



Management Report



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Dear shareholders,

It is our privilege to report to you on our company's activities during the past financial year and to submit to you for approval the statutory and consolidated financial statements for the year ended 31 December 2023. In accordance with Article 3:32, §1, last paragraph of the CAC, the directors' reports on the statutory and consolidated financial statements have been integrated into one report.

I. STATUTORY FINANCIAL STATEMENTS

1. Equity and shareholder base

At the end of the financial year, the Company's share capital amounted to € 8,135,621.14, divided into 25,314,482 shares, with no nominal par value. All shares are fully paid up. Each share gives right to one vote. No shareholder is owning shares with special control or voting rights.

At the end of the 2023 financial year, the shareholders owning 5% or more of the voting rights relating to the shares they hold are:

Ackermans & van Haaren SA Begijnenvest, 113, B-2000 Antwerp (Belgium)	15,725,684 shares (or 62.12%)
VINCI Construction SAS 1973 Boulevard de la Defense, F-92000 Nanterre (France)	3,066,460 shares (or 12.11%)

2. Notes to the statutory financial statements

2.1. Financial position at 31/12/2023

Income Statement of CFE SA (Belgian standards)

<i>(in € thousands)</i>	2023	2022
Revenue	2,232	5,334
Operating income	(3,021)	(1,410)
Net financial result excluding non-recurring financial income and expenses	17,598	58,160
Non-recurring financial income	1	18,381
Non-recurring financial expenses	(3,516)	(21,907)
Result before tax	11,062	53,224
Taxes	(9)	(8)
Result for the period	11,053	53,216

The 2023 financial result is mainly due to the receipt of dividends distributed by CFE Contracting (€ 6 million), BPI Real Estate Belgium (€ 6 million) and by the subsidiaries of the Investment segment (€ 7.6 million). In 2022, CFE's statutory result will be positively impacted by the dividend paid by DEME (€ 40.8 million).



Balance sheet of CFE SA after appropriation (Belgian standards)

(in € thousands)	2023	2022
Assets		
Non-current assets	310,461	268,546
Current assets	86,221	62,026
Total assets	396,682	330,572
Equity and liabilities		
Equity	142,322	141,190
Provisions	4,006	6,046
Non-current liabilities	90,408	75,248
Current liabilities	159,946	108,088
Total equity and liabilities	396,682	330,572

Non-current assets increased by € 42 million in 2023, mainly due to a € 30 million capital increase and an additional € 20 million subordinated loan from BPI Real Estate Belgium.

Non-current liabilities at 31 December 2023 include € 90 million of loans drawn on confirmed lines of credit.

2.2. Appropriation of profit

Profit for the year 2023	11,053,045 euros
Profit brought forward	10,953,717 euros
Profit to be allocated	22,006,762 euros
Transfer to other reserves	834,947 euros
Profit to be distributed	9,920,770 euros
Profit brought forward	11,251,045 euros

2.3. Outlook 2024

The results for the 2024 financial year will depend to a large extent on the dividends paid by the three main subsidiaries of CFE, namely CFE Contracting, BPI Real Estate Belgium, DEEP C Holding (formerly Rent-A-Port) and Green Offshore.

2.4. Main risks and uncertainties

We refer to Chapter II.1.2 of the consolidated financial statements.

2.5. Major events after the closing of the financial year

No significant change in the financial and commercial situation of CFE has occurred since 31 December 2023.

We also refer to point II.2 of the consolidated financial statements.

2.6. Financial instruments

The Company uses financial instruments for risk management purposes. Specifically, these are financial instruments intended exclusively to manage the risks associated with interest rate fluctuations. The counterparties in the related transactions are exclusively top-ranking European banks.

2.7. Notices

Research and development

The Company has no research and development activities.

Branches

At year-end 2023, the Company disposed of one branch: CFE Tunisia. This branch has no further operational activity.



Application of Article 7:96, §1 of the CAC

The provisions of Article 7:96 of the CAC concerning conflicts of interest did not have to be applied during 2023.

Transactions between CFE and affiliated companies (Article 7:97, §4/1, par. 4 of the CAC)

No transactions took place between the Company and its affiliated companies in the 2023 financial year necessitating the application of Article 7:97, § 4/1, par. 4 of the CAC.

Additional remuneration for the auditor

EY Réviseurs d'Entreprises received € 131,790 in lump-sum fees for the statutory audit.

In accordance with article 3:65, §3 of the CAC, a total of € 60,350 was paid to EY Réviseurs d'Entreprises as fees for exceptional services or special assignments. This amount is broken down as follows:

- other certification assignments : € 34,850;
- other non-audit assignments : € 25,500.

Acquisition or disposal of own shares

On 5 October 2023, the Board of Directors decided to relaunch a share buyback programme for the period between 16 October 2023 and 20 December 2023.

During this period, 120,399 own shares were acquired at an average price of € 6.93 per share.

No own shares were sold in 2023.

As at 31 December 2023, CFE held 512,557 of its own shares, representing 2% of the capital.

Notices pursuant to Article 74, §7 of the Act of 1 April 2007 on public takeover bids

It appears from a joint declaration made on 7 March 2014 pursuant to the Law of 2 May 2007 on the disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market that the concerted action between VINCI S.A., VINCI Construction S.A.S. and Ackermans & van Haaren NV ('AvH') has been terminated following the closing of AvH's mandatory takeover bid for CFE, and that Stichting Administratiekantoor "Het Torentje" exercises ultimate control over AvH.

As at 31 December 2023, the Company had not received any notification within the meaning of article 74 §7 of the law of 1 April 2007 relating to public takeover bids.

Protection schemes in case of a public takeover bid

On 29 June 2022, the extraordinary general meeting renewed the authorisation of the Board of Directors to proceed, in the event of a takeover bid for the securities of the Company, with a capital increase of up to € 5 million within the limits of and in accordance with the provisions of Article 7:202 of the CAC. The Board of Directors is allowed to use these powers if the notice of a takeover bid is given to the Company by the Financial Services and Markets Authority ('FSMA') not later than three years after the date of the aforementioned extraordinary general meeting. The Board of Directors is also authorised, for a period of three years from the date of the extraordinary general meeting, to sell or acquire up to 20% of the own shares in the event that such action is necessary to safeguard the Company from serious and imminent harm.



II. CONSOLIDATED FINANCIAL STATEMENTS

1. Comments on the consolidated financial statements

1.1. Financial position at 31/12/2023

A. Key figures 2023

Year ended December 31 (in million €)	2023	2022	Change
Revenue	1,248.5	1,167.2	+7.0%
EBITDA ¹ % of revenue	49.5 4.0%	63.1 5.4%	-21.6%
Operating income (EBIT) ¹ % of revenue	33.0 2.6%	51.0 4.4%	-35.3%
Result for the period of continuing operations (share of the group) % of revenue	22.8 1.8%	38.4 3.3%	-40.6%
Earnings per share of continuing operations (share of the group) (in euro)	0.91	1.53	-40.5%

(in million €)	2023	2022	Change
Equity - share of the group	236.8	224.7	+5.4%
Net financial debt ¹	93.3	48.9	+90.8%
Order book ¹	1,268.6	1,715.1	-26.0%

¹ The definitions are included in the 'Financial Statements' section of the annual report.

B. General overview

Revenue amounted to € 1,248.5 million, up by 7% compared with the previous year. The increase in activity can be observed mainly in Construction & Renovation.

Net income reached € 33 million. This represents 2.6% of turnover. It is lower than that of 2022 due to an unfavourable economic environment and the negative impact of a small number of difficult projects. The situation varies from segment to segment: Real Estate Development and Investments generated high operating income, whereas Construction & Renovation and Multitechnics decreased compared to 2022.

Net income - group share - was € 22.8 million.

Equity (group share) amounted to € 236.8 million as at 31 December 2023, up 5.4%.

Net financial debt increased by € 44.4 million compared to 31 December 2022. The debt ratio¹ was 28%, well below the historical average of recent years. If we exclude CFE's injection into the Kronos project, net financial debt would have decreased by € 20 million in 2023.

CFE SA, the group's parent company, and its subsidiaries BPI Real Estate Belgium and BPI Real Estate Luxembourg have a combined total of € 230 million of confirmed credit lines of which € 117.5 million are available as of 31 December 2023. All the banking covenants have been complied with.

The order book, which amounted to € 1,27 billion, decreased by 26% in 2023. Greater selectivity in order intake in Belgium and an unsettled macroeconomic environment in Belgium and Luxembourg explain this trend.



C. Segment analysis

Real Estate Development

KEY FIGURES

Year ended December 31 (in million €)	2023	2022	Change
Revenue	157.7	85.4	+84.7%
Operating income (EBIT) (*)	17.4	17.6	-1.0%
Result for the period - share of the group	11.7	14.4	-19.0%
Net financial debt (*)	100.1	84.5	18.5%

(*) The definitions are included in the 'Financial Statements' section of the annual report.

Changes in capital employed (*)

Breakdown by stage of project development

(in million €)	December 2023	December 2022
Unsold units post completion	0	0
Properties under construction	55	52
Properties in development	204	151
Total capital employed	259	203

Breakdown by country

(in million €)	December 2023	December 2022
Belgium	66	108
Grand Duchy of Luxembourg	105	27
Poland	88	68
Total capital employed	259	203

(*) The definitions are included in the 'Financial Statements' section of the annual report.

The capital employed amounted to € 259 million on 31 December 2023, which is up by 27.6% compared to end of December 2022. The sales value of the projects under development (BPI Real Estate share) is estimated at € 1.79 billion, i.e. 453,000 m² of which 111,000 m² is under construction.

Acquisitions

On 8 December 2023 BPI acquired, in partnership, the Kronos building, the historic headquarters of BGL BNP Paribas. The 3.23-hectare site, located at the entrance to the Kirchberg Plateau in Luxembourg, offers a minimum of 55,700 m² to develop.

BPI Real Estate has injected € 64 million into the project at the time of the acquisition. It holds a 57.45% stake.

BGL BNP Paribas will continue to occupy the Kronos building until it moves to its new offices a few hundred metres from the current site. Relocation is scheduled for the second half of 2025. BPI Real Estate will use this period to launch an architectural competition and to apply for and obtain planning permission. The site will then be redeveloped, taking care to preserve and enhance the existing park, the neighbourhood's green lung. KPMG Luxembourg will be setting up its new head office there, occupying 31,000 m² (12-year lease), while the remainder of the space (24,658 m²) will be for mixed use. Developed on a build-to-suit basis, KPMG Luxembourg's new head office will be perfectly suited to the new, evolving and collaborative ways in which people work. It will offer an exceptional working environment, exemplary in terms of environmental performance. The bearing structure will be made of wood, making it one of the largest timber buildings in the country. Construction should begin at the start of 2026.

At the end of the financial year, BPI Real Estate secured the acquisition of a 3 hectares plot of land ideally located in the historic district of the city of Gdansk (Poland). This site will be redeveloped into a complex of residential buildings comprising more than 700 premium apartments. This strategic investment marks a significant strengthening of BPI Real Estate's presence in the Tri-City region on Poland's Baltic coast, introducing a high quality product with outstanding architectural ambitions and a strong commitment to sustainability. Construction is scheduled to begin in 2026.



Permit applications

In Brussels, the permit for the Move'Hub project (54,000 m², including 38,000 m² of office space) is currently under review. It should be obtained in 2024.

Permits for the Brouck'R (38,000 m²), Key West (63,000 m²), Uni'Vert (9,000 m²) and EQ/Arlon 53 (19,000 m²) projects were received in 2023. An application for annulment is being brought however against the first three before the Court.

In Arlon, BPI Real Estate has introduced a single permit request for its Clarisse project, comprising 60 residential units (6,350 m²).

In the Grand Duchy of Luxembourg, BPI Real Estate has received planning permission for the Roots mixed-use development in Belval (20,000 m²).

Start of construction and commercialisation of new projects

Construction of the 10,000 m² John Martin's residential development in Antwerp began in the second half of 2023. BPI Real Estate and its partner have reached an agreement with ION Residential Platform NV for the sale of the entire project upon provisional delivery of the building, scheduled for mid-2025. This agreement confirms the interest shown by institutional investors in residential projects that can be rented out to meet market demand in a context of rising mortgage rates.

In Luxembourg, BPI Real Estate launched the construction and marketing of the Mimosa residential project (2,000 m² located along the Route d'Arlon in Luxembourg) and the final phase of the Domaine des Vignes project in Mertert (7,000 m²) at the end of the year. Pre-marketing starts in minor mode. The government measures expected in 2024 should stimulate the new residential property market, which has been at a virtual standstill since the summer of 2022.

In Poznan, Poland, construction and marketing of the first three phases of the Cavallia development began in 2023, with a total of 269 apartments (24,800 m²). The pace of sales has been sustained.

Residential programmes in progress.

In Belgium, the 140 apartments at the Serenity Valley development in Auderghem were delivered over at the end of December. It was a commercial success: all the apartments found buyers.

Five other residential projects are currently under construction and being marketed:

- Tervuren Square in Woluwe-Saint-Pierre (12,000 m²)
- Arboreto in Tervuren (7,000 m²)
- Pure in Auderghem (5,000 m²)
- Bavière Bloc D in Liège (19,000 m²)
- Park on the Erasmus Garden site in Anderlecht (9,000 m²)

These projects, which will be delivered between the second quarter of 2024 and the first quarter of 2025, are generally showing satisfactory sales, even if they remain lower than those seen before 2022.

In Luxembourg, BPI Real Estate delivered three major projects: Gravity in Differdange, the third phase of Livingstone (route d'Esch in Luxembourg) and the second phase of Domaine des Vignes in Mertert. These three projects were fully sold well before completion. The third phase of the Mertert project will be delivered in the first half of 2024. This phase is showing a take-up rate of over 90%.

In Poland, BPI Real Estate is continuing construction on the Bernardovo project (13,000 m²) located in the Gdansk region, Panoramia (20,000 m²) in Poznan, Czysta (10,000 m²) in Wroclaw and Chmielna (17,000 m²) in the heart of Warsaw. The first three projects will be delivered in 2024. In contrast to the situation in Belgium and Luxembourg, the Polish property market is again very dynamic, which is reflected in a very satisfactory level of pre-sales.

BPI Real Estate has sold 50% of its stake in the Chmielna project to Compagnie du Bois Sauvage. This partnership is a perfect illustration of the attractiveness and opportunities offered by the Polish property market.

Block sales – Wood Hub

On 22 December 2023, BPI Real Estate sold the Wood Hub building (7,300 m²) located in Auderghem to Ethias. This fully-let building, which brings together teams from CFE, BPI Real Estate, Wood Shapers and BPC Group, as well as third-party tenants, is a reference in terms of sustainability (*BREAAM Outstanding*) and well-being for its occupants (*WELL Platinum*). It is therefore no coincidence that it won the 'Project of the Year' award at the *Belgian Proptech Awards*.

EQUITY AND NET FINANCIAL DEBT

BPI Real Estate's consolidated equity amounted to € 159.1 million on 31 December 2023, up € 40.4 million compared to 31 December 2022. As part of the financing of the acquisition of the Kronos project and convinced of the medium and long-term potential of its property development subsidiary, CFE carried out a capital increase of € 30 million in December 2023.



CFE also doubled its subordinated loan to BPI Real Estate: this has increased from € 20 million to € 40 million. Net financial debt amounted to € 100.1 million as at 31 December 2022, including the € 40 million of subordinated loans.

OPERATING INCOME AND NET INCOME

Operating income and net income were € 17.4 million and € 11.7 million respectively. The main contributors to income are the Luxembourg and Belgian projects delivered in 2023 and the capital gain on the 50% sale of the Chmielna project.

If the same accounting rules as those applied in Belgium and Luxembourg had been applied to the Polish projects, these being recognition of income based on the progress of completion of sales and construction, additional operating income of € 4.2 million would have been recognised.

Multitechnics

KEY FIGURES

(in million €)	2023	2022	Change
Revenue	338.0	338.8	-0.3%
Operating income (EBIT) ^(*)	-4.3	11.3	-138.0%
Result for the period - share of the group	-6.3	6.9	-190.9%
Net financial surplus ^(*)	-0.5	-1.0	-50.0%
Order book ^(*)	266.5	368.9	-27.8%

(*) The definitions are included in the 'Consolidated Financial Statements' section of the annual report

REVENUE

(in million €)	2023	2022	Change
VMA	252.8	225.8	+12.0%
MOBIX	85.3	113.6	-24.9%
Eliminations intra segment	-0.1	-0.6	n.s.
Total Multitechnics	338.0	338.8	-0.3%

In 2023, VMA achieved revenues of € 252.8 million, which is up 12% compared to 2022.

Despite an extremely tight schedule, the office space on the ZIN project were handed over on 2 February 2024, to the customer's satisfaction. These spaces will be occupied by the Flemish government, which has renamed the building after Marie-Elisabeth Bel-paire. This project, which has mobilised significant human and financial resources, will continue until the end of 2024 (completion of the apartments and hotel).

Among the other major projects ongoing at VMA, the most significant are the Grand Hôpital de Charleroi and ING/Marnix, both of which are progressing satisfactorily.

The Maintenance business continued to grow, with sales exceeding € 25 million for the first time in 2023. This trend should continue over the coming years. The Automotive Business Unit also recorded strong activity, driven by major projects for VW in Germany and JLR in the UK.

Turnover at MOBIX decreased by 24.9% compared to 2022. This decrease is explained by a significant contraction in Infrabel's budget dedicated to track and catenary installations. This is reflected in a reduction in the volume of new tenders, but also in a reduction in the number of service orders resulting from existing framework contracts.

The main project at MOBIX is the installation of automatic train stop systems for Infrabel (ETCS II project).

OPERATING INCOME

Operating income for 2023 amounted to - € 4.3 million.

VMA made a loss in 2023, which is fully attributable to the ZIN project.

Negotiations are ongoing with the client to address various issues, both for the VMA lots and for those carried out by the construction companies, BPC Group and Van Laere.

VMA's other projects are generally generating satisfactory margins.



MOBIX's operating income was negatively impacted by the low level of track and catenary installation activity and the losses made on the modernisation phase of the LuWa project, which will be completed in the first half of 2024.

ORDER BOOK

(in million €)	2023	2022	Change
VMA	163.2	244.9	-33.4%
MOBIX	103.3	124.0	-16.7%
Total Multitechnics	266.5	368.9	-27.8%

VMA's order book amounted to €163.2 million at 31 December 2023. A large number of projects are under study and should be closed in 2024, but it is taking longer than in the past for clients to reach a decision given the economic environment.

The reduction in the volume of new tenders launched by Infrabel in 2023 is having a negative impact on MOBIX's order intake. The order book was €103.3 million as at 31 December 2023. MOBIX is pursuing its policy of diversifying its business lines: the Utilities Business Unit has won a number of framework contracts that enter the order book in the first quarter of 2024. MOBIX is also working to diversify its customer base and reduce its dependence on Infrabel, given the major investments in infrastructure linked to the energy transition in the years ahead.

NEW CEO AT VMA

Guy Wynendaele will be retiring in 2024 having served as CEO of VMA since 2003. He has been succeeded in this role by Peter Matton, effective from 1 January 2024. He is also a member of CFE's Executive Committee. Peter joined VMA from Dyka, where he was COO. He previously managed the Industry Business Unit at Equans and has held various senior positions, notably at ABB and Norgren.

Construction & Renovation

KEY FIGURES

(in million €)	2023	2022	Change
Revenue	872.6	798.7	+9.3%
Operating income (EBIT) ^(*)	-0.2	15.0	-101.5%
Result for the period - share of the group	-0.1	9.0	-100.8%
Net financial surplus ^(*)	208.9	180.6	+15.7%
Order book ^(*)	983.2	1,264.1	-22.2%

(*) The definitions are included in the 'Consolidated Financial Statements' section of the annual report

REVENUE

(in million €)	2023	2022	Change
Belgium	622.3	513.7	+21.1%
Luxembourg	91.2	145.2	-37.2%
Poland	139.7	140.0	-0.2%
Others	19.7	0.7	n.s.
Eliminations intra segment	-0.3	-0.9	-66.7%
Total Construction & Renovation	872.6	798.7	+9.3%

Revenue amounted to €872.6 million, an increase of 9.3% compared to 2022.

Business was particularly buoyant in Brussels. As for VMA, the most significant project remains the ZIN project. This building is the latest addition to CFE's portfolio of sustainable buildings. On the Tour & Taxi site, through its subsidiary MBG, CFE is building several residential buildings totalling around 350 apartments (Park Lane II). In the same district, major renovation work on the future Kanal-Centre Pompidou museum is gathering pace.

In Wallonia, BPC Group is completing the first of three phases of the Shape project, as well as the construction of the new Namur court building.

In Flanders, several major projects are under construction, including Blok 21/24 Nieuw Zuid in Antwerp, the Howest campus in Bruges and the Meadow office building in Nossegem.



In Luxembourg, CLE has completed several residential projects for BPI Real Estate and is starting work on the new headquarters of the Red Cross. Current market conditions have resulted in a decrease in activity since the summer.

In Poland, in addition to the seven building sites under construction for BPI Real Estate, CFE is carrying out several industrial projects and logistical platforms.

In Germany, the first project under construction (a logistics centre) is nearing completion. It will be delivered in the first quarter of 2024.

OPERATING INCOME

Operating income was € -0.2 million, compared to € 15 million in 2022.

Despite MBG's excellent results, the Construction & Renovation Belgium division posted an operating loss in 2023. It is explained largely by operational difficulties on a site in Wallonia (the SHAPE project) combined with the insolvency of a client and several sub-contractors.

Conversely, the Polish and Luxembourg subsidiaries contributed positively to the segment's operating income.

ORDER BOOK

(in million €)	December 2023	December 2022	Change
Belgium	712.7	1,013.1	-29.7%
Luxembourg	78.3	94.2	-16.9%
Poland	190.2	137.0	38.9%
Others	2.0	19.8	-89.7%
Total Construction & Renovation	983.2	1,264.1	-22.2%

The order book amounted to € 0.98 billion, compared to € 1.26 billion as at 31 December 2022.

In Belgium, order intake was sustained in Flanders. On the other hand, it was much more modest in Brussels and Wallonia, reflecting greater selectivity in business opportunities pursued and a delay in the actual launch of projects by our clients.

In Luxembourg, the volume of new projects put out to tender contracted sharply, for both private and public clients.

In Poland, CFE has won several major orders for residential projects and shopping centres.

Among the contracts won in 2023, the most significant are:

- the construction of two lots for the INEOS' "Project One" ethane cracker. Work, which had been suspended following the cancellation of planning permission, restarted at the beginning of January 2024,
- the construction of a shopping centre in southern Poland;
- the renovation of the American School of Warsaw;
- the construction of a new phase of the Marina Royale luxury residential development in Darlowo on the Baltic coast;
- the general contracting for the new headquarters of the Luxembourg Red Cross;
- the construction of the Airport Business Centre office complex in Diegem;
- the construction of a residential building in Uccle (Emerald Garden).

NET FINANCIAL SURPLUS

Net financial surplus amounted to € 208.9 million, up 15.7% compared to 31 December 2022. The improvement in working capital requirements largely explains this positive trend.

Investments & Holding

KEY FIGURES

(in million €)	2023	2022	Change
Revenue excluding eliminations between segments	2.3	5.4	-57.9%
Eliminations between segments	-122.1	-61.0	n.s.
Revenue including eliminations between segments	-119.8	-55.7	n.s.
Operating income (EBIT) ^(*)	20.1	7.2	179.5%
Result for the period - share of the group	17.4	8.1	115.4%
Net financial debt ^(*)	201.6	144.0	40.0%

(*) The definitions are included in the 'Financial Statements' section of the annual report.



OPERATING INCOME

Operating income was € 20.1 million compared to operating income of € 7.2 million in 2022. This highly positive performance is explained i) by the contribution from Green Offshore, which increased from € 1.8 million in 2022 to € 9.9 million in 2023, ii) by the growing contribution of Deep C in Vietnam, and iii) by the termination compensation on the DBFM contract for the Eupen schools.

Deep C Holding – formerly Rent-A-Port (CFE share : 50%)

In Vietnam, sales of industrial land reached an all-time high: from 66 hectares in 2022 to 126.7 hectares in 2023. IAI's share in sales increased from 56 hectares to 83.8 hectares. A large part of the sales in 2023 being done in an industrial zone owned equally by IAI and a local partner. Deep C's solid operating performance in terms of both land sales and services rendered to clients was partially offset by the negative EUR/USD exchange rate and the increase in financial expenses.

Deep C Holding's contribution to CFE's consolidated income rose to € 4.4 million in 2023.

As a reminder, in June 2023, Rent-A-Port underwent a legal restructuring:

- Rent-A-Port was renamed Deep C Holding
- Deep C Holding sold its 38% stake in BSTOR to a newly created company (Green Stor) owned equally by CFE and AvH. Following this transfer, Deep C Holding will focus exclusively on Deep C's activities in Vietnam.

A new investor participated in a capital increase in Infra Asia Investment (Hong Kong) LTD ("IAI") in April 2023. As a result of the USD 23.8 million capital increase, Deep C's stake in IAI was diluted from 94% to 84%.

Green Offshore (CFE share: 50%)

Green Offshore owns a minority interest in the Rentel (12.5%) and SeaMade (8.75%) offshore wind farms, situated off the Belgian coast. The two parks together produced about 2.9 TWh of green electricity in 2023, about 0.5 TWh more than in 2022 thanks to favourable weather conditions. In 2023, the two wind farms also benefited from the rise in electricity prices, part of which was paid back to the State in accordance with the new regulatory framework.

Green Stor (CFE share : 50%)

Green Stor has a 38% stake in BSTOR, a company that co-develops battery parks in Belgium. The first 10 MW park has been operational since the end of 2021, while two other projects with a combined capacity of 150 MW are currently under development. Construction is due to start in the second half of 2024, once planning permission has been obtained and financing has been secured.

NET FINANCIAL DEBT

Net financial debt amounted to € 201.6 million, up 40% compared to 31 December 2022. The increase in debt is mainly attributable to capital increases in subsidiaries totalling € 46 million.

1.2. Main risks

1.2.1. General

The Executive Committee is responsible for the preparation of a framework for internal control and risk management, which is submitted to the Board of Directors for approval. The Board of Directors is responsible for assessing the implementation of this framework, taking the recommendations of the Audit Committee into account. At least once a year, the Audit Committee evaluates the internal control systems that the Executive Committee has set up, in order to ascertain that the main risks have been properly identified, reported and managed.

The subsidiaries of CFE are responsible for the management of their own operational and financial risks. These risks, which vary according to the sector, are not centrally managed by CFE. The management teams of the subsidiaries in question report to their respective Board of Directors on their risk management.

This section describes, in general terms, the financial and operations risks facing the Group, and the operational risks associated with the various segments in which it operates (either directly or indirectly).

1.2.2. Financial and economic risks at Group level

Interest rate risk

CFE is exposed to the effect of interest rate fluctuations on its variable rate financial debt.

This risk is partially mitigated by the use of Interest Rate Swaps (**IRS**) and CAPs. However, despite the use of hedges, the very significant rise in interest rates has had an unfavourable impact on CFE's financial statements. The average interest rate on gross debt will rise from 2.31% in 2022 to 3.06% in 2023.



Liquidity risk

The Group is exposed to liquidity risk in particular:

- obligations to repay existing debt;
- the general needs of the Group.

To limit the liquidity risk, the Group's Business Units increased their sources of financing, of which there are four:

- confirmed medium-term bilateral credit lines;
- project finance-type loans that certain Business Units set up to finance some of their projects;
- leasing agreements for several Business Units headquarters and for some construction equipment;
- treasury notes to cover short and medium-term cash requirements.

As at 31 December 2023, the Group's confirmed credit lines were € 230 million, of which € 112.5 million was drawn down. In addition, the Group has € 154.1 million available cash.

CFE complied with all of its financial covenants.

Exchange rate risks

The majority of the Group's activities are located in the Euro zone, thereby greatly limiting the exchange rate risk.

The main exposures are in Poland (PLN fluctuation against the Euro) and at Deep C Holding (foreign exchange risk against USD and VND).

Currency hedges partially mitigate this risk.

Counterparty risk

The Group is exposed to counterparty risk on contracts with private customers.

The measures for managing the aforementioned risks are:

- financial analysis of customers prior to signing the contract;
- regular monitoring of credit risk trends throughout the life of the project;
- where necessary, putting in place start-up advances and/or security or parent company guarantees for customers whose financial strength is deemed insufficient.

Risk related to legislative and regulatory changes

Legal instability in all its forms represents a significant risk for the Group in terms of legislation, regulations, taxation and case law, not to mention European regulations.

The Group responds to this risk by continuously monitoring legislation.

1.2.3. Operational risks at Group level

A distinction should be made between the risks common to the four segments and those specific to each segment.

Risks common to all four segments

Risks related to project execution

The main characteristic of the Group's main activities is the commitment made when submitting a proposal to perform a task that is by its nature unique, for a price with predetermined terms and within an agreed time schedule.

The risks are mainly related to:

- upstream phase (before the contract is signed):
 - poor assessment of the project or client;
 - design and costing errors;
 - errors in assessing the terms of the contract;
 - overestimation of available internal resources, and
 - poor evaluation of subcontracting
- downstream phase (after the contract is signed):
 - insufficient or inadequate staff and supplies;
 - difficult customer relations;



- encountering the unexpected;
- pollution or environmental accidents;
- changes imposed by the client during the work;
- poor contract management;
- changes in the cost of materials and supplies;
- supply chain disruption and shortages of raw materials and labour;
- failure of partners (co-contractors, suppliers, subcontractors) or clients;
- organisational, technical, contractual, administrative and regulatory difficulties in performing the contractual objective, which may affect the Group's deadlines, costs, cash flow, quality and reputation, and
- dispute of the invoice and the final account by the customer.

The measures for managing the aforementioned risks are:

- upstream (before the contract is signed):
 - prior analysis;
 - negotiation with the client for a balanced sharing of risks;
 - consideration by the Engagement Committee prior to submitting tenders for projects exceeding a certain threshold;
 - assessment of the right size of the teams involved, and
 - incorporation of feedback in the study phase.
- downstream (after the contract is signed):
 - organising the preparation of project sites;
 - setting up specific and appropriate management systems;
 - applying price revision formulae or upstream consideration of the impact of variations in costs not covered by the formulae;
 - transferring risk to subcontractors and suppliers;
 - prior selection of technical solutions or equipment;
 - dialogue with the customer and the project owner;
 - drafting contractual clauses containing reciprocal commitments;
 - providing payment guarantees, and
 - arranging insurance policies.

Risks related to inflation

The automatic indexation of salaries for the Group's Belgian employees in January 2023 has had a significant impact on the Group's financial results. Furthermore, the continuing war in Ukraine has had a significant indirect impact on the Group's business in 2023, particularly with a sharp increase in the price of materials, subcontracting and energy, as well as disruption to supply chains. However, these market conditions tended to normalise in the second half of 2023.

Economic risks

The four segments of the Group are by nature subject to strong cyclical fluctuations. Nevertheless, this observation must be qualified for each segment, since the key factors can vary between them.

Thus, the construction and real-estate development activities related to the office property market move in line with the traditional economic cycle, while the residential business depends more directly on general economic conditions, consumer confidence and interest rates.

The measures taken by the Group for managing these risks are:

- diversification of the Group's activities;
- monitoring of upstream orders (*selective bidding*), and
- monitoring changes in the order book and project performance.

Legal risks

Segment activities are exposed to a complex regulatory environment as concerns the places where services are performed and the fields of activity involved. Disputes may arise during the performance of contracts, resulting in particular from assessment differences for new elements during performance, a change in the customer's governance, new case law, even or a misinterpretation of contractual clauses.

Information on the main disputes and arbitrations in which the Group is involved is provided in note 28 (Litigation) to the consolidated financial statements. These disputes are reviewed at the year-end date and, if necessary, provisions are made to cover the estimated risks.



Risk management measures mainly involve the inclusion of contractual clauses to:

- passing on to the customer any additional costs and/or time resulting from changes made at the customer's request after the contract has been signed;
- stopping the work in case of non-payment;
- excluding consequential damages;
- excluding or limiting liability for existing pollution;
- limiting contractual responsibility for the entire project to a reasonable share of the contract amount;
- capping penalties for delay and performance at an acceptable percentage of the contract amount;
- providing for an adjustment of the contractual provisions (price, deadline) in the event of legislative, fiscal or regulatory changes;
- obtaining protection from a force majeure clause (political risk, unilateral decision of the customer or grantor, economic disruption, bad weather) or early termination of the project, and
- ensuring that insurance cover is activated.

Legislative and regulatory compliance

Given the diversity of their activities and geographical locations, the Group's different Business Units are exposed to a specific legislative and regulatory environment which varies depending on the services performed and the fields of activity involved.

In particular, these must comply with the rules relating to:

- the procedures for awarding and performing public or private law contracts;
- construction law, particularly the technical rules governing the provision of services, supplies and works; and
- environmental law, economic law, labour law, social law and competition law.

The Group's ability to adapt to new regulations and how it monitors standards enables it to significantly control legislative and regulatory risks.

IT security risks

In the digital and teleworking era, IT risks increasingly constitute threats that are liable to slow down the activities of the Business Units or compromise the integrity of their most valuable resources and data.

The main IT risks are viruses and malware, fraudulent email, cyber attacks, loss of confidential information, operating errors, risk of physical loss or theft, and misappropriation.

CFE's risk management measures can be summarised as follows:

- installing professional antivirus software on all workstations, with regular updates;
- installing additional authentication systems for technical users (administrators);
- installing security solutions for cloud solutions (SaaS) used by CFE and to secure Internet use:
- using secure tunnels (VPN) to connect users working remotely;
- putting in place regular cyber security training and awareness-building sessions for all staff, sharing how to protect yourself from a cyber security attack (phishing, data theft etc.);
- adding a professional service to Outlook for reporting and analysing "phishing" e-mails;
- implementing a well-configured and up-to-date complex password and multi-factor authentication strategy;
- using external service providers to analyse systems and alert on anomalies pointing to a potential security incident;
- using the Chief Information Security Officers to audit the implementation of our security policies;
- restricting access to confidential and sensitive files according to user profiles: in this regard, folders and resources are partitioned by department, with authentication;
- setting up an effective backup system, and
- systematically training employees in the use of applications and software.

The year 2023 was characterised by numerous interventions by dedicated IT teams, with no significant consequences for the Business Units concerned.

Operational risks specific to the Construction & Renovation and Multitechnics segments

Risks related to customer solvency

Both segments are exposed to the risk of customer insolvency.

The measures for managing these risks are:

- checking the creditworthiness of customers when submitting tenders;
- regularly monitoring the outstanding amounts owed by customers and adapting, if necessary, the position of the Business Unit



concerned vis-à-vis the customer, and

- for customers showing a material credit risk, requiring down payments and/or first demand bank guarantees before work starts.

Risks related to the management and workforce

The challenge of attracting and retaining talent is essential in a group where the construction business is evolving very quickly and where specialisation and job-specific expertise gives a competitive advantage in responding to calls for tender.

The Construction & Renovation business and the Multitechnics segment are experiencing a chronic shortage of qualified supervisory staff and workers. The success of projects, in the study, preparation and execution phases, depends both on employees' qualifications and skills and on their availability in the labour market.

The measures taken by the Group for managing the risks are:

- increasing the skills of the Group's employees through a human capital development cycle;
- setting up a training programme for each employee;
- developing programmes to promote internal mobility, and
- setting up local partnerships with economic, social, institutional and academic players.

Contractual risks related to public-private partnerships

The legal and contractual risks are even greater in a public-private partnership contract (e.g. Design, Build, Finance and Maintain ('DBFM') contracts, concession contracts, ESCO energy performance contracts etc.), which may vary in duration from a few years to several decades. The risks are assessed before bid submission during the study phase, which is generally much longer than for a conventional construction contract. The main risks connected with the operation of assets given in concession relate to maintaining the viability of the asset in view of the maintenance, energy performance and repair objectives defined in the concession contract. For any building or infrastructure that is operated under a public-private partnership contract, the equipment renewal cost and the works maintenance cost must be provided for on the basis of a forecast major maintenance plan.

The measures for managing the risks are:

- discussion by the Engagement Committee prior to tendering;
- setting up the operation in a special purpose vehicle with financing that is for the most part provided through debt without recourse or with limited recourse against the shareholders;
- involvement of the lenders in the early stages of the projects, and
- seeking advice from external consultants.

Environmental risks

The Group's Business Units may be subject to risks related to the environmental conditions of the projects in which they operate, including risks related to climate change and potential contamination of natural environments.

In addition to the economic aspects, environmental risks can be assessed in terms of image and reputation, as the operation may be affected over the long term by their consequences. From a longer term perspective, changes in regulations related to the ecological transition may also constitute a risk factor.

All these risks can therefore generate human, technical, financial and legal issues.

The measures for managing the risks are:

- analysing these risks as early as the tender phase and developing solutions with the development teams, taking into account the issues at stake as early as possible;
- implementing appropriate technical and organisational solutions to reduce risks – bearing in mind that these risks evolve throughout the life of the projects, and
- restoration costs related to major climatic events may be partially covered by insurance companies.

The environmental issues relating to the Group's activities and their potential impact on the environment are detailed more specifically in the Non-Financial Statement, chapter 4.

Legal risks related to social and labour law

The social risks faced by both the Construction & Renovation and Multitechnics segments are based on the cross-border subcontracting chain mainly in the construction sector.

The main risks identified for construction sites in Belgium are the re-classification of first-tier subcontracts, occupation and the absence of a checkin@work statement.

Failure to comply with social legislation may constitute a legal and image risk.



The following risk management measures are therefore in place:

- putting in place sub-contracting policies;
- implementing training applicable to all Business Units;
- carrying out social audits of subcontractors on site with particular attention to compliance with social obligations, and
- half-yearly analysis of social risks and establishing action plans.

The BPC Group Business Unit has already been sued several times in this regard. In particular, BPC Group was convicted on 19 May 2020 by the Brussels Court of First Instance for alleged social law violations committed by one of its subcontractors in 2017. From the outset, BPC Group formally contested the allegations made against it, and lodged an appeal against the judgement. In its ruling of 8 March 2023, the Brussels Court of Appeal acquitted BPC Group of all charges relating to this case. This ruling has not been appealed before the Supreme Court and can therefore be considered closed.

BPC Group was also fully acquitted in a similar case concerning the “Inovplena” construction site by a judgement dated 2 June 2022, which the auditorate has appealed. However, a ruling on 13 September 2023 confirmed BPC Group’s acquittal, and this ruling has not been appealed before the Supreme Court.

Similar facts against BPC Group were also brought before the Court of First Instance of Walloon Brabant (Nivelles), which pronounced a judgement in favour of BPC on 6 July 2022. The auditorate has appealed against this decision. This case was heard by the Brussels Court of Appeal on 21 February 2024.

Finally, as part of a CIT-BPC limited partnership, a similar case was submitted by the auditorate for the “Jardins de la Chasse” site.

Risks related to personal safety

The often complex projects and operations carried out by the Group’s operating Business Units are subject to constraints that can threaten the health, safety and quality of life at work of employees and subcontractors.

In the event of an accident or near-accident, the activity of the Business Unit concerned may be seriously affected and the resumption of that activity is conditional on the implementation of appropriate corrective measures.

To reduce personal safety risks, the Group has strengthened its commitment to safety with a new “GO FOR ZERO” safety policy’. One of the aims of this policy is to ensure that all workers, employees, partners, subcontractors, visitors and customers go home injury-free after work, whatever the operational and commercial challenges. CFE is aiming for “ZERO workplace accidents” and is also committed to reducing pollution and environmental waste by aiming for “ZERO environmental incidents”. To this end, all Group teams are committed to exemplary behaviour and to rigorously following Quality, Health, Safety and Environment policies (**QHSE**), which are based on the requirements detailed in ISO 9001, ISO 45001 and ISO 14001.

In addition, CFE is implementing the following risk management measures:

- the introduction of safety visits to construction sites by Group and Business Unit managers from the Construction & Renovation segment, with the aim of promoting safety and well-being in the workplace and fostering a culture of safety, visible exemplary behaviour, risk identification and improved communication;
- prior analysis of the risks involved as far upstream as possible and at the start of operations;
- providing appropriate personal protective equipment;
- implementing prevention procedures and operating methods resulting from risk assessments (markings, railings, stairs, etc.);
- carrying out dedicated audits;
- organising training and awareness-raising events;
- setting up partnerships with external organisations;
- including dedicated clauses in contracts with subcontractors, and
- complying with the health measures put in place by the local authorities.

Operational risks specific to the Real Estate Development segment **Risks related to the economic environment**

Projects are currently situated exclusively in Belgium, Luxembourg and Poland.

A change in the principal macroeconomic indicators, the geopolitical environment or the economic cycle in general may impact the confidence of households, investors and private and public entities, and may bring about (i) a fall in demand for housing and retail properties, as well as other categories of real estate, (ii) lower sale prices and lower returns on which those sale prices may be calculated, and (iii) a higher risk of default by service providers, building contractors and other stakeholders.

Variations in mortgage rates may affect the ability of households and private investors to acquire residential properties and, conse-



quently, diminish the demand for such class of assets.

On the office market, variations in long-term interest rates may also affect the return on which the price of office properties is calculated. Such variations may also have a significant impact on the segment's ability to sell residential or office properties.

However, certain factors can help mitigate these risks:

- due to the shortage of well-situated land, supply and demand are in principle under increasing pressure;
- sectoral diversification of customers;
- the value of real estate is primarily determined by the commercial value of the location of the property, and
- investments are concentrated in sub-regions with high purchasing power.

Risks associated with the removal of the reduced 6% VAT rate on the sale of housing (off-plan) following demolition-reconstruction work in Belgium

From 1 January 2024, the reduced 6% VAT rate will no longer apply to sales of housing (off-plan) following demolition-reconstruction work. The reduced rate for demolition-reconstruction work on a principal residence will continue to apply only to natural persons (and no longer to property developers/investors).

This reform is having an impact on BPI Real Estate Belgium's activities insofar as the reduced rate provided an economic stimulus to both the real estate development and construction sectors, with a positive ecological impact given that it contributed to renewing the real estate stock. Applying the standard 21% VAT rate to such transactions will result in additional costs for property buyers and investors, potentially slowing down BPI Real Estate Belgium's sales. However, the property industry's union, *Union Professionnelle du Secteur de l'Immobilier ('UPS')*, in association with several real estate developers including BPI Real Estate Belgium, has decided to lodge an annulment appeal with the Constitutional Court against the provisions limiting the favourable 6% VAT regime on the supply (sales) of real estate.

Risks related to real estate investments

Before acquiring land for development, the Business Units in the Real Estate Development segment study the financial, technical and town planning feasibility of the real estate project. Those feasibility studies are carried out by external experts or consultants and are based on assumptions concerning economic, market and other conditions (including estimates of potential sale prices). Despite these Business Units' diligent approach, it is possible that they fail to take account of - or do not know - all the relevant factors needed to make an informed decision.

To reduce this risk, the following measures have been taken:

- systematic prior review of all property acquisitions by CFE's Investment Committee, and
- inserting suspensive conditions in land purchase contracts.

Risks related to real estate development

All projects are dependent on planning, building and environmental permits being granted. Consequently, any project may be affected by (i) the segment being unable to obtain, maintain or renew the necessary permits or (ii) any delay in the obtaining, maintaining or renewing of those permits, as well as (iii) the Business Units being unable to comply with the conditions of those permits. In fact, the number of appeals lodged against permits for new projects is on the increase, especially in the Brussels region.

Furthermore, changes made by the competent authorities to the legal framework and the administrative procedures surrounding the filing for, delivery or validity of such permits may have a negative impact on the financial result of a project.

The following risk management measures are therefore in place:

- ensuring that managers and staff have the necessary knowledge concerning planning and permit law;
- using the services of external consultants specialising in planning law in the region concerned;
- prior review of planning permission when developing a building, and
- ongoing assessment of and compliance with changes to planning permits and authorisations, and anticipation of possible changes.

Furthermore, project delivery may be delayed or compromised by various factors, such as weather conditions, building site accidents, natural disasters, industrial disputes, shortage of equipment or building materials, accidents or other unforeseen difficulties. The Business Units in the Real Estate Development segment can also incur additional project construction and development costs and penalties that exceed the initial estimates.

To mitigate these risks, the following measures are in place:

- transferring construction risks to subcontractors;
- almost systematic assigning of project construction to CFE's subsidiaries, and



- arranging appropriate insurance policies.

Liquidity and financing risks

The development of projects involves substantial investments that are primarily financed by equity and external financing sources.

It is possible that BPI Belgium, BPI Luxembourg or BPI Poland are unable to renew the existing finance agreements or attract new financing on commercially favourable terms.

To mitigate these risks, the following management measures are in place:

- diversifying funding sources;
- increasing confirmed credit lines;
- using a treasury note and medium-term promissory note programme,
- several new project finance arrangements in both Belgium, Luxembourg and Poland were put in place on similar terms to those prevailing before the health crisis.

As at 31 December 2023, BPI and its subsidiary BPI Luxembourg together had € 60 million in confirmed bilateral credit lines, of which € 22.5 million had been drawn down.

Risks related to special-purpose vehicles

To carry out some of their real-estate projects, BPI Belgium, BPI Luxembourg and/or BPI Poland participate and will continue to participate in **special purpose vehicles ('SPVs')** which provide real guarantees in support of their credit facilities. The risk, in the event of the failure of this type of company and exercise of the guarantees, is that the proceeds from such exercise are not sufficient to cover some or all of the amount of shareholders' equity or equivalent used as collateral for setting up the credit facility.

The Business Units concerned therefore take measures and steps to mitigate risk, such as:

- sharing risk with partners;
- financing through non-recourse or limited-recourse debt against shareholders;
- paying special attention to the preparation phase and stakeholders' relations, and
- monitoring marketing and the pace of sales.

Risks related to the ability to sell projects

The financial position, results and prospects of Business Units' operating in Real Estate Development are almost entirely dependent on the sale of its projects.

Investments in real estate projects for which no planning permission has been obtained yet are relatively illiquid. The Business Units concerned may be unable to find a suitable buyer for this type of asset in the event of a liquidity need. Moreover, market conditions may force them to sell their projects at lower prices than planned.

The segment's inability to generate positive cash flow from project sales can adversely affect its capacity to repay its debts.

To mitigate this risk, the following measures and factors come into play:

- carrying out careful market research before any investment and during development;
- inserting suspensive conditions in land purchase contracts;
- limiting unsecured transactions, with a minimum pre-commercialisation threshold required;
- elasticity of demand in the residential market, and
- adopting a conservative and prudent financing strategy, characterised by diversification of financing sources and a broad group of banking partners.

Risks related to portfolio concentration

The vast majority of projects in this segment are residential projects. Consequently, any slowdown or regulatory changes or any market changes affecting the residential market may have a considerable negative impact on the segment's results and operations. In the financial year 2023, BPI Luxembourg was particularly affected by a slowdown in the market.

The Group therefore takes the following risk management measures:

- diversifying the portfolio and projects, in Belgium, Poland and Luxembourg, and
- maximising anticipation of any legislative change likely to impact projects by providing for an adjustment of the contractual provisions (price, deadline) in the event of legislative, fiscal or regulatory change.

Risks related to stakeholders



The Real Estate Development segment maintains contractual relations with several parties, such as partners, investors, tenants, entrepreneurs, financial institutions and architects. Those stakeholders may experience disruptions in their operations or be confronted with financial difficulties that may cause a delay or total inability to meet their contractual obligations.

The Business Units of the Real Estate Development segment therefore ensure that the following measures are implemented:

- strengthening controls for awarding and monitoring works;
- including guarantees in contractual agreements, with a preference for first demand bank guarantees;
- prior screening and ongoing monitoring of stakeholder creditworthiness;
- arranging appropriate insurance policies, and
- almost systematic assignment of construction of projects to the Construction & Renovation Business Units.

Risks specific to the Investments & Holding segment

Deep C Holding (port concessions in Vietnam)

Geopolitical risk

The political situation in Vietnam has been stable for many years. However, even if highly unlikely, political risk can never be completely ruled out.

No specific risk management measures are required at this time other than monitoring changes in the country's political situation.

Liquidity and financing risks

Project development requires significant investment.

Deep C Holding may be exposed to liquidity risk, in particular:

- obligations to repay existing debt, and
- general needs.

Deep C Holding has therefore put in place *corporate* financings with its subsidiary Infra Asia Investment HK, as well as local financing in Vietnam to finance both fixed assets such as warehouses or leased infrastructure, and the working capital requirements of the various industrial zones.

Green Offshore (minority stakes in Belgian offshore wind farms, Rentel and SeaMade)

Given that (i) both wind farms are built, financed and fully operational, and (ii) a minimum price for the electricity produced is guaranteed by a green certificate mechanism, the major residual risks are:

- maintenance budget overruns, and
- green electricity production, which depends on weather conditions and turbine availability.

1.3. Major events after the closing of the financial year

No significant change in the financial and commercial situation of the Group has occurred since 31 December 2023.

1.4. Research and development

In 2023, the Group pursued a number of innovative projects. One of these projects concerns "kitting". This intelligent logistics tool is aimed in particular at delivering goods to a consolidation centre, re-palletising ad hoc and LEAN-compliant phased delivery directly to the work area concerned.

In 2023, the BPC Group Business Unit, in association with its partners Buildwise and Ship it, took part in the experiment on the Erasme I and Tervuren Square sites. This experimental phase has already made some progress, notably in terms of the use of a partner for joint deliveries, the identification of activities that are valued for such a process and that can be delivered at the same time, etc. However, these two projects still need to assess (i) the profitability of such a procedure (which could improve subcontracting costs and yields) and (ii) the reduction in CO₂ emissions. A third site will become part of the experiment in 2024.

In addition, the Group has been working on a project based on artificial intelligence, called "*AI-Generated Income Forecasting for Construction Sites*". This project aims to improve the management of a construction site by providing monthly progress forecasts using artificial intelligence, in addition to traditional project manager forecasts. This supports more efficient management of construction sites by:

- identifying discrepancies between actual and anticipated progress, flagging potential site problems requiring analysis and action, and
- facilitating accurate cash flow forecasting thanks to a reliable estimate of work progress.

Finally, CFE Poland has innovated by developing a parametric design model that generates a 3D model, a carbon footprint assess-



ment and a budget estimate for logistics or industrial projects in just a few clicks. This tool helps to understand the impact of different parameters on project budgets and carbon footprints, enabling the Group to propose more optimal buildings to its customers.

1.5. Financial instruments

The Group has defined a system of investment limits to manage the counterparty risk. This system determines maximum amounts eligible for investment by counterparty defined according to their credit ratings published by Standard & Poor's and Moody's. These limits are regularly monitored and updated.

1.6. Outlook for 2024

The medium- and long-term outlook for CFE remains positive, thanks to its positioning in the growth markets of renovation and energy performance improvements of existing buildings, re-industrialisation and the development of infrastructure linked to the energy transition.

The economic environment, however, remains difficult in the short term in Belgium and Luxembourg, both in the residential and office markets. In this context, CFE expects a moderate contraction in turnover in 2024 but an improved operating margin compared to 2023.

Delays in the start-up of several major residential projects in Brussels due to appeals against permits, combined with a decrease in residential sales in Luxembourg, will have a negative impact on BPI Real Estate net income in 2024. This will be partly offset by the positive contribution from the Polish entities.

The subsidiaries of the Construction & Renovation segment in Belgium and Luxembourg and VMA anticipate a moderate decrease in sales in 2024. Priority will be given to improving operational performance.

Conversely, in Poland, business is set to grow, driven by a more favourable economic environment.

For MOBIX, 2024 will be a second transitional year characterised by the end of the LuWa project (modernisation part) and by more modest activity in the Rail Business Division, before an anticipated recovery as from 2025.

Deep C Holding's activities in Vietnam should continue to grow in 2024, while Green Offshore's results will be impacted by the decrease in the price of electricity.



III. CORPORATE GOVERNANCE STATEMENT

1. Reference code

With regard to corporate governance, this statement contains the information required by the Companies and Associations Code, which came into force on 1 January 2020 (the 'CAC'), as well as by the Belgian Corporate Governance code 2020 (the 'Code 2020').

CFE has adopted the 2020 Code as its code of reference and applies its recommendations in accordance with the "comply or explain" principle.

The Company's Corporate Governance Charter and Dealing Code can be consulted on the Company's website www.cfe.be.

This corporate governance statement describes the composition of the CFE's Board of Directors and its Committees, and how they operate. It comments on the practical application of CFE's governance rules during the fiscal year ending 31 December 2023. It also specifies the provisions of the Code 2020 the Company does not comply with and explains these derogations. It also includes the remuneration policy and the remuneration report. Lastly, it reflects the main features of the Company's internal control and risk management systems.

2. The Board of Directors and its Committees

2.1. Board of Directors

The Company has opted for a one-tier structure. Consequently, the Board of Directors is responsible for the general conduct of the Company's business and is accountable for its management in accordance with articles 7:93 and 7:94 of the CAC.

The Board of Directors determines the direction of the Company's activities, its strategy and key policies. It examines and approves related significant operations, ensures that they are properly executed and defines any measures needed to carry out its policies. It decides on the level of risk the Company is prepared to take.

In particular, the Board of Directors:

- approves the general internal control and risk management system and checks that this system is correctly implemented;
- takes all measures needed to ensure the integrity of the financial statements;
- supervises the activities of the Statutory Auditor;
- reviews the performance of the CEO and the Executive Committee;
- ensures that the special committees of the Board of Directors function properly and efficiently.

2.1.1. Members of the Board of Directors, 31 December 2023



LUC BERTRAND	
Position	Non-executive Director - Chairman (since February 2016)
Committees	Chair of the Nomination and Remuneration Committee since May 2021
Nationality and year of birth	Belgian, born 1951
First appointment as Director	December 2013
Current term of office expires	2025 AGM
Training and experience	<p>Luc Bertrand graduated in 1974 as a commercial engineer (KU Leuven). He began his career at Bankers Trust, as Vice-President and Regional Sales Manager, Northern Europe. He has been with Ackermans & van Haaren as a director since 1985, where he joined as financial director in 1986 and was chairman of the executive committee from 1990 to 2016. He is chairman of the board of directors of Ackermans & van Haaren, DEME Group and SIPEF and a director of Delen Private Bank, JM Finn, Bank Van Breda and Verdant Bioscience.</p> <p>Luc Bertrand has deep expertise in governance and principles. Having served on various audit and risk committees, he is well-versed in risk management and internal control systems.</p> <p>Furthermore, he is a founding member of Guberna, a Belgian institute to stimulate good governance, and chairman of its Board of Trustees. He is also chairman of the Duve Institute and Middelheim Promoters and member of several other boards of directors of non-profit associations and public institutions, such as Museum Mayer van den Bergh and Europalia.</p>

**PIET DEJONGHE**

Position	Non-executive Director
Committees	Member of the Audit Committee since June 2022
Nationality and year of birth	Belgian, born 1966
First appointment as Director	December 2013
Current term of office expires	2025 AGM
Training and experience	Piet Dejonghe received, after a degree in law (KU Leuven, 1989), a post-graduate degree in management (KU Leuven, 1990) and an MBA from INSEAD (1993). Before joining Ackermans & van Haaren in 1995, he worked as a lawyer at Loeff Claey's Verbeke and as a consultant at Boston Consulting Group.

**KOËN JANSSEN**

Position	Non-executive Director
Committees	/
Nationality and year of birth	Belgian, born 1970
First appointment as Director	December 2013
Current term of office expires	2025 AGM
Training and experience	Koën Janssen received, after a degree in civil engineering and electro-mechanics (KU Leuven, 1993), an MBA from IEFSI (France, 1994). He worked for Recticel, ING Investment Banking and ING Private Equity before joining Ackermans & van Haaren in 2001. He is a member of the Executive Committee.

**AN HERREMANS**

Position	Non-executive Director
Committees	/
Nationality and year of birth	Belgian, born 1982
First appointment as Director	June 2022
Current term of office expires	2026 AGM
Training and experience	An Herremans received a Master's degree in Business Engineering from the KU Leuven and a Master's degree in Finance from the Vlerick Business School. She has worked as Strategy Office Manager at Barco and as Senior Consultant at Roland Berger Strategy Consultants. She is currently a member of the Executive Committee of Ackermans & van Haaren.

**CHRISTIAN LABEYRIE**

Position	Non-executive Director
Committees	/
Nationality and year of birth	Belgian, born 1956
First appointment as Director	March 2002
Current term of office expires	Christian Labeyrie has resigned from his directorship with effect from 4 May 2023.
Training and experience	Christian Labeyrie is a graduate of HEC, the Escuela Superior de Administración de Empresas (Barcelona) and McGill University (Canada), and holds a DECS diploma (advanced accounting degree). He began his career in the banking industry. Christian is a Chevalier of the Légion d'Honneur and a Chevalier of the Ordre National du Mérite. He is Executive Vice-President, Chief Financial Officer and a member of the Executive Committee of the VINCI Group. Before joining VINCI in 1990, he held various positions in the Rhône-Poulenc and Schlumberger groups.



HELENE BOSTOEN	
Position	Independent Director
Committees	Member of the Audit Committee since May 2021
Nationality and year of birth	Belgian, born 1977
First appointment as Director	May 2021
Current term of office expires	2025 AGM
Training and experience	Hélène Bostoën (Belgian) is a management engineer (Solvay Business School, ULB, Brussels) and holds an MBA from INSEAD (Singapore and Fontainebleau). She began her career at Merrill Lynch in New York. In 2006 she co-founded Eko Developer Sp.z. o. o., a real estate development company focusing mainly on retail, office and residential property in Poland. In 2007, she took over the management of a family company, Flanders-Immo JB, active in residential real estate development in Belgium, Poland and France. She is also Founder and Managing Director of Fenixco SA, a property development company.



LIEVE CRETEN BV, represented by LIEVE CRETEN	
Position	Independent Director
Committees	Member of the Audit Committee since July 2022 Member of the Nomination and Remuneration Committee since July 2022
Nationality and year of birth	Belgian, born 1965
First appointment as Director	May 2022
Current term of office expires	2026 AGM
Training and experience	Lieve Creten is a management engineer (KU Leuven, 1989) and also holds a Master's degree in taxation (1989). She was a partner at Deloitte for over twenty years, where she developed the M&A practice and led the Financial Advisory practice as a Managing Partner from 2008 to 2019. She was a member of the Executive Committee of Deloitte Belgium until 2019. In addition, she was a member of Deloitte Financial Advisory's global executive team from 2015 to 2021. Lieve Creten is currently active as an independent consultant.



B GLOBAL MANAGEMENT BV, represented by STEPHANE BURTON	
Position	Independent Director
Committees	Member of the Nomination and Remuneration Committee since June 2022
Nationality and year of birth	Belgian, born 1973
First appointment as Director	June 2022
Current term of office expires	2026 AGM
Training and experience	Stéphane Burton received a Master's degree in Law at the Catholic University of Leuven (1996), a Master's degree in Social, Economic & Tax Law at Universiteit Gent (1997) and a Global Executive MBA from INSEAD (2013). He began his career as a business lawyer before joining the TAT/Sabena Technics group in 2007. He held various positions within the group, becoming a director of the Belgian subsidiaries in 2008 and a member of the Directoire of the group in 2009. In 2014, he led a management buy-out of the group's Belgian subsidiaries and since then - as CEO - has pursued the development of the ORIZIO Group, born of the merger between Sabena Aerospace and Sabca, now the Orizio Group. He is also Vice-Chairman of Liege Airport and an independent director of SECO, Charleroi Airport and Sopartec/UCLouvain- Technology Transfer Office.

**FERNANDO SISTAC**

Position	Non-executive Director
Committees	/
Nationality and year of birth	Belgian, born 1959
First appointment as Director	May 2023
Current term of office expires	2027 AGM
Training and experience	Fernando Sistac is a civil and geotechnical engineer (Polytech Lille, 1982). Until 2022, he was Managing Director of Vinci Environnement and Chief Operating Officer of Entrepouse Group (Vinci). He joined the Vinci group in 2000 as CEO of CBC (Sogea Group). From 2012 to 2016, he was Deputy Managing Director of Vinci Construction France, and from 2016 to 2018, Chief Operating Officer of Vinci Construction France. He was a member of the Comex of Vinci Construction France until 2018.

Following the resignation of H el ene Bosto en as an independent director with effect from 1 January 2024 and the co-optation of her company Waraku BV, represented by H el ene Bosto en, as an independent director by the Board of Directors on 23 February 2024, a proposal will be made to the Annual General Meeting of 2 May 2024 to confirm the appointment of Waraku BV, represented by H el ene Bosto en, as an independent director.

Following the resignation of Fernando Sistac as a director with effect from 26 March 2024 and the co-option of his company Fernando Sistac Management et Conseil SAS, represented by Fernando Sistac, as a director by the Board of Directors on 26 March 2024, it will be proposed to the Ordinary General Meeting of 2 May 2024 to confirm the appointment of Fernando Sistac Management et Conseil SAS, represented by Fernando Sistac, as a director.

2.1.2. Composition and diversity of the Board of Directors

The composition of CFE's Board of Directors reflects the company's controlling shareholders. CFE is controlled by Ackermans & van Haaren SA, a Belgian company whose shares are listed on Euronext Brussels and VINCI Construction SAS. As at 31 December 2023, CFE's eight-member Board of Directors includes four representatives put forward by the reference shareholder, Ackermans & van Haaren NV and one representative put forward by VINCI Construction SAS.

This situation of control also justifies the presence on 31 December 2023 of representatives put forward by the leading shareholder, Ackermans & van Haaren NV, at the Audit Committee (one member out of three) and on the Nomination and Remuneration Committee (one member out of three).

The composition of the Board of Directors is also based on a balance between experience, competence and independence, with respect for diversity, in particular the equality between men and women. The Board of Directors includes a sufficient number of independent directors to ensure that the interests of all the Company's shareholders are respected, and one-third of its members are women, thus meeting the requirements of article 7:86 of the CAC.

The balance of attendees is re-evaluated each year by the Nomination and Remuneration Committee.

2.2. Role of the Chairman of the Board of Directors

The duties of the Chairman of the Board of Directors are detailed in the Company's Corporate Governance Charter.

The Chairman maintains close links with the Chairman of the Executive Committee and ensures, in close collaboration with the latter, that the Board of Directors, in its composition, deliberations, decision-making and implementation of decisions, operates in accordance with the provisions of the Charter, and draws up, again in close collaboration with the Chairman of the Executive Committee, the agenda for Board meetings.

Generally speaking, the Chairman of the Board also ensures effective communication with all directors, creating a climate of trust that allows open discussion and constructive criticism, and with the Company's shareholders and other stakeholders.

The Chairman is also in charge of the various evaluation procedures for the Board and its Committees.

2.3. Attendance, functioning and competences of the Board of Directors

The Board of Directors is organised so as to ensure that decisions are taken collectively in the interests of the Company and in a way that allows work to be carried out efficiently.



The Board of Directors meets at least five times a year, at times set at the beginning of the year, and whenever the Company's interests so require.

The Board of Directors met on six occasions in 2023.

The attendance rate for Board meetings in 2023 is shown below:

Name	Position	Attendance rate
Luc Bertrand	Non-executive Director, Chairman	6/6
Piet Dejonghe	Non-executive Director	6/6
Koen Janssen	Non-executive Director	6/6
An Herremans	Non-executive Director	6/6
Christian Labeyrie	Non-executive Director until the AGM of May 2023	2/2
Hélène Bostoën	Independent Director	6/6
Lieve Creten BV, represented by Lieve Creten	Independent Director	5/6
B Global Management SRL, represented by Stéphane Burton	Independent Director	6/6
Fernando Sistac	Non-executive Director since the AGM of 2023	4/4

In addition to defining corporate strategy and culture, he is also responsible for overseeing the Committee's tasks; the Board of Directors approves the statutory and consolidated financial statements and management report, decides on the appropriation of net income and the publication of financial information.

Specific decisions taken by the Board of Directors in 2023 mainly concerned:

- approval of the financial statements for 2022 as well as the financial statements for the first half of 2023;
- examination of the 2023 budget updates;
- examination of the 2024 budget;
- review of the strategic plans of the Group's main Business Divisions;
- review of matters that were presented at Engagement Committee meetings and the changes in safety indicators;
- examination of the financial situation of CFE, changes in its debt levels and its working capital requirement;
- review and update of the ESG strategy and materiality matrix as part of the CSRD;
- examination of changes in the value of real-estate projects; and
- approval of the acquisition and sale of several real estate projects worth more than ten million.

During the 2023 financial year, the Directors were not faced with any situations of conflict of interest. Consequently, articles 7:96 and 7:97 of the CAC are not applicable in 2023.

Periodic review procedures are organised by the Board of Directors in accordance with Article II.6 of the Charter. These are held upon the initiative and under the direction of the Chairman. As the Executive Committee was established in July 2022, the annual review of the relationship between the Board and the Executive Committee will take place for the first time in 2024.



3. Audit and Risk Management Committee

CFE has two Committees within the Board of Directors, namely the Audit and Risk Management Committee ('**Audit Committee**') (in accordance with article 7:99 of the CAC) and the Appointments and Remuneration Committee (in accordance with article 7:100 of the CAC).

3.1. The Audit Committee

Generally speaking, the Audit Committee monitors the preparation and verification of the Company's accounting and financial information, as well as the effectiveness of the systems of internal control, supervision and risk management.

As at 31 December 2023, the Audit Committee comprised three members, two of whom are independent within the meaning of article 7:87 of the CAC and the 2020 Code. They are Lieve Creten, represented by Lieve Creten, and H  l  ne Bosto  n. The other member, Piet Dejonghe, is a representative of the reference shareholder.

As a whole, the Audit Committee has the requisite skills in accounting, auditing and IFRS, thanks in particular to its members' studies and experience in financial and real estate companies.

The Audit Committee met four times in 2023, examining in particular:

- the financial statements for the full-year 2022 and the first half of 2023;
- the quarterly financial statements for the first and third quarters of 2023;
- the draft 2024 budget before it was presented to the Board of Directors;
- the reports of the internal auditor;
- changes in the results of the main projects;
- changes in the group's cash position and working capital requirement;
- non-financial indicators;
- the group's off-balance sheet commitments, in particular the bank guarantees, and
- the auditor's reports.

In 2023, the Audit Committee paid particular attention to the group's internal controls and monitored steps taken by CFE to improve them. It also paid particular attention to some of the loss-making sites, such as ZIN, SHAPE and LuWa.

The term of office of Audit Committee members coincides with their term of office as Directors.

Members of the Audit Committee	Current mandate	Participation rates
Lieve Creten BV, represented by Lieve Creten (Chair)	2022-2026	4/4
H��l��ne Bosto��n	2021-2025	3/4
Piet Dejonghe	2021-2025	4/4

Unless the Audit Committee decides otherwise, the chairman of the Executive Committee, the CFO and the responsible of internal audit attend the meetings of the Audit Committee.

Once every three years, the Board of Directors assesses the size, composition and functioning of the Audit Committee, as described in greater detail in article 11.6 of the Charter.

3.2. The Nomination and Remuneration Committee

Generally speaking, the Nomination and Remuneration Committee ensures fair remuneration within the Group, taking into consideration regulatory standards, targets set, and the risks and the rules of conduct set out in the Charter. The Nomination and Remuneration Committee also ensures that the best people are selected to oversee and manage the Company.

As at 31 December 2023, The Nomination and Remuneration Committee comprised three members, two of whom are independent within the meaning of article 7:87 of the CAC and the 2020 Code. These are Lieve Creten BV, represented by Lieve Creten and B-Global Management SRL, represented by St  phane Burton. This Committee is chaired by Luc Bertrand, who is Chairman of the Board of Directors and a representative of the reference shareholder.

As a whole, the Nomination and Remuneration Committee has the requisite expertise in the area of remuneration.



The Nomination and Remuneration Committee met three times in 2023 and examined, in particular:

- the fixed and variable remuneration paid to the CEO;
- the fixed and variable remuneration of the members of the Executive Committee and the directors;
- the annual remuneration report;
- the remuneration of the directors;
- monitoring talent development and succession planning, and
- the *long-term incentive plan* at CFE.

The term of office of the Nomination and Remuneration Committee members coincides with their term of office as directors.

Members of the Nomination and Remuneration Committee	Current mandate	Participation rates
Luc Bertrand, (Chairman)	2021-2025	3/3
Lieve Creten BV, represented by Lieve Creten	2022-2026	3/3
B Global Management SRL, represented by Stéphane Burton	2022-2026	3/3

Whenever remuneration is discussed, the Company's Human Resources Director, i.e. Focus2LER BV, represented by Valérie Van Brabant, is always invited to attend the Nomination and Remuneration Committee meeting.

As for the Audit Committee, every three years the Board of Directors assesses the size, composition and functioning of the Nomination and Remuneration Committee, as described in greater detail in article II.6 of the Charter.

4. The Executive Committee

On 29 June 2022, the Company's Board of Directors set up an Executive Committee comprising at least five members of management, and delegated day-to-day management of the Company exclusively to the Chairman of the Executive Committee, known as the CEO.

The members of the Executive Committee are considered as other directors within the meaning of the CAC and as persons exercising managerial responsibilities within the meaning of the European Market Abuse Regulation.

The Executive Committee, chaired by the CEO, is primarily responsible for presenting the Group's strategy to the Board of Directors and for monitoring and implementing the strategy following the Board of Directors' approval. The main tasks entrusted to the CEO and the Executive Committee by the Board of Directors are detailed in chapter IV.1 of the Charter.

Executive Committee members are appointed and dismissed by the Board of Directors. In principle, they are appointed for an indefinite period. The Board of Directors ensures that the Executive Committee is made up of people of integrity, with a wide range of professional skills, and with the knowledge, experience and complementary skills required to carry out their duties properly.

As of 31 December 2023, the Executive Committee is composed of:

Torema SRL, represented by Raymund Trost	
Position	Chairman of the Executive Committee Chief Executive Officer of CFE ('CEO')
Nationality and year of birth	Belgian, born 1964
Training and experience	<p>Raymund Trost holds a Master's degree in Economics and International Finance as well as a Master's degree in European Affairs & Econometrics (University of Leuven - 1987) and has undergone leadership training (Harvard University - 2014).</p> <p>He started his career at the Ministry of Finance (Research Analyst, 1987-1998). He then worked at BNP Paribas Fortis (Financial Analyst, 1989-1991). In 1991, he joined the European Commission as Deputy Administrator (Audit & Finance). In 1992, he joined Owens Corning (European Business Planning Manager) and for many years held the positions of Financial Director, General Manager and Managing Director (1996-2007). He ended his time with the company as CEO of 3B-The Fibreglass Company (Divested business by Owens Corning, 2007-2008). He then joined Saertex as Managing Director of Strategy & Business Development (2008-2010).</p> <p>In 2011, he joined Tyco Electronics (VP Telecom Networks, 2010-2011). He then served as CEO of the Joris Ide Group (2011-2015).</p> <p>In 2015, he joined the CFE Group as Chairman of the Executive Committee, CFE Contracting. Via his management company, he is currently CEO and Chairman of CFE's Executive Committee.</p>

**MSQ SRL, represented by Fabien De Jonge**

Position	Member of the Executive Committee Chief Financial Officer of CFE ('CFO')
Nationality and year of birth	Belgian, born 1972
Training and experience	Fabien De Jonge holds a Master's degree in Management (Leuven School of Management - 1995). He started his career at Arthur Andersen (Auditor, 1995-2000). He then worked at Bank Degroof Petercam (Internal Auditor, 2000-2001). In 2002, he joined the CFE Group where he started as Project Finance Manager. In 2004, he combined this function with that of Head of Finance at BPI. Since 2014, he has been the Chief Financial Officer of CFE via his management company.

Focus2LER SRL, represented by Valérie Van Brabant

Position	Member of the Executive Committee Chief People Officer of CFE
Nationality and year of birth	Belgian, born 1979
Training and experience	Valérie Van Brabant holds a Master's degree in Business Administration (ICHEC - 2004) and has undergone training in HR Management (Vlerick Business School - 2016-2017) as well as training in General Management (INSEAD - 2022). She started her career at recruitment agency Robert Half and then Robert Walters (Senior Consultant, 2004-2007). In 2007, she joined the CFE group where she started as Recruitment and Development Consultant (2007-2013). She developed her career within the group as HR Manager of Louis Stevens & Co, MOBIX Remacom, MOBIX Engema, MOBIX Engetec and BPI (2014-2019). In 2019, she was appointed Chief Human Resources Officer of CFE, CFE Contracting and BPI, and member of the Executive Committee of CFE Contracting (2019-2022). She is currently Chief People Officer of CFE through her management company.

ARTIST VALLEY SA, represented by Jacques Lefèvre

Position	Member of the Executive Committee Real Estate CEO
Nationality and year of birth	Belgian, born 1962
Training and experience	Jacques Lefèvre holds a degree in Commercial Engineering (ICHEC - 1988). In 2004, he joined the CFE group where he is Managing Director of BPI Real Estate Belgium, via his management company. In 2007, he was appointed member of the Board of Directors of the UPSI-BVS. In 2010, he was appointed Director of BPI Real Estate Poland and in 2014 of BPI Real Estate Luxembourg. Since 2018, he has chaired the Board of BPI Real Estate Poland. Since 2019, he has been a Director of Wood Shapers and Wood Shapers Luxembourg. He has also been appointed member of the Board of Directors of CFE Polska.

AHO Consulting SRL, represented by Alexander Hodac

Position	Member of the Executive Committee CEO Construction & Renovation
Nationality and year of birth	Belgian, born 1981
Training and experience	Alexander Hodac holds a Master's degree in Commercial Engineering (Solvay Business School - 2005). He started his career at Deloitte Financial Advisory Services (Senior Manager, 2005-2013). He then worked at Home Invest Belgium (Chief Commercial Officer, 2013-2015), Immobel (Group Chief Executive Officer, 2015-2019) and Fosbury & Sons (Chief Executive Officer, 2019-2020). In 2020, he joined the CFE Group where he is currently Managing Director of Subsidiaries BPC and BPC Group, via his management company. He is also Managing Director of the Construction & Renovation Division in Belgium.



Bruno Lambrecht	
Position	Member of the Executive Committee CEO Construction & Renovation Poland
Nationality and year of birth	Belgian, born 1971
Training and experience	Bruno Lambrecht holds a degree in Civil Engineering (Katholieke Universiteit Leuven, 1996) and a degree in Industrial Engineering (VIVES, 1993). He started his career at Decloedt Engineering office (Coordinating and monitoring the design of a steel structure for a power plant in Germany, 1996-1997). He then worked at IBS Engineering Office as a design and supervision manager for several projects (1997-1998). In 1998, he joined the CFE Group as site engineer of CFE Nederland. He then worked as Project Manager at CFE Polska (2000-2004). In 2004, he was Project Manager at CFE Brabant. In 2005, he joined CFE Polska again as Area Manager (2005-2009). Since 2009, he has been General Manager of CFE Polska.
COEDO SRL, represented by Arnaud Regout	
Position	Member of the Executive Committee Chief Investment Officer & New development Real Estate
Nationality and year of birth	Belgian, born 1978
Training and experience	Arnaud Regout holds an MBA in Corporate Finance (Solvay Brussels School - 2004). He started his career at Cushman & Wakefield (Valuation Analyst, 2003) and then worked at Ernst & Young (Senior Auditor, 2004-2007). From 2007 to 2008, he worked on several tax and financial projects within the Besix group. In 2008, he joined the CFE Group where he was Administrative and Financial Director of BPI Luxembourg and of the activities in Morocco and Tunisia (2008-2012). In 2012, he was appointed Deputy Director of BPI Luxembourg. He was then appointed Director of BPI Luxembourg where he was responsible for the development of real estate activities (2014-2015). Since 2015, he has been Chief Investment Officer of BPI and Managing Director of BPI Luxembourg. Since 2019, he has also been a Director of Wood Shapers, which he launched to accelerate sustainable development.

In addition, Consulton VoF, represented by Peter Matton, has joined the Executive Committee as a permanent member with effect from 1 January 2024 as CEO of VMA.

The following are invited to attend all meetings of the Executive Committee:

- Hexpedition SRL, having as its permanent representative Hans Van Dromme, in his capacity as Chief Information Officer;
- GARFUNKEL SRL, having as its representative Raphael de Visser, in his capacity as Chief Communication Officer, and
- Isabelle De Bruyne in her capacity as Chief Sustainability Officer.

Over the course of 2023, the Executive Committee has also set up a number of committees. These include the Selection Committee and the Engagement Committee.

The role of the Selection Committee is to review and approve certain business opportunities (a 'Prospect') that a Business Unit may wish to pursue in the ordinary course of business, where the pursuit of such a Prospect may have a significant impact on the Group's finances, human and/or financial resources and/or risk exposure.

The Selection Committee is made up of the Group CEO, the Group CFO and the Executive Committee member representing the business segment to which the relevant Business Unit belongs.

The Engagement Committee has been set up to examine certain major binding offers which, if accepted, could have a significant impact on the Group's finances, human and/or financial resources and/or risk exposure. This Committee has itself been subdivided into three sub-committees according to the business segment concerned, namely the Construction & Renovation Engagement Committee, the Multitechnics Engagement Committee and the Property Development Investment Committee.

The Engagement Committee is made up of permanent members, namely the Group CEO, the Group CFO, the General Counsel (except for the Real Estate Development Investment Committee, where the latter is replaced by the Head of Legal of BPI Real Estate SA) and two CFE directors (representing the reference shareholder), and *ad hoc* members, who are for:

- the Construction & Renovation Engagement Committee: Executive Committee members representing the Construction & Renovation segment and a senior consultant acting as technical expert on the project under consideration;
- the Multitechnics Engagement Committee: Executive Committee members representing the Multitechnics segment and a senior consultant acting as technical expert on the project under consideration, and
- the Real Estate Development Investment Committee: Executive Committee members representing the Real Estate Development Investment segment and a senior consultant acting as technical expert on the project under consideration.



Other people may be invited to these Committees on a case-by-case basis, depending on their particular expertise.

In 2023, the Executive Committee met twenty-three times, including one off-site meeting.

The Board of Directors, assisted by the Nomination and Remuneration Committee and the CEO, assesses the functioning of the Executive Committee, and in particular the contribution of each Executive Committee member to the Group's business development and results. The Chairman of the Executive Committee (in this case the CEO) does not take part in assessing its own performance.

5. Diversity policy

The Company considers that a diversified team improves the decision-making process and ultimately improves the overall performance. Diversity and inclusion are a global priority for CFE, as they are important factors for the success of the Company and its people. The Company believes that its greatest strength lies in the diversity of its team and that its employees deserve to feel at ease by being their genuine selves at work each day, irrespective of gender, ethnic origin, sexual orientation or other characteristics. The Company keeps striving to improve all aspects of diversity within its senior management team by developing a diverse pool of talents, paying attention to skills, training, experience and careers.

The procedure for selecting and appointing the members of the Board of Directors and Executive Committee is described in the Company's Governance Charter. Its composition is based on a balance between experience, competence and independence, with respect for diversity, in particular the equality between men and women.

At present, three of the eight members of the Board of Directors are women. By their complementarity, the directors' areas of expertise cover all the Group's activities and their associated risks and opportunities.

6. Conflicts of interest

With regard to conflicts of interest, the Company is subject to articles 7:96 and 7:97 of the CAC. Directors have a duty to avoid any action that would be in conflict with the interests of the Company and its shareholders. They must immediately inform the Chairman of the Board of Directors of any potential conflict of interest.

Executive Committee members are also subject to specific rules on preventing conflicts of interest, which are described in more detail in chapter IV.7 of the Charter.

Finally, all CFE group employees are also required to avoid any conflict of interest and to inform the Compliance Officer of any such conflict, in accordance with the Group's internal operating rules.

7. External and internal audit and risk management

7.1. External control

The Statutory Auditor's mandate is exercised by EY Réviseurs d'Entreprise SRL, represented by Patrick Rottiers and Marnix Van Dooren. EY Réviseurs d'Entreprise were appointed by the Annual General Meeting of 6 May 2021, for a three-year term expiring at the close of the Annual General Meeting of 2024. The amount of the Statutory Auditor's fees is published, in accordance with article 3:65 of the CAC, in the notes to the consolidated financial statements and the statutory financial statements.

7.2. Internal audit

The Board of Directors oversees the implementation of the internal control and risk management reference framework. Generally speaking, the Audit Committee assists the Board of Directors in fulfilling its monitoring responsibilities with regard to the Group's internal and external controls in the broadest sense, including risks.

The Audit Committee's responsibilities include the following:

- to ensure that the Company's financial statements give a true, fair and clear view of the situation and prospects of the Company and the Group;
- to ensure the correct and consistent application of the Group's accounting standards and valuation rules, and make any necessary recommendations for any modification;
- to review the quality and effectiveness of the Group's internal control and risk management system, to ensure that the main risks are properly identified, managed and reported;
- to assess the effectiveness of internal audits;
- to review and monitor the independence of the Statutory Auditor, in particular with regard to the appropriateness of providing additional services to the Company, and



- to make recommendations to the Company's Board of Directors concerning the appointment of the Statutory Auditor.

In addition, in 2014 CFE hired an internal auditor whose task is to provide assurance on the degree of control over its operations within the Group, offer advice on how to improve them, and help create added value. They help the Group achieve its objectives by systematically and methodically assessing its risk management, control and governance processes, and making proposals to enhance their effectiveness.

Reporting to General Management, the Internal Auditor maintains a close relationship with the Executive Committee and the Audit Committee, providing them with assurance on the effectiveness of risk management and internal control systems.

The internal auditor updates the risk maps drawn up for the Group's main segments: Construction & Renovation, Multitechnics and Property Development.

These maps are reviewed every two years. It involves:

- listing the main sources of identifiable internal and external risks that prevent the attainment of the segment's goals and may have financial, human or reputation consequences;
- assessing, on a qualitative scale, the criticality of the risks based on their potential impact, probability of occurrence, and the degree of control for the various events constituting those risks;
- defining appropriate ways to address those risks.

Based on the risk mapping prepared by the main Business Units, risk matrices specific to each line of business allow a uniform presentation and assessment of events that are liable to affect the projects examined by the competent bodies of the Business Units.

Ten audits were carried out during the 2023 financial year. They did not reveal any dysfunctions that are likely to have a material impact on the business and financial statements of the Group. Those audits concerned:

- contractual risk in customer relationships at CFE Poland;
- the payment process at LTS;
- the selective submission process (through the Fit4Future programme);
- the risk management and opportunities process (through the Fit4Future programme);
- the operational excellence process (through the Fit4Future programme);
- the change management process (through the Fit4Future programme);
- the transmission of safety instructions;
- Checkin@Work;
- cash management, and
- the application of the 12 principles of good project management at BPI Real Estate Belgium.

7.3. Internal control and risk management systems

7.3.1. System and organisation of internal control

CFE's Executive Committee is responsible for establishing common guidelines for the Group (the **Internal Procedures Manual**).

These directives are mainly related to:

- safety, quality and the environment;
- integrity;
- acceptance of new business;
- project management and monitoring;
- acquisitions of shares in ordinary companies and in the capital of companies;
- procurement and subcontracting;
- investment;
- accounting and financial management;
- human resource management;
- legal affairs, tax and insurance management;
- internal and external communication, and
- the security of information.

The respective managements of the Business Units are responsible for implementing these guidelines, where appropriate, by establishing detailed procedures and structuring the organisation to ensure that these procedures are properly applied.

However, a Group-wide exercise to rewrite and recodify these guidelines was launched in 2023, under the direction of the Group's



General Counsel. This exercise should lead to the publication of a new code of conduct and common policies for the entire Group during 2024.

CFE maintains direct and regular control over its Business Units, in particular by:

- the presence of CFE's directors and/or members of the Executive Committee on the Boards of Directors of its subsidiaries and the Selection Committee and Engagement Committee;
- the quarterly budget review (see 7.3.5.2);
- selecting, monitoring (due diligence) and taking the decision to acquire stakes in third-party companies and monitoring restructuring operations within subsidiaries;
- centralising the subscription and project insurance policies covering all of the Group's insurable risks;
- pooling the Group's cash (cash pooling);
- ad hoc assignments by the internal auditor (see 7.2) for:
 - monitoring the effective implementation by each Group Business Unit of the internal control procedures established in accordance with the guidelines defined at Group level, and
 - centralising the results of internal controls carried out by subsidiaries to gain a sound knowledge and understanding of the nature, intensity and location of the risks to which the Group as a whole is exposed.

The Audit Committee assesses at least annually the internal control procedures that the Executive Committee has developed to ensure that the main risks have been properly identified, reported and managed.

At the quarterly meetings of the Audit Committee, the quarterly financial figures and findings of internal audit reports are presented to the members of the Audit Committee and to the statutory auditor.

The Board of Directors is responsible for assessing the implementation of control procedures within the Group, taking the recommendations of the Audit Committee into account.

7.3.2. Internal control objectives

Internal control objectives are multiple, such as compliance with laws and regulations, application of instructions set by CFE's general management, safeguarding of assets and the reliability of financial information.

7.3.3. Scope of internal control and risk management

The scope of risk management and internal control covers all fully consolidated subsidiaries.

The Boards of Directors of the jointly-held companies, namely GreenStor, Deep-C Holding, Green Offshore and the SPVs in the Real Estate Development segment, are responsible for their internal control. However, CFE seeks to encourage the application of its own best practices through its representatives on the Boards of Directors of these companies.

7.3.4. Risks identified

To identify the main risks, please refer to chapter II.1.2 of this Management Report.

7.3.5. Internal control activities and procedures

Some of the internal control activities and procedures set out in Section 7.2 and described in more detail below are common to the entire Group, while others are specific to one or more segments.

7.3.5.1. Activities and procedures common to the whole Group

Financial reporting

CFE gives clear financial reporting instructions to the subsidiaries with deadlines and rules for preparation and valuation. An external audit of the half-yearly and annual financial statements also takes into account elements of internal control and risk management at entity level.

The adequacy of those procedures is verified and audited at regular intervals and improved if necessary. An appropriate allocation of responsibilities and coordination between the departments involved guarantee an efficient and timely communication of periodical financial information to the market.

Information security is monitored by a periodical IT audit, a proactive approach involving the implementation of updates, backup facilities and timely testing of the IT infrastructure. Business continuity and disaster recovery plans have also been put in place.

CFE keeps track of the standards in the area of financial reporting. Changes in the legal framework and their impact on financial reporting are regularly monitored by the Finance department.



Significant changes in the internal control environment or the IFRS accounting standards applied by the group are submitted to the Audit Committee for review and to CFE's Board of Directors for approval.

Quarterly budget review

Budget review meetings are held quarterly. These meetings are attended by the CEO, the CFO and the Director of Finance & Controlling of CFE, as well as the CEO of the Business Division concerned, the managing director or general manager of the Business Unit concerned, its COO and CFO.

The topics discussed include:

- the budgets (and their quarterly updates);
- the volume of business for the current financial year and the detail of the order book;
- the latest financial statements that were communicated (balance sheet and income statement);
- the projected result of the subsidiary, with details of profit margins per project;
- analysis of the entity's balance sheet;
- the analysis of current risks including a presentation of legal disputes;
- the status of guarantees given;
- investment or divestment requirements, and
- the cash position and projected changes in the next 12 months.

7.3.5.2. Segment-specific business authorisation procedures

In addition to the specific procedures described above, which are common to the entire Group, authorisation procedures specific to the Construction & Renovation and Multitechnics segments on the one hand, and to Real Estate Development on the other hand, have been put in place for business acquisitions.

Authorisation procedures specific to the Construction & Renovation and Multitechnics segments

- The Selection Committee (see Section 4 for its composition)
Tender studies for Design & Build projects (including DBFM, DBF, DBM) that represent a potential design or financing risk for a Business Unit must be approved in advance by the Selection Committee. If the Selection Committee decides to respond to the submission request, it allocates a submission study budget and sets a timetable. Project progress and the budgetary follow-up of the study is presented to the Selection Committee in accordance with the schedule.
- The Engagement Committee (see Section 4 for its composition)
Projects with a high risk profile and or valued at more than € 50 million for the Construction & Renovation segment, or € 10 million for Multitechnics projects, must be approved by the Engagement Committee before bid submission. The Committee reviews the technical, commercial, contractual and financial risks of the projects that are submitted to its scrutiny.

Authorisation procedures specific to the Real Estate Development segment

- The Investment Committee
The Investment Committee, whose membership is detailed in Section 4, is responsible for analysing and approving all real estate investments made by Business Units active in real estate development, namely BPI Belgium, BPI Luxembourg and BPI Poland. For those valued at more than € 10 million, the agreement of Board of Directors of the legal entities concerned and of CFE's Board of Directors is also required.
The Investment Committee is not empowered to represent the Company and does not exclude the competence of the Board of Directors. The Board of Directors of CFE may at any time deliberate on any investment or divestment project involving any amount and decide, where appropriate, instead of the Investment Committee.

7.3.5.3 Specific internal control activities initiated during the past financial year

During the financial year 2023, CFE's internal control was strengthened mainly through the implementation of the results of the Fit4Future programme aimed at improving the performance of the Construction & Renovation Belgium Business Division. The programme has several elements, including selecting tenders to increase project profitability, maximising operational excellence on site, increasing economies of scale in procurement, improving existing Opportunity & Risk Management ('ORM') systems and strengthening contract change management.

The implementation phase of a new Enterprise Resource Planning system ('ERP') for the Business Units of the Construction & Renovation segment has been launched, and the various stages of this implementation are now underway, including getting to grips with the software, setting up processes in the ERP, operational set-up, testing, preparation of work instructions and strategies for data migration and internal training.



8. Shareholder structure

The Company's reference shareholder is Ackermans & van Haaren, which owns 15,725,684 shares (or 62.12%) of the Company.

Ackermans & van Haaren is controlled by Scaldis Invest, which owns 33%. Belfimas holds 92.25% of the capital of Scaldis Invest. Ultimate control over Scaldis Invest is exercised by Stichting Administratiekantoor 'Het Torentje'.

Stichting Administratiekantoor "Het Torentje"	
The ultimate controlling shareholder	
	Control
BELFIMAS NV	
	92.25%
SCALDIS INVEST	
	33%
ACKERMANS & VAN HAAREN Listed on the Euronext Brussels stock exchange	
	62.12%
COMPAGNIE D'ENTREPRISES CFE Listed on the Euronext Brussels stock exchange	

The latest transparency declaration made by VINCI Construction SAS (the Company's former reference shareholder) on 1 July 2022, pursuant to the law of 2 May 2007 on the disclosure of major shareholdings in issuers whose shares are admitted to trading on a regulated market, shows that it holds 3,066,460 shares in the Company, representing 12.11% of the capital.

9. Deviations from the 2020 Code

Deviations from the 2020 Code relate exclusively to the remuneration of non-executive Directors, and in particular to principle 7.6 of the 2020 Code. The valid reasons for this deviation are set out in the remuneration policy in section 1.2 below.



IV. REMUNERATION REPORT

1. Remuneration policy

The current remuneration policy has been established within the framework of article 7:89/1 of the Companies and Associations Code ('CAC') and the Belgian Corporate Governance Code 2020 ('Code 2020'). It was adopted by the Company's Board of Directors upon recommendation of the Appointments and Remuneration Committee and was approved by the Company's General Meeting of 29 June 2022.

The remuneration policy applies to the following individuals:

- the directors;
- the CEO, and
- other Company executives who, as members of the Executive Committee, participate in CFE's general management, within the meaning of article 3:1 of the CAC.

The remuneration policy is designed to support the company's performance culture and long-term value creation. It aims to attract and retain the managers and directors with a wide range of skills needed in different areas to grow the company's business.

The following is only a summary of the company's remuneration policy. The latter can be consulted in its entirety on the company's website, in the appendix to the Corporate Governance Charter. In the event of a discrepancy between the remuneration policy and the presentation in this chapter, the remuneration policy takes precedence.

1.1. Governance – Procedure

The remuneration policy is established by the Board of Directors on the recommendation of the Appointments and Remuneration Committee. It is then submitted to the General Assembly for approval. Any significant change in the remuneration policy is also subject to approval by the General Meeting.

Annually, the Appointments and Remuneration Committee receives a proposal from the CEO on how to determine the performance criteria achieved and the level of remuneration for executive managers and directors. The member of the Executive Committee responsible for human resources management within the company makes the proposal for the CEO. These proposals refer to the application of the remuneration policy. If an exception is made, the reasons for the proposed exception shall be set out.

The role of the Appointments and Remuneration Committee is to advise and assist the Board of Directors, and as such, the Appointments and Remuneration Committee:

- reviews the remuneration proposal coming from the Executive Committee;
- makes recommendations to the Board of Directors concerning the individual remuneration of the directors, the CEO and the members of the Executive Committee;
- evaluates the performance of the CEO and, if deemed appropriate, also evaluates the performance of the other members of the Executive Committee, in collaboration with the CEO;
- assesses the Executive Committee's achievement of the company's strategic objectives on the basis of performance indicators and the objectives of the remuneration policy;
- oversees preparation of the remuneration report included in the annual report.

The individual remuneration of the non-executive directors is approved by the general meeting and, where applicable, the individual remuneration of the CEO is approved by the company's Board of Directors. In each case, this remuneration is determined on the basis of the remuneration policy, on the advice of the Appointments and Remuneration Committee.

In general, the rules of the CAC concerning conflicts of interest are followed whenever applicable.

1.2. Directors Remuneration Policy

As at December 31, 2023, the Company had only non-executive directors. The following description therefore relates to the remuneration of the Company's non-executive directors.

The remuneration consists of:

- (i) a fixed annual amount; and
- (ii) attendance fees: these are allocated to non-executive directors for their attendance at Board meetings and, where applicable, for their attendance at meetings of the Audit Committee and the Appointments and Remuneration Committee. Directors' fees are also allocated to directors with specific tasks by the Board of Directors.



Where appropriate, non-executive directors are also entitled to an additional fixed remuneration for the provision of specific services, such as chairing the Board of Directors or a committee.

Non-executive directors are also reimbursed for expenses incurred during the execution of their duties, according to conditions set by the Board of Directors.

Non-executive directors do not receive variable remuneration, such as bonuses or stock options. They also do not receive benefits in kind or benefits from pension plans.

Directors are invited but not obliged to hold shares in the company. This deviation from principle 7.6 of the Code 2020 is justified by the fact that the company's policies adequately promote a long-term perspective. In addition, several directors, in the context of their functions at Ackermans & van Haaren ('AvH'), are already exposed to changes in the value of the company, taking into account the number of shares they hold in AvH, the value of which partly depends on the value of the company.

There are no service contracts between the Company and the non-executive directors, all of whom are self-employed. In accordance with the Company's articles of association, they may be dismissed ad nutum, without cause or compensation.

1.3. CEO Remuneration Policy

1.3.1. Remuneration Structure

The CEO's remuneration includes only the following:

- (i) a fixed annual remuneration based on the market median for a similar position;
- (ii) a variable remuneration determined on the basis of performance criteria to be achieved in a given financial year ('**STI**'), and
- (iii) a variable compensation granted either on the basis of performance criteria assessed over several financial years ('**LTI compensation**') or in the form of stock options in accordance with the law of 26 March 1999 (SOP plan).

In accordance with the current remuneration policy, the CEO will not receive LTI compensation if the CEO has become or has the possibility to become a shareholder of the company through the exercise of options granted under a previous remuneration policy.

1.3.2. Contractual terms of the CEO

The relationship between the company and its CEO is one of providing specialist services. The agreement between the company and the company providing the CEO services contains the usual fee provisions (fixed and variable STI and variable LTI compensation or SOP Plan) in line with the provisions of the remuneration policy as well as the usual non-competition and confidentiality provisions. Where appropriate, the agreements will be adapted to reflect changes in the remuneration policy. This service agreement does not provide for any benefit of any kind to any individual.

The agreements between the company and the CEO also include provisions on the criteria for awarding variable remuneration and providing for a right of recovery in favour of the company of all or part of the variable remuneration awarded on the basis of incorrect financial data, irrespective of whether the remuneration has already been paid.

The agreements are valid for an indefinite period.

Both the CEO and the Company may unilaterally terminate their contract with six months' notice.

1.4. Remuneration policy for members of the Executive Committee

1.4.1. Remuneration Structure

The Executive Committee's remuneration includes only the following:

- (i) a fixed annual remuneration based on the market median for a similar position;
- (ii) a variable remuneration, short-term incentives ('**STI**') are determined on the basis of certain performance criteria to be achieved in a given financial year; and
- (iii) a variable remuneration, long-term incentives ('**LTI**') granted on the basis of performance criteria assessed over several financial years.

In accordance with the current remuneration policy, a member of the Executive Committee will not receive LTI compensation if this member has become or has the possibility to become a shareholder of the company through the exercise of options granted under a previous remuneration policy.



1.4.2. Contractual conditions of the members of the Executive Committee

The arrangements between the company and members of the Executive Committee may take the form of either an employment contract or a service contract with an independent service provider or a specialist company.

These agreements contain the usual provisions on remuneration (fixed and variable remuneration), non-competition and confidentiality, as well as provisions on the criteria for awarding variable remuneration, and providing for a right of recovery in favour of the company of variable remuneration awarded on the basis of incorrect financial data, irrespective of whether or not the remuneration has already been paid.

The agreements are valid for an indefinite period.

All Executive Committee members perform their duties under a direct service contract or through a company. In such a case, the Executive Committee member has no other benefits. Both the member of the Executive Committee and the Company may unilaterally terminate the contract with six months' notice. For certain members of the Executive Committee, this period may be extended to a maximum of 12 months, depending on the length of the contract concerned at the time the unilateral agreement is terminated by the company.

1.5. Mandates in subsidiaries

Non-executive directors, the CEO or any member of the Executive Committee may serve as an executive or non-executive director of the company's subsidiaries.

It should be noted, however, that this remuneration is also passed on to AvH when it is promoted by a director, who is also a member of AvH, by virtue of an agreement between this director and AvH.

As the company's subsidiaries are not listed, the remuneration of their members who are not directors, CEOs or members of the executive committee of the company does not fall within the scope of the rules of the Companies CAC remuneration policy and remuneration report.

Nevertheless, the company sees to it that a sound and adequate remuneration policy is applied within its various entities. To emphasise the creation of short and long-term value, the company ensures that within its subsidiaries, remuneration based on individual performance and the performance of the company is in place. In addition, it should be noted that the contracts of executive managers in subsidiaries (excluding the position of Managing Director of the company) provide for the recovery of variable remuneration that may have been granted on the basis of incorrect financial information.

Unless otherwise agreed between the parties, termination of the relationship between the company and the director will result in termination of the mandates held in the company's subsidiaries.

1.6. Changes since the last remuneration policy

There has been no significant change in the remuneration policy since its adoption by the General Meeting of 29 June 2022.

1.7. Option to deviate from the remuneration policy

In the event that exceptional circumstances make it necessary to deviate from the remuneration policy in order to serve the long-term interests and viability of the company as a whole or to ensure its viability, the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, is empowered to temporarily modify the remuneration of the members of the non-executive directors, the CEO or members of the Executive Committee. This change may relate to any element of remuneration, while respecting the respective competences of the Board of Directors and the General Meeting.



2. Remuneration report

The remuneration of the non-executive directors, the CEO and the members of the executive committee for 2023 is detailed in this report.

2.1. Remuneration of non-executive directors

A total amount of € 345,000 was paid to non-executive directors in 2023, distributed as shown in the table below. No other remuneration or benefits, loans or guarantees have been granted to them by the company. No non-executive director received variable remuneration in accordance with the remuneration policies in force both before and after 29 June 2022.

2023 (in thousands €)	Fixed remuneration	Attendance fees	Audit Committee	Audit Committee	Total remuneration
Luc Bertrand	100	0	0	4.5	104.5
Koen Janssen	20	15	0	0	35
Fernando Sistac	13.2	10			23.2
Christian Labeyrie	6.8	5			11.8
Hélène Bostoën	20	15	6		41
Lieve Creten BV, represented by Lieve Creten	20	12.5	10	4.5	47
B Global Management SRL, represented by Stéphane Burton	20	15	0	4.5	39.5
An Herremans	20	15	0	0	35
Piet Dejonghe	20	15	8	0	43
Total	240	102.5	24	13.5	380

2.2. Compensation of the CEO and Executive Committee members in 2023

2.2.1. Total remuneration of the CEO and the Executive Committee

The total remuneration broken down by component, paid by the company or by CFE, is as follows for the persons concerned:

(in thousands €)	Fixed remuneration		Variable compensation			Total	Proportion of fixed and variable compensation
	Basic remuneration	Total	Short Term	Long Term	Total		
Trorema SRL, rep. Raymund Trost (Ex. 2023)	560	560	240	0	240	800	70-30
Executive Committee	2,230	2,230	847.5	597	1,444.5	3,674.5	61-39

2.2.2. Explanation of performance during the year 2023

The performance criteria set out in the current remuneration policy have been applied. Financial criteria account for 50% of variable compensation, 25% is linked to non-financial criteria and 25% to the individual performance and attitude of the Executive Committee member.

2.2.3. Share-based remuneration of the CEO and the Executive Committee

	Main provisions of the Stock Option Plan						Information relating to the financial year covered by the Report			
	Identification of the plan	Proposal date	Acquisition date	End of the retention period	Exercise period	Exercise price	Opening balance	In the course of the financial year covered by the Report		Closing balance
							Number of options at the beginning of the year	A) Number of options offered B) Value of underlying shares on the proposal date	A) Number of options granted B) Value of underlying shares @ vesting date C) Value @ exercise price D) Gain on vesting date	Number of options proposed but not yet granted
Valérie Van Brabant	CFE 2022 Option Plan	17/10/22	01/12/22	31/12/25	01/01/26 16/10/29	10,31 €	0	A) 60.000 options B) 10,31 €	A) 60.000 options B) 9,4 €	0
Bruno Lambrecht	CFE 2022 Option Plan	17/10/22	15/12/22	31/12/25	01/01/26 16/10/29	10,31 €	0	A) 140.000 options B) 10,31 €	A) 140.000 options B) 9,01 €	0

2.3. Annual changes in remuneration and Company performance

The table below gives an overview of the annual change in the remuneration of each non-executive director and employees (average on a full-time equivalent basis). It also provides an overview of annual changes in the company's performance.

	2019	2020	2021	2022	2023
Changes in the remuneration of the CEO and the Executive Committee (% compared to previous year)					
Luc Bertrand	0%	0%	0%	+1.46%	0%
Koen Janssen	+0%	+6.25%	0%	+17.19%	-7%
Hélène Bostoën	/	/	/	**+75.3%	-7%
Lieve Creten BV, represented by Lieve Creten	/	/	/	**N/A	*63%
Fernando Sistac	/	/	/	/	**N/A
B Global Management SRL, represented by Stéphane Burton	/	/	/	**N/A	*84%
An Herremans	/	/	/	**N/A	*100%
Piet Dejonghe	-6.25%	+6.25%	0%	**N/A	**N/A
Trorema SRL, represented by Raymund Trost, CEO	/	/	/	**N/A	***-0.8%
Executive Committee	/	/	/	**N/A	***-0.9%

Change in average compensation for employees on a full-time equivalent basis

	2019	2020	2021	2022	2023
CFE SA employee (average)	85,012.02 €	86,061.31 €	80,180.10 €	80,118.92 €	89,087.33 €
Employee of the Belgian subsidiaries of the CFE group (average)					****58,763.00 €
Ratio between the highest remuneration (in this case, that of the CEO of CFE SA) and the lowest among employees of the Belgian subsidiaries of CFE SA					*****18,57

**Company performance**

(in thousands €)	2019	2020	2021	2022	2023
Criterion 1: Net consolidated income of the CFE Group for Continuing operations pre-tax	21,343	29,438	51,937	47,360	31,031
Criterion 2: Return on equity of CFE SA for Continuing operations	13.6%	20.9%	41.5%	22.0%	10.15%
Criterion 3: Return on Capital Employed for BPI (Real Estate Development segment)	9.9%	16.1%	15.7%	9.2%	6.72%
Criterion 4: pre-tax income for the Multitechnics segment			18,337	10,520	-5,502
Criterion 5 Profit before tax for the Construction & Renovation Segment			6,850	12,762	2,607

* The extent of the change is explained by the termination or entry of function(s) during the financial year or the previous one.

** Change not applicable due to the absence of data for the year in question because the persons concerned took up their functions during the financial year or changed their status.

*** Ratio pro rata previous year.

**** The average compensation of employees in 2023 has been calculated on the basis of the gross annual fixed compensation of white-collar and blue-collar workers for the Group's Belgian subsidiaries.

***** The ratio between the lowest and highest remuneration has been calculated on the basis of the lowest annual fixed remuneration for the Belgian subsidiaries and the fixed fee for the highest remuneration (in this case that of CFE's CEO).

The variable remuneration of CFE's CEO is mentioned in section 2.2.1. above.

V. STATEMENT OF NON-FINANCIAL INFORMATION

Pursuant to Article 3:32, §2 of the Code of Companies and Associations, the annual report must include a Statement of Non-financial Information. This statement is contained in the next section of this annual report, of which it forms an integral part.

On behalf of the Board of Directors, 26 March 2024.

Luc BERTRAND

Chairman of the Board of Directors