financial consolidation	Xfi consolidation	≠
Exclusive control = full consolidation	100% (between 50% and 100% control)	100% (between 50% and 100% control)	=
Joint control = proportionate consolidation (for GIE consortiums in France, partnerships or joint ventures)	Application of percentage of control	Application of percentage of control	=
Significant influence or joint ventures = equity method (for partnerships or joint ventures)	Application of percentage ownership (application of percentage ownership to income rather than revenue)	Application of percentage ownership (application of percentage ownership to all data)	≠

Section 1.2.4 Human capital

- Percentage of warm mix
- Percentage of finishers equipped with a fume extraction system
- Percentage of asphalt planers equipped with a dust extraction system
- Percentage of chlorinated solvents used in closed-loop systems

Section 1.2.6 Environment and carbon

- Percentage of materials production activities that have environmental certification
- Percentage of materials production activities that carry out environmental self-assessments using Colas checklists
- Percentage of materials production activities that use a tool to manage environmental impact
- Greenhouse gas emissions
- Carbon intensity
- Total energy costs
- Total energy consumption
- Ratio of total energy costs to IAV
- Energy consumed per metric ton of mix produced
- Greenhouse gas emissions per metric ton of mix produced
- Percentage of warm mix produced at hot-mix plants and other asphalt plants
- Percentage of vehicles with on-board telematics
- Percentage of machinery with on-board telematics
- Number of metric tons of materials transported by rail or waterway
- Greenhouse gas emissions avoided by the Group's actions
- Quantity of materials recycled
- Ratio of materials recycled to total aggregates produced
- Quantity of reclaimed asphalt pavement
- Percentage of reclaimed asphalt pavement with bitumen recovery
- Surface area of road recycled in place
- Number of low-carbon alternatives offered to customers
- Waste oil recovery rate
- Percentage of CAE from aggregate production activities that take action to promote biodiversity
- Percentage of materials activities with procedures in place to manage wastewater discharges
- Percentage of stationary activities (in terms of CAE) located in highly water-stressed areas
- Water self-sufficiency rate of highly water-stressed areas
- Percentage of CAE generated in areas facing extremely high water stress for which an action plan has been implemented
- Percentage of water consumption in areas facing extremely high water stress for which an action plan has been implemented

Section 1.2.7 Local presence and adapting to local needs

- Percentage of CAE from materials production activities with an organization for local dialogue
- Corporate patronage: Cash donations; in-kind donations
- Sponsorship: Cash expenditures, in-kind expenditures



The Colas Group



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