2019
NON-FINANCIAL STATEMENT

BUREAU VERITAS

Shaping a World of Trust

NON-FINANCIAL STATEMENT

This is a free translation into English of the *Déclaration de Performance Extra-Financière 2019* report issued in French and is provided solely for the convenience of English speaking readers.

BUREAU VERITAS

Shaping a World of Trust

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FOCUSED ON OUR CLIENTS, DRIVEN BY SOCIETY

OUR ID

Our mission is to reduce risk, improve our clients' performance and help them innovate to meet society's challenges with confidence.

Bureau Veritas is a world leader in Testing, Inspection and Certification. Our mission is at the heart of key challenges: quality, health and safety, environmental protection and social responsibility. Through our wide range of expertise, impartiality and independence, we foster confidence between companies, public authorities and clients.

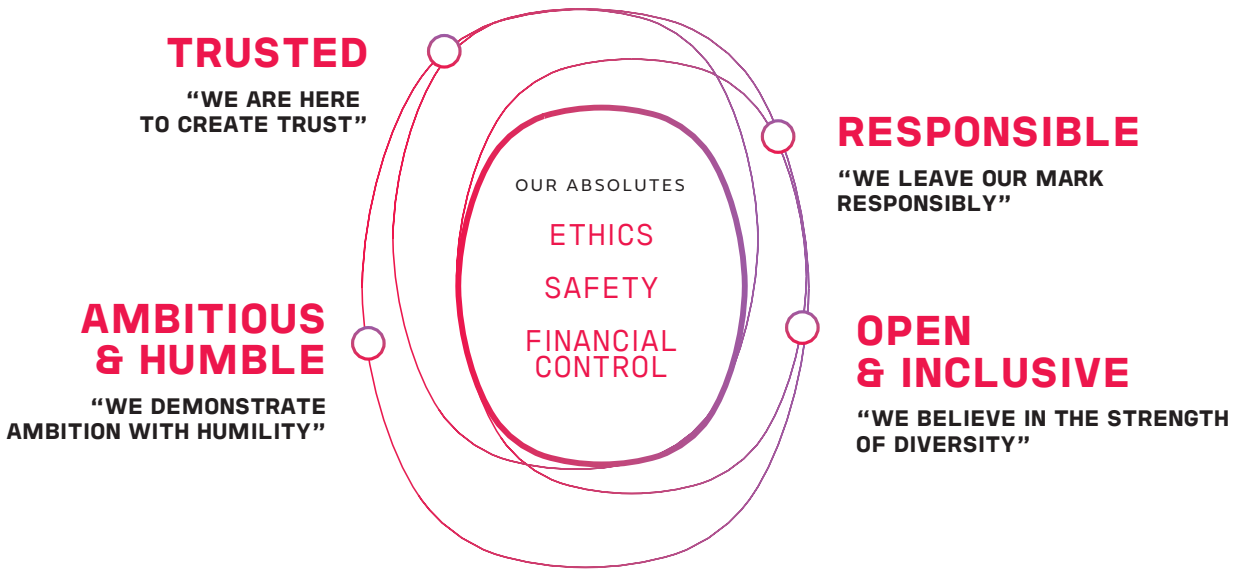
OUR MANIFESTO

Bureau Veritas is a "Business to Business to Society" service company, contributing to transforming the world we live in.

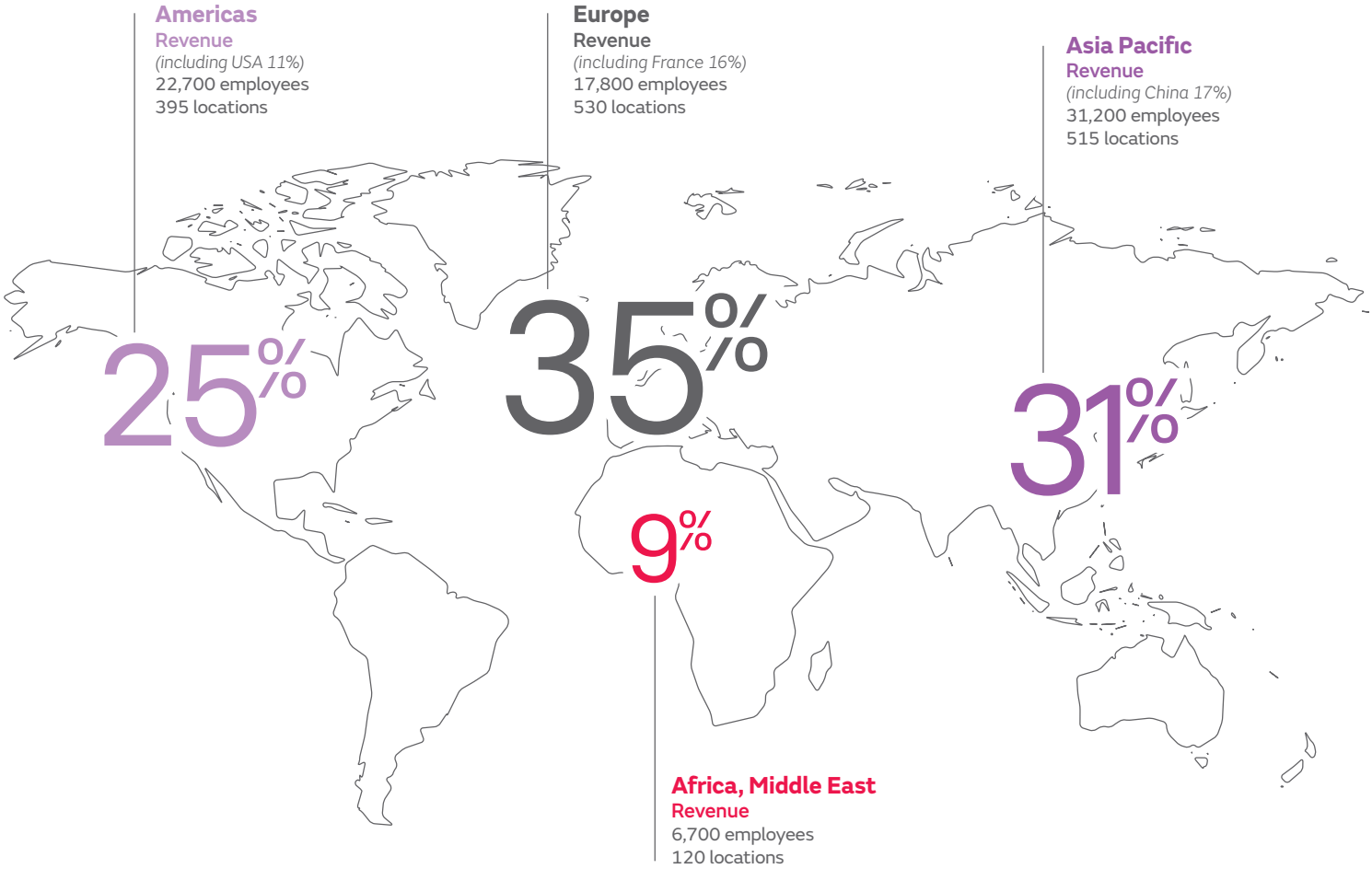
Today, we are capitalizing on our extensive expertise in quality, health and safety, environmental protection and social responsibility to better serve society's aspirations. Driven by society, we acknowledge the challenges of growing urbanization, anticipating the need for safer, smarter cities. We anticipate the expectations of an expanding global population, including the need for secure and reliable agricultural production. We understand the impact of climate change, working to ensure people worldwide have access to cleaner energy, while supporting our clients in the efficient management or conversion of their existing assets. We embrace digitalization, while mitigating the risks it brings and support the development of revolutionary materials and technologies.

Driven by society, we are working ever more closely with our clients, addressing today's crucial challenges and answering society's aspirations.

OUR VALUES, OUR ABSOLUTES



A GLOBAL PRESENCE



1828
Bureau Veritas founded

€5.1 bn
in revenue

400,000
clients

78,000+
employees

1,500+
offices & laboratories
in 140 countries

3,500
agreements & accreditations

OUR 6 BUSINESSES

MARINE & OFFSHORE

- Vessels in service and under construction, offshore platforms and facilities, maritime equipment.
- Our role: Ensure safety at sea through ship and offshore platform classification services. Provide technical expertise to assess and manage risks and improve performance.
- Our market position[1]: No. 1 in terms of the number of ships.

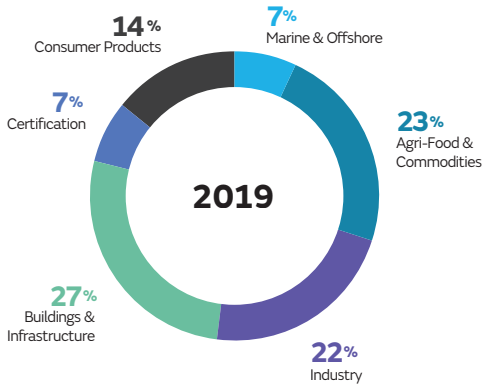
AGRI-FOOD & COMMODITIES

- Oil and petrochemicals, metals and minerals, coal, agricultural and food products, imported goods.
- Our role: Improve transparency, inspect the composition, quality and quantity of commodities throughout the value chain, from extraction to sale, and farm to fork. Facilitate international trade and protect citizens from poor quality products by verifying import conformity.
- Our market position[1]: No. 3.

INDUSTRY

- Oil and gas, electricity, transportation (including automotive), manufacturing and processing industries.
- Our role: Ensure the safety, security, reliability and integrity of industrial assets throughout their life cycle, and assess their compliance with national, international and voluntary QHSE[2] standards. Control quality and provide supply chain optimization assistance in the automotive industry.
- Our market position[1]: market leader.

Revenue by business



(1) Global market position.

(2) Quality, health and safety, environmental protection and social responsability.

Our businesses are organized by end market and ensure that our teams' expertise matches the needs of our clients in all sectors through a cross-business approach. Our client focus is global to reinforce our standing with large companies, but our service delivery is local.

BUILDINGS & INFRASTRUCTURE

- Residential and office buildings, industrial facilities, public infrastructure and equipment, in-service equipment in buildings and environmental analyses.
- Our role: Provide assurance that property assets and infrastructure in service or under construction are safe, energy efficient and comply with applicable regulations. Ensure business continuity and environmental protection by assessing the safety and efficiency of in-service installations and by analyzing air and water quality.
- Our market position[1]: market leader.

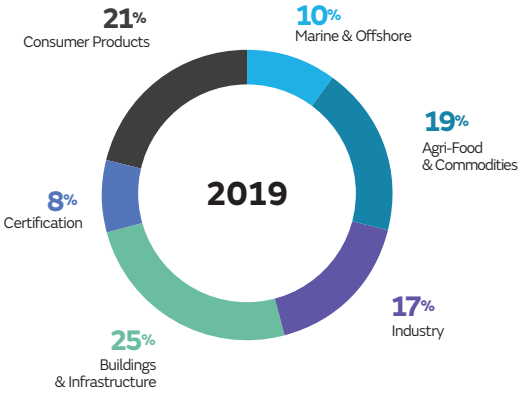
CERTIFICATION

- International QHSE standards (mainly ISO), industry management systems (food, aerospace, automotive, etc.) and sustainable development (CSR, climate change).
- Our role: Certify that quality, health, safety and environmental management systems comply with applicable international, national or industry standards, or standards specific to large companies, in order to improve risk management and performance.
- Our market position[1]: No. 2.

CONSUMER PRODUCTS

- Textiles, toys, electronic devices, smart objects, jewelry, cosmetics, sports equipment and automotive spare parts.
- Our role: Test and verify consumer product conformity, quality, safety and performance, and improve supply chain efficiency.
- Our market position[1]: No. 3.

Adjusted operating profit by business[2]



(1) Global market position.

(2) Alternative performance indicator defined and reconciled with IFRS in section 5.6 of the 2019 Universal Registration Document.

SHAPING A WORLD OF **TRUST**

1. Metals and minerals tested
2. Transport safety certified
3. Industrial processes verified
4. Water and air emissions measured
5. Industrial and environmental risk monitored
6. Timber legality and forest management certified
7. Imports and exports inspected
8. Ships classed and certified
9. Solidity verified
10. Building code compliance verified under BIM
11. Fire safety inspected
12. Quality, safety and environmental management systems verified
13. Energy performance certified
14. Food safety tested
15. Elevator and escalator safety inspected
16. Fuel quality tested

17. Toy reliability tested
18. Textiles and garments tested
19. Disabled access verified
20. Connected car safety certified
21. Electronics supply chain and components verified
22. Smartphone conformity and interoperability tested
23. Automotive supply chain and components verified
24. Smartship cybersecurity verified
25. Oil tested
26. Risk and conformity assessed
27. Safety and performance verified
28. Railway maintenance and safety of equipment certified
29. Infrastructure monitored
30. Agricultural products tested
31. Animal welfare certified
32. Food traceability monitored

OUR **STRATEGY**

OUR 5 STRATEGIC PILLARS

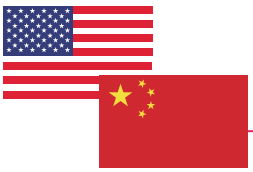
Expand market coverage through key Growth Initiatives. These are designed to help us further penetrate our traditional markets through a broader range of services and increase our exposure to sectors related to consumer spending.

Become the partner of choice of large international corporations for facilitating and securing their transactions and operations, drawing on more integrated global solutions.

Further deploy an efficient operating model to improve our own productivity and agility through internal initiatives and accelerated digitalization of our processes and services.

Balance our global footprint across three geographic areas: Europe/Middle East/Africa (EMEA), Americas and Asia Pacific. The Group will continue to expand and consolidate its geographic footprint in emerging markets, especially Asia and Africa.

Continue to play a leading role in TIC[1] market consolidation. In line with its successful model based on a combination of organic and external growth, Bureau Veritas will continue to acquire companies in key markets and geographies.



2 PRIORITY COUNTRIES

Two specific countries will support the Group's growth: China and the United States. These are the world's largest markets for TIC services, alongside Europe where Bureau Veritas already enjoys a strong presence.

OUR MAIN NON-FINANCIAL TARGETS THROUGH 2020

Health and Safety:

- **Reduce accident rates by 50% (TAR, LTR)[2]**

Inclusion:

- **Achieve 25% female representation on the Group's executive management team**

Environment[3]:

- **Reduce CO_2 emissions by 10% per full-time equivalent employee**
- **Increase the use of renewable energies by 10%**
- **Achieve 75% of Group activities ISO 14001 certified**

(1) TIC: Testing, Inspection and Certification.
(2) TAR : Total Accident Rate; LTR: Lost Time Rate. Compared to 2014 consolidated results.
(3) Compared to 2015 consolidated results..

We built our strategy around five pillars to capitalize on our strengths and further transform the Group in order to seize opportunities on fast-growing markets. It is designed to enhance Bureau Veritas' growth profile, resilience and profitability.

OUR 4 KEY DRIVERS

Several transformation drivers will support the roll-out of our Growth Initiatives, as well as our social responsibility strategy: **human resources**, a **global approach to key account management**, our **Excellence@BV** program and **digitalization**.

OUR 5 KEY GROWTH INITIATIVES

Our growth enhancement strategy is built on initiatives in sectors where Bureau Veritas can leverage its expertise and global footprint. These initiatives address the major trends impacting the economy and society today, offering the Group an additional source of growth and helping it achieve its diversification strategy.

1. **Buildings & Infrastructure**
Leverage leading global position in sizeable and growing markets.
2020 ambition: €350 million to €400 million(1)

2. **Opex services (Oil & Gas, Power & Utilities, Chemicals)**
Build recurring business models in fragmented markets, offering strong outsourcing opportunities.
2020 ambition: €300 million to €350 million(1)

3. **Agri-Food**
Expand in a large market driven by supply chain globalization, be recognized as a reference player.
2020 ambition: €250 million to €300 million(1)

4. **Automotive**
Capitalize on key expertise in supply chain services, electronics and connectivity to become a recognized player.
2020 ambition: €130 million to €150 million(1)

5. **SmartWorld**
Leverage our leading position and expertise, and address new needs arising from connectivity.
2020 ambition: €110 million to €150 million(1)

2016-2020 AMBITION

Achieving the final year of the 2016-2020 ambition(2) is no longer relevant in the context of the Covid-19 crisis.

The Group's strong fundamentals remain unchanged and clearly demonstrate the soundness of the ongoing strategy. Bureau Veritas will announce its next strategic plan in September 2020, anchored in the current trajectory which is proving to be very successful.

(1) Incremental revenue in 2020 versus 2015.
(2) As a reminder, 2016-2020 financial ambition was as follows: Add €1.5 billion of incremental revenue by 2020 compared to 2015, based on the 2015 plan's initial exchange rates as presented at the October 2015 Investor Days, half organic and half through external growth; Reach 5% to 7% of organic growth by 2020; Achieve above 17% adjusted operating margin in 2020 at the 2015 plan's initial exchange rates as presented at the October 2015 Investor Days; Generate continuous high free cash flow.

OUR VALUE

MEGATRENDS

Our approach to social and environmental challenges

GROWTH IN THE GLOBAL ECONOMY AND INTERNATIONAL TRADE, DEMOGRAPHIC GROWTH AND EMERGENCE OF MIDDLE CLASSES:

- Growing demand for safety, security, quality, and standards
- Increasing investment in infrastructure

USE OF MORE COMPLEX TECHNOLOGIES (IOT, AI, ETC.) AND SHORTER PRODUCT LIFE CYCLES:

- Increase in and subcontracting of testing
- Greater oversight of the supply chain and the number of subcontractors to be managed

PROTECTION OF GLOBAL BRANDS INCREASINGLY DIFFICULT:

- Importance of being recognized as a responsible corporate citizen going beyond regulatory requirements
- Proactive worldwide management of CSR and QHSE issues

SPECIALIST PLAYERS MANDATED BY PUBLIC AUTHORITIES TO CONDUCT INSPECTIONS:

- Greater responsiveness to adapt to market imperatives
- Significant reduction in public spending

OUR RESOURCES

ECONOMIC CAPITAL

- A long-standing majority shareholder and a widely-held free float
- A robust, balanced financial model underpinned by a long-term vision
- **€1,322 million** in equity

HUMAN CAPITAL

- **Over 78,000** employees
- Qualified, highly-trained personnel in a supportive environment
- An inclusive culture: **20%** of executive-level managers are women; more than 66% of employees are Generation Y
- An entrepreneurial culture
- A global network of subcontractors

INDUSTRIAL CAPITAL

- A network spanning almost **140 countries**
- **More than 1,500** offices and laboratories

INTELLECTUAL CAPITAL

- A strong brand with a **190-year** track record
- **3,500** accreditations, approvals and authorizations
- Numerous alliances and partnerships with leading players
- Group-wide digital transformation

SOCIETAL AND ENVIRONMENTAL CAPITAL

- Structured growth based on sustainable practices
- An idea of shared value creation at the heart of the growth strategy
- "Lean" management to develop a culture of ongoing performance improvement and a reduced carbon footprint
- Specific services to help businesses improve their CSR commitments

OUR PURPOSE

- Since it was founded in 1828, the Bureau Veritas brand has been synonymous with integrity, and represents an invaluable asset in a trust-based industry.

Our VISION

- A "Business to Business to Society" service company which aims to build a relationship of trust between businesses, public authorities and clients.

OUR SERVICES

Verification of conformity with regulations or self-imposed standards
(assets, products, systems)

Certification

Reference frameworks: international standards (e.g., ISO), regulations, self-imposed standards prepared with clients.

Technical assistance and regulatory support services
(assets, products, systems)

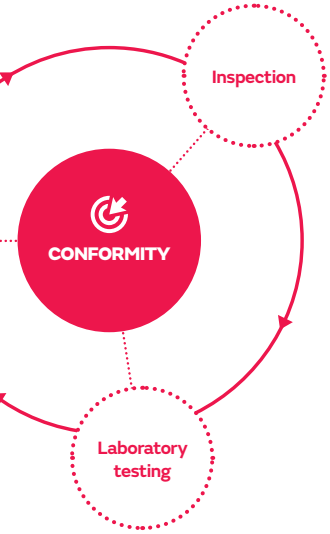
Performance improvement

(1) Cumulative annualized revenue.
(2) Proposed dividend, subject to Shareholders' Meeting approval.

CREATION MODEL

Our MISSION

- To reduce our clients' risks, improve their performance and help them innovate to meet the challenges of quality, health, safety, environmental protection and social responsibility.



OUR ACHIEVEMENTS AND RESULTS

ECONOMIC CAPITAL

- **4.3%** organic growth
- **€46 million** in acquisitions[1]
- **€0.56** dividend per share[2]

HUMAN CAPITAL

- Bureau Veritas ranked as a diversity leader by the *Financial Times*
- **19 training hours** given per employee
- **14,954** hires under permanent (or similar) contracts
- Total accident rate down **51%** since 2014
- **100%** of employees trained in ethical issues under the Compliance Program

INDUSTRIAL CAPITAL

- New sites opened, especially laboratories in the Asia Pacific region and the Americas

INTELLECTUAL CAPITAL

- Significant capacity for innovation with the launch of new services and global solutions
- Global deployment of digital solutions (3D, IoT, robotics, IA, e-commerce)
- Worldwide partnerships with leading technology players

SOCIETAL AND ENVIRONMENTAL CAPITAL

- Contributing to a safer, more trusting world
- **76%** of activities ISO 14001 certified
- Signatory of Act4Nature commitments to protecting biodoversity
- Ecovadis "Gold" rating for environmental practices
- **DJSI score of 75/100**, compared with the industry average of 38/100
- **"B" rating** from the CDP, above the industry average (B-)
- **€434 million** in payroll charges
- Consolidated adjusted effective tax rate of **33.1%**

VALUE CREATED FOR OUR CLIENTS

- **Improving risk management**
  - Managing QHSE risks
  - Managing reputation risks
- **Facilitating trade**
  - Compliance with national and international standards and regulations
  - Verification of quantity and quality of goods traded
- **Enhancing performance**
  - Operating, business, social and environmental performance
  - Improving product and service quality
  - Verifying implementation of commitments (sustainability, emissions reduction, etc.)

SHARING THE VALUE CREATED WITH OUR STAKEHOLDERS

€5.1 bn in 2019 revenue

€1.4 bn due to suppliers (purchases of goods and services) and subcontractors (engagements)

€2.1 bn in wages, salaries and bonuses due to employees

€257 m in taxes

€262 m due to shareholders (dividends)

Acquisition-related expenses

€99 m in acquisitions to drive our organic growth going forward

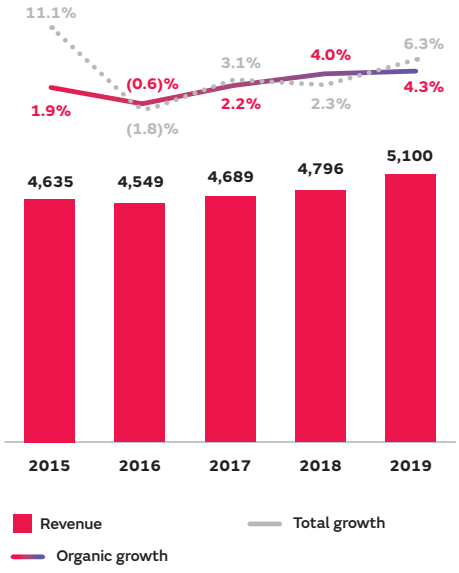
OUR **FINANCIAL** AND **NON-FI**

OUR FINANCIAL KEY FIGURES

(as of December 31)

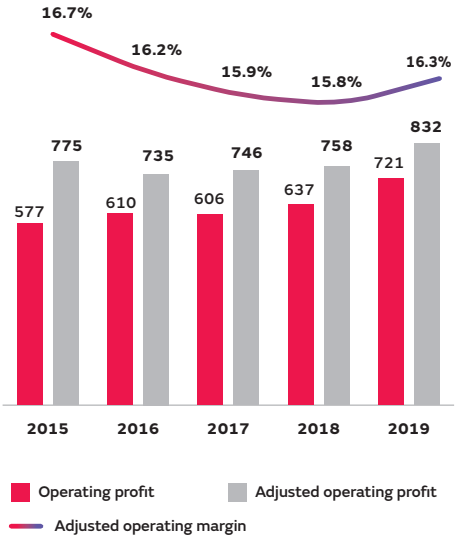
CHANGE IN CONSOLIDATED REVENUE, TOTAL GROWTH AND ORGANIC GROWTH

In millions of euros and as a percentage



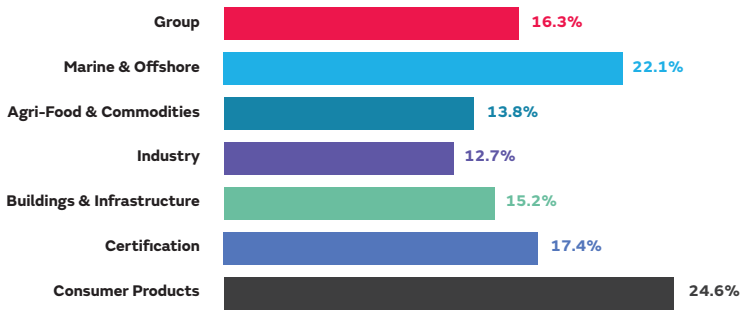
CHANGE IN OPERATING PROFIT, ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

In millions of euros and as a percentage



ADJUSTED OPERATING MARGIN BY BUSINESS IN 2019

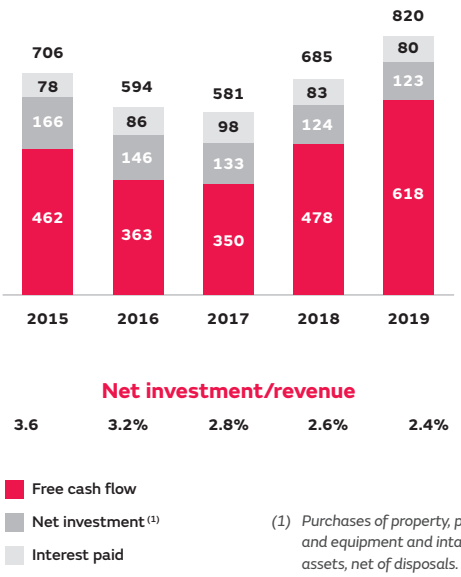
As a percentage



NANCIAL PERFORMANCE

CHANGE IN NET CASH GENERATED FROM OPERATING ACTIVITIES

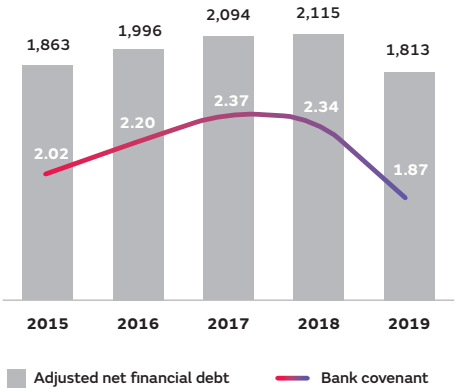
In millions of euros



(1) Purchases of property, plant and equipment and intangible assets, net of disposals.

CHANGE IN ADJUSTED NET FINANCIAL DEBT[1] AND BANK COVENANTS[2]

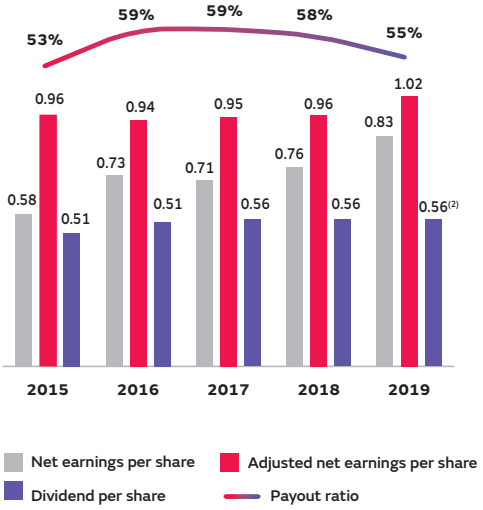
In millions of euros and multiples



(1) Net financial debt after currency hedging instruments as defined in the bank ratio calculation.
(2) Ratio of adjusted net financial debt divided by consolidated EBITDA (earnings before interest, tax, depreciation, amortization and provisions), adjusted for any entities acquired over the last 12 months. It should be less than 3.25.

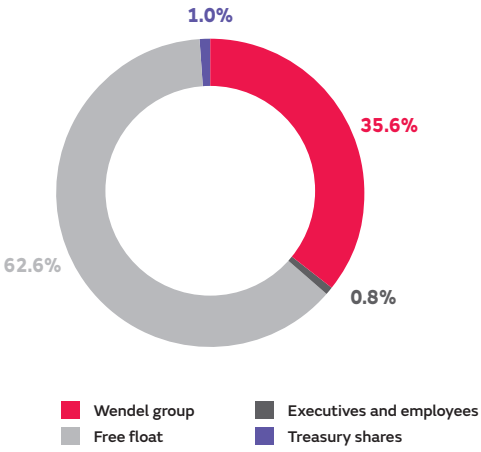
CHANGE IN EARNINGS PER SHARE[1], DIVIDEND PER SHARE AND PAYOUT RATIO

In euros and as a percentage



(1) Calculated based on the weighted average number of shares over the year.
(2) To be proposed to the Shareholders' Meeting called to approve the 2019 financial statements.

SIMPLIFIED OWNERSHIP STRUCTURE

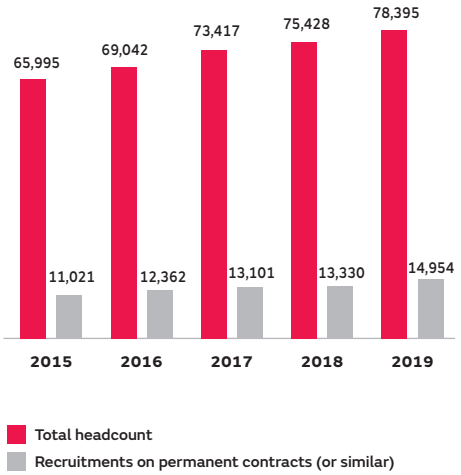


Alternative performance indicators are defined and reconciled with IFRS in section 5.6 of the 2019 Universal Registration Document.

OUR NON-FINANCIAL KEY FIGURES

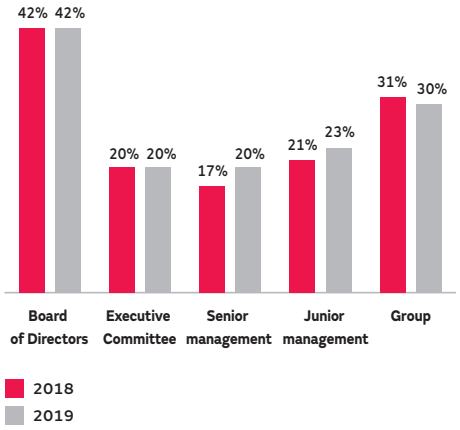
(as of December 31)

CHANGE IN HEADCOUNT



CHANGE IN THE PROPORTION OF WOMEN WITHIN THE GROUP

As a percentage



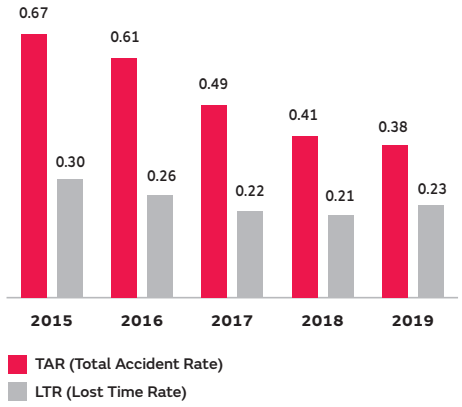
19
training hours per employee in 2019

100%
of employees trained in ethical issues under the Compliance Program

2nd
Bureau Veritas' ranking in the Dow Jones Sustainability Indices (DJSI) for the Professional Services industry

B
rating from the Carbon Disclosure Project (CDP), above the industry average (B-)

CHANGE IN SAFETY INDICATORS

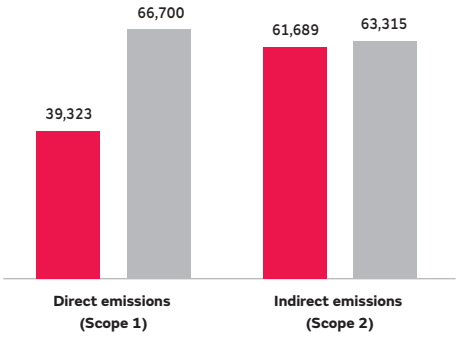


TAR: Number of accidents with and without lost time x 200,000/Number of hours worked

LTR: Number of accidents with lost time x 200,000/Number of hours worked

CHANGE IN EMISSIONS OF CO_2 EQUIVALENT

In tons



The increase in CO_2 emissions in 2019 can be attributed to the inclusion of two new laboratories within the 2019 scope. The two laboratories, which are both heavy consumers of gas, had not been consolidated in 2018 due to a lack of available data.

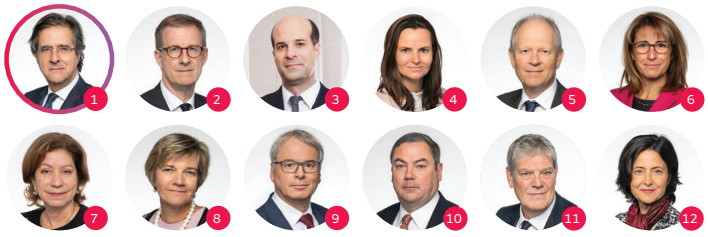
For more information, see Chapter 2 – Corporate social responsibility of this Non-Financial Statement.

OUR **GOVERNANCE**

OUR BOARD OF DIRECTORS(1)

12
Directors

95%
average attendance rate



67%
of Directors are independent

42%
of Directors are women

1. **Aldo CARDOSO**
INDEPENDENT
Chairman of the Board of Directors
Aged 63(4) – French national
Director of companies

2. **André FRANÇOIS-PONCET**
Vice-Chairman of the Board of Directors
Aged 60(4) – French national
Chairman of the Executive Board of Wendel

3. **Jérôme MICHIELS(2)**
Aged 45(4) – French national
Chief Financial Officer of Wendel

4. **Stéphanie BESNIER**
Aged 42(4) – French national
Managing Director of Wendel

5. **Claude EHLINGER**
Aged 57(4) – Luxembourg national
Senior Advisor of Wendel

6. **Ana GIROS CALPE**
INDEPENDENT
Aged 45(4) – Spanish national
Chief Executive Officer for Latin America and Executive Committee member at Suez

7. **Ieda Gomes YELL**
INDEPENDENT
Aged 63(4) – British and Brazilian national
Consultant, Researcher

8. **Siân HERBERT-JONES**
INDEPENDENT
Aged 59(4) – British national
Director of companies

9. **Frédéric SANCHEZ(3)**
INDEPENDENT
Aged 59(4) – French national
Chairman of Fives SAS

10. **Pascal LEBARD**
INDEPENDENT
Aged 57(4) – French national
Chairman and Chief Executive Officer of Sequana

11. **Philippe LAZARE**
INDEPENDENT
Aged 63(4) – French national
Director of companies

12. **Lucia SINAPI-THOMAS**
INDEPENDENT
Aged 55(4) – French national
Executive Director, Business Platforms of Capgemini

BOARD COMMITTEES(1)

	Audit & Risk Committee	Nomination & Compensation Committee	Strategy Committee
Average attendance rate	**100%**	**97%**	**97%**
Members			
Aldo CARDOSO	●	○	○
André FRANÇOIS-PONCET			●
Jérôme MICHIELS(2)	○		
Stéphanie BESNIER			○
Claude EHLINGER		○	
Ana GIROS CALPE		○	
Ieda GOMES YELL	○		
Siân HERBERT-JONES	○		
Frédéric SANCHEZ(3)			
Pascal LEBARD		●	○
Philippe LAZARE	○		
Lucia SINAPI-THOMAS		○	
Number of members	**5**	**5**	**4**

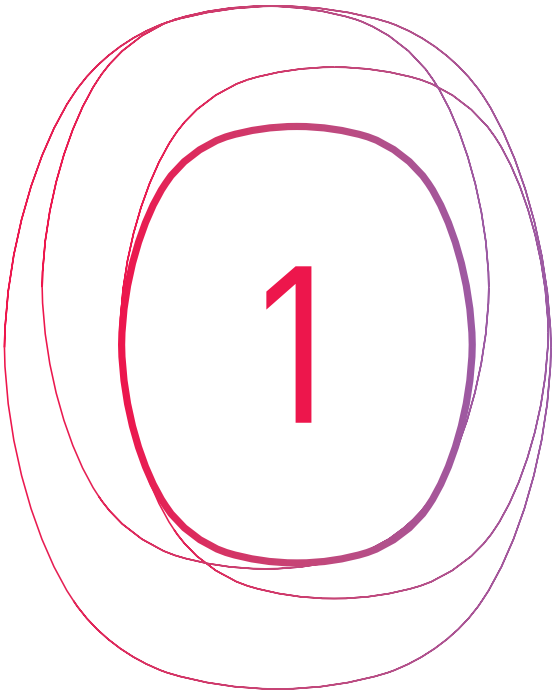
● *Chairman* ○ *Member*

OUR EXECUTIVE COMMITTEE

Didier MICHAUD-DANIEL
Chief Executive Officer

Didier Michaud-Daniel is assisted by an international team of men and women with broad-based skills and diverse backgrounds. They all share the desire to drive forward the Group's transformation, particularly in the digital domain, and have a strong client focus.

(1) At the filing date of the 2019 Universal Registration Document.
(2) Director co-opted by the Board of Directors on December 19, 2019 and whose appointment the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2019 will be asked to ratify.
(3) Director appointed at the Shareholders' Meeting of May 14, 2019.
(4) As of December 31, 2019.



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1.1 General overview of the Group

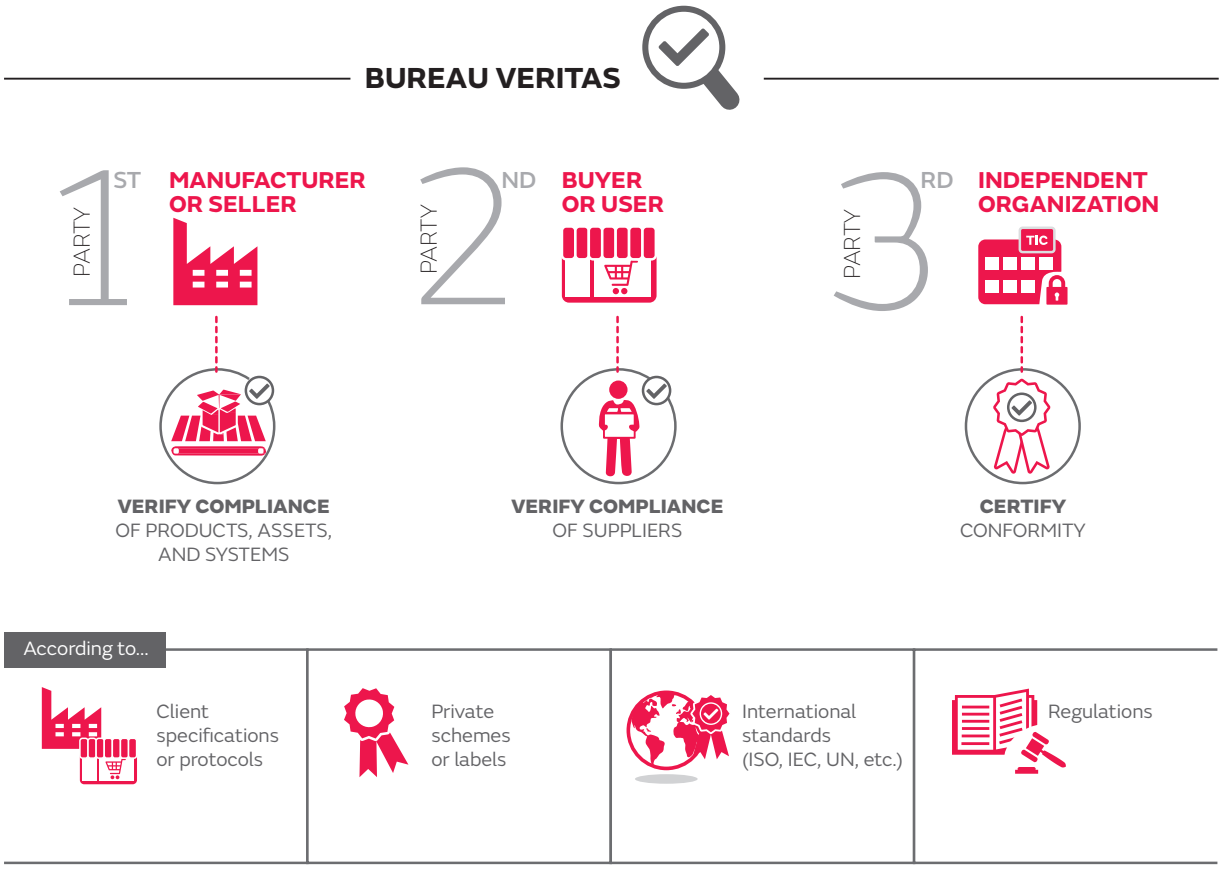
Mission

Bureau Veritas is a global leader in Testing, Inspection and Certification ("**TIC**") services.

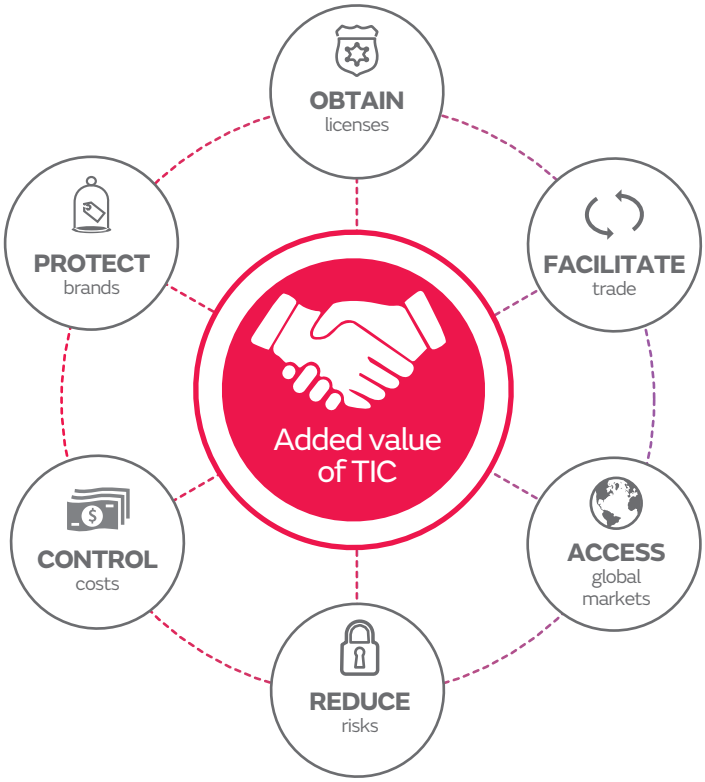
The Group's mission is to reduce its clients' risks, improve their performance and help them innovate to meet the challenges of quality, health, safety, environmental protection and social responsibility. Leveraging its renowned expertise, as well as its impartiality, integrity and independence, Bureau Veritas has helped build trust between companies, public authorities and consumers for more than 190 years.

The services provided by Bureau Veritas are designed to ensure that products, assets and management systems conform to different standards and regulations in terms of quality, health, safety, environmental protection and social responsibility ("**QHSE**").

Depending on its clients' needs and on applicable regulations, standards or contractual requirements, Bureau Veritas acts (i) as a "third party", i.e., an independent body issuing reports and conformity certificates for products, assets, systems, services or organizations, (ii) as a "second party" on behalf of and upon the instructions of its clients to ensure better control of the supply chain, or (iii) as a "first party" on behalf of clients seeking to ensure that the products, assets, systems or services they are producing or selling meet the requisite standards.



The services delivered by Bureau Veritas cover six areas of value creation for its clients:



Obtaining a license to operate

Companies must be able to show that they are compliant with a large number of standards and regulations. Bureau Veritas offers them its in-depth knowledge of the standards applicable to their businesses, and as an independent third party, is able to verify their compliance. This allows them to conduct and develop their businesses in compliance with local and international regulatory requirements and to obtain and renew the licenses to operate issued by public authorities.

Facilitating trade

International trade relies among other things on third-party players who certify that the goods exchanged comply with the quality and quantities stipulated in the contract between the parties. Bureau Veritas plays a role in the trade process by testing materials, verifying that goods comply with contractual specifications and validating quantities. Exchanges of commodities, for example, are based on certificates issued by companies such as Bureau Veritas.

Accessing global markets

Capital goods or mass consumer products must comply with national and supranational standards before being sold on the market in a given country. These standards constitute technical trade barriers within the meaning of the WTO. Companies design and manufacture their products and equipment to meet the standards of several countries. In doing so, they call on Bureau Veritas to carry out tests, optimize their test plan and ultimately reduce the time-to-market.

Reducing risks

Managing risk in the areas of quality, health, safety, environment protection and social responsibility improves the efficiency and performance of organizations. Bureau Veritas helps its clients to identify and manage these risks, from project design to completion and decommissioning.

Keeping costs in check

Thanks to second- and third-party testing, inspection and auditing methods, companies can determine the actual condition of their assets and confidently launch new projects and products knowing that costs, timing and quality are under control. During the operational phase, inspections help optimize maintenance and the useful life of industrial equipment.

Protecting brands

The social network boom of recent years has prompted a fundamental change in how global brands are managed. Brands may quickly find themselves under fire due to a malfunction of one of the links in their supply or distribution chain. Bureau Veritas allows companies to improve their risk management, using analyses conducted by a reputed independent player.

Services

Bureau Veritas offers three main types of services:

- laboratory and on-site **testing and analyses** are designed to determine the characteristics of a product or material. The aim is to ensure that the products or materials have the required properties in terms of safety and quality and that they comply with specifications and applicable standards and regulations;
- **inspection** involves on-site verification that a product, asset or system meets specified criteria. Inspections cover a wide range of services designed to reduce risk, control quality, verify quantity and meet regulatory requirements. They include visual inspections, as well as verification of documents, manufacturing supervision and electronic, electrical, mechanical and software testing;
- **certification** attests to compliance with specific requirements and is delivered by an accredited body. It provides a guarantee from an independent third party that a product, service or management system meets specific standards. Certification enables companies to strengthen their reputation, access new markets or simply carry out their activities. Bureau Veritas offers certification services for management systems, products and people.

The Group's services cover:

- **assets,** such as:
  - ships, trains and planes,
  - buildings, infrastructure and networks,
  - power plants, refineries, pipelines and other industrial installations;
- **products,** such as:
  - consumer products – mass consumer electronics, textiles, toys, automotive and food products, and connected devices,
  - industrial equipment – pressure equipment, machines, electrical equipment,
  - commodities – oil, petrochemical products, minerals, metals and other commodities;
- **systems,** such as:
  - conventional QHSE management systems (ISO 9001, ISO 14001, OHSAS 18001, ISO 45001, etc.),
  - sector-specific QHSE management systems (automotive, aeronautics, food, etc.),
  - supply chain management including audits of suppliers.

Clients

Bureau Veritas has a broad-based portfolio of more than 400,000 clients. The Group operates in a wide range of industries, including transportation and shipbuilding, the entire oil and gas value chain from exploration to supply, construction and civil engineering, power and utilities, consumer products and retail, aeronautics and rail, metals and mining industries, Agri-Food, government services, automotive and chemicals.

At December 31, 2019, the ten biggest clients in terms of revenue generated during the year represented around 7% of the Group's consolidated revenue, while the biggest 25 clients accounted for around 12%. This illustrates the diverse nature of the Group's revenue streams.

Organization

An increasingly global approach harnessing local execution capabilities in almost 140 countries

Present in almost 140 countries with numerous operations in every global region, the Group has historically used a decentralized management structure. This organization favors local decision-making and accountability to better meet its clients' needs.

However, in order to better capitalize on trends in the Group's markets, this autonomy will increasingly be paired with the development of a transversal operational approach and global business management based primarily on the Group's Global Service Lines. Bureau Veritas has also implemented control procedures and reporting rules applicable across the Group. These rules and procedures are regularly updated to ensure that they are in line with changes in Bureau Veritas' businesses, organization, processes and tools.

In addition, since the Group's growth is driven by acquisitions that involve integrating companies and teams with a wide variety of practices and policies, Bureau Veritas has set up specific internal procedures to ensure the successful integration of acquired companies.

Changes in the organization of the Group's businesses

Bureau Veritas continuously adapts its organization in order to better address the specific characteristics of some of its end markets, meet the constantly evolving needs of its clients, improve management of its geographic network and support its 2020 strategic plan.

Since 2016, the Group has adopted a leaner organization based around the following four divisions: 1) Marine & Offshore, 2) Consumer Products, 3) Government Services & International Trade, and 4) Commodities, Industry & Facilities (CIF). The CIF division includes five businesses: Commodities, Industry, Construction, Inspection & In-Service Verification and Certification.

The Group continued to adapt its organization in 2017. The Government Services & International Trade division was absorbed into the CIF division: government services and international trade were integrated into the Agri-Food & Commodities business, and automotive activities into the Industry business. In addition, most of the Inspection & In-Service Verification business was allocated to Construction to form the new Buildings & Infrastructure business, which now covers the entire asset lifecycle. The remaining Inspection & In-Service Verification business was allocated to Industry, depending on the end markets.

In the CIF division, Global Service Lines are responsible for the overall management of each business. Global Service Lines support day-to-day management through the CIF division's five main regional hubs: Southern and Western Europe, France and Africa, North America, Latin America and MAP (the Middle East, and Asia Pacific, including Russia, Turkey and the Caspian Sea region).

The CIF division, which accounts for almost 80% of the Group's revenue, is gradually adopting matrix-based organization aimed at:

- serving its clients globally;
- adapting to market trends by pooling high-level technical and IT capabilities;
- spreading best practices throughout the network; and
- benefiting from economies of scale to develop new products or invest in new tools.

In light of this new, more market-focused organization adopted since 2016, Bureau Veritas has revised its segment reporting. As of January 1, 2017, the Group reports on six businesses (as compared to eight previously): 1) Marine & Offshore, 2) Agri-Food & Commodities, 3) Industry, 4) Buildings & Infrastructure, 5) Certification and 6) Consumer Products. This change helps enhance the understanding of its business portfolio.

A brief outline of the six businesses is provided below. A more detailed description is given in section 1.5 – Presentation of business activities of this Non-Financial Statement.

Marine & Offshore

As a classification society, Bureau Veritas assesses vessels and offshore facilities for conformity with standards that mainly concern structural soundness and the reliability of on-board machinery. Bureau Veritas also provides vessel certification on behalf of flag administrations.

Agri-Food & Commodities

Bureau Veritas provides its clients with a comprehensive range of inspection, laboratory testing and certification services for all types of commodities, including oil and petrochemicals, metals and minerals, food and agri-commodities. Bureau Veritas provides assistance to government authorities, implementing programs to maximize revenues and check that imported products meet specified standards.

Industry

Bureau Veritas checks the reliability and integrity of industrial assets and their conformity with regulations. Services include conformity assessment, production monitoring, asset integrity management and equipment certification. Bureau Veritas also checks the integrity of industrial equipment and products through services such as non-destructive testing and materials analysis. Lastly, the Group provides the automotive sector with a range of services including technical controls, vehicle insurance damage inspections and logistics management.

Buildings & Infrastructure

The Group covers every stage in the buildings and infrastructure lifecycle, including capital expenditure (Capex) and operating expenditure (Opex) services.

In-Service Inspection & Verification (Opex services)

Bureau Veritas conducts recurrent inspections to assess in-service equipment (electrical installations, fire safety systems, elevators, lifting equipment and machinery) for compliance with applicable health and safety regulations or client-specific requirements.

Construction (mainly Capex services)

Bureau Veritas helps its clients manage all QHSE aspects of their construction projects, from design to completion. Missions involve assessing construction projects for compliance with technical standards, technical assistance, monitoring safety management during construction and providing asset management services.

Certification

As a certification body, Bureau Veritas certifies that the QHSE management systems utilized by clients comply with international standards (usually ISO), or national, segment or large company-specific standards.

Consumer Products

Bureau Veritas works with retailers and manufacturers of consumer products to assess their products and manufacturing processes for compliance with regulatory, quality and performance requirements. Bureau Veritas tests products, inspects merchandise, assesses factories and conducts audits of the entire supply chain.

Central leadership

Certain Group Executive Committee members are responsible for the Group's support functions.

Central support functions are represented on the Executive Committee by:

- Eduardo Camargo, Executive Vice-President Group Transformation & Business Development. He is responsible for reinforcing the Group's sales and client culture and for supporting the Group's transformation, notably through digitalization and operational excellence. Eduardo Camargo is also in charge of acquisitions support. In addition, he serves as head of the Commodities, Industry & Facilities (CIF) division in Latin America, assisted on site by a manager for this region;
- François Chabas, Executive Vice-President and Chief Financial Officer, is in charge of finance, tax and investor relations;
- Helen Bradley, Executive Vice-President in charge of Human Resources as well as Quality, Health & Safety and Environment, Corporate Social Responsibility and External Affairs.

Lastly, Pascal Quint, Executive Vice-President, is responsible for Risk & Compliance and is the Group General Counsel. He is head of the Legal Affairs & Audit department and reports directly to the Chief Executive Officer.

1.2 History

1828: Origins

The "Information Office for Maritime Insurance" was founded in Antwerp, Belgium, in 1828 to collect, verify and provide shipping underwriters with information on the condition of ships and equipment. Renamed Bureau Veritas, the Company transferred its registered office to Paris and built up an international network.

1920: Modern industrial revolution

The growing number of accidents during the construction boom that followed the First World War led to the introduction of a series of preventive measures. Bureau Veritas served as an important partner for industrial expansion and branched into new activities such as inspecting metal parts and equipment for the rail industry and conducting technical testing in the aeronautical, automotive and construction industries. Bureau Veritas opened its first laboratories near Paris to provide clients with metallurgical and chemical analyses and testing services for building materials.

1960: Technical progress

The 30-year post-WWII boom brought with it technical progress, growing urbanization and world trade. Bureau Veritas played an active role in modernizing shipbuilding standards for the classification of subsea vessels, the first nuclear-powered vessels and shipping hubs. The start of the computer era led to the use of more scientific methods. In construction, Bureau Veritas reinforced its expertise in the protection of people and goods and in energy efficiency.

1990: Diversification and worldwide expansion

As the world became increasingly globalized, economic players required traceability, transparency and technical consistency across the international spectrum. To meet the needs of its clients, Bureau Veritas developed its Certification and Government services businesses to evaluate management systems and supply chains. It also reinforced its network and opened offices in Africa, China and the United States. In the 1990s, a series of acquisitions helped give added impetus to the Group's development. It acquired CEP in 1996, becoming the leader in compliance assessments for the construction industry in France. US-based companies ACTS (1998) and MTL (2001) specializing in consumer product testing added another business to the Group's portfolio. Bureau Veritas also expanded its presence in the United States, the United Kingdom, Australia and Spain.

2007: Initial public offering (IPO)

Bureau Veritas was listed on Euronext Paris on October 24, 2007. This initial public offering was aimed at consolidating Bureau Veritas' growth strategy by raising its profile, giving it access to new means of financing and forging loyalty among its employees.

2010: Development of the commodities business and in high-potential markets

Fast-growing countries are investing more in infrastructure and experiencing growing demand for quality, safety and reliability. After its acquisition of Inspectorate in 2010, Bureau Veritas became one of the world's top three players in the commodities sector and continued to expand its geographic footprint. It became the leader of its sector in Canada following the acquisition of Maxxam in 2014 and carried out in parallel a series of acquisitions in the construction and consumer products industries in China.

2015: New strategic roadmap

The Group conducted in-depth analyses of its markets and defined a strategic roadmap through to 2020. The roadmap is based on key initiatives aimed at enhancing its growth profile, resilience and profitability. This strategy is primarily based on Growth Initiatives, development in two main markets (US and China), and four key drivers to support the roll-out of these initiatives: Human Resources, account management, Excellence@BV and digitalization.

2017: 2020 ambition reaffirmed

In December 2017, the Group organized a two-day Investor Days, during which it confirmed that the execution of its 2020 strategic plan was well underway and had already delivered positive results. It showed that the five Growth Initiatives launched to boost the Group's development in Buildings & Infrastructure, Opex services, Agri-Food, Automotive and SmartWorld were reporting high single-digit growth and that the base business was now stabilizing after having been faced with challenging market conditions. Bureau Veritas highlighted that it had achieved 40% of its external growth ambition as outlined in its strategic roadmap through to 2020. It also announced that it was stepping up its digital transformation through key partnerships in order to bring its clients cutting-edge technologies in a wide range of areas such as inspection, predictive maintenance, data privacy and cybersecurity.

Changes in ownership structure

The Wendel group, co-shareholder of Bureau Veritas since 1995 with the Poincaré Investissements group, gradually acquired a controlling interest in Bureau Veritas in 2004.

The Wendel group and Poincaré Investissements respectively held 33.8% and 32.1% of the capital and voting rights of Bureau Veritas in 2004. The remainder was held by individual investors. On September 10, 2004, the Wendel group and the shareholders of Poincaré Investissements reached an agreement for the sale to Wendel of 100% of the capital of Poincaré Investissements. After this transaction was carried out at the end of 2004, the Wendel group held 65.9% of the capital and voting rights of Bureau Veritas.

In parallel to this acquisition, Wendel proposed that Bureau Veritas minority shareholders sell their interests under terms similar to those offered in connection with the acquisition of control. This private purchase and exchange offer enabled the Wendel group to increase its interest to 99% of the capital and voting rights of Bureau Veritas.

Bureau Veritas was listed on Euronext Paris on October 24, 2007. The offering, which comprised existing shares mainly sold by the Wendel group, amounted to €1,240 million, or around 31% of the capital of Bureau Veritas. On March 5, 2009, the Wendel group sold 11 million shares as part of a private placement. This transaction reduced Wendel's stake in Bureau Veritas from 62% to 52% of the capital. On March 6, 2015, the Wendel group sold 48 million shares[1] as part of a private placement. Following that transaction, the Wendel group held 40% of the capital and 56% of the voting rights of Bureau Veritas. On October 30, 2018, the Wendel group sold 21 million shares as part of a private placement. Following that transaction, the Wendel group held around 35% of the capital and 52% of the voting rights of Bureau Veritas.

At December 31, 2019, the Wendel group held 35.57% of the capital and 51.67% of the exercisable voting rights of Bureau Veritas.

(1) After the June 2013 four-for-one stock split.

1.3 The TIC industry

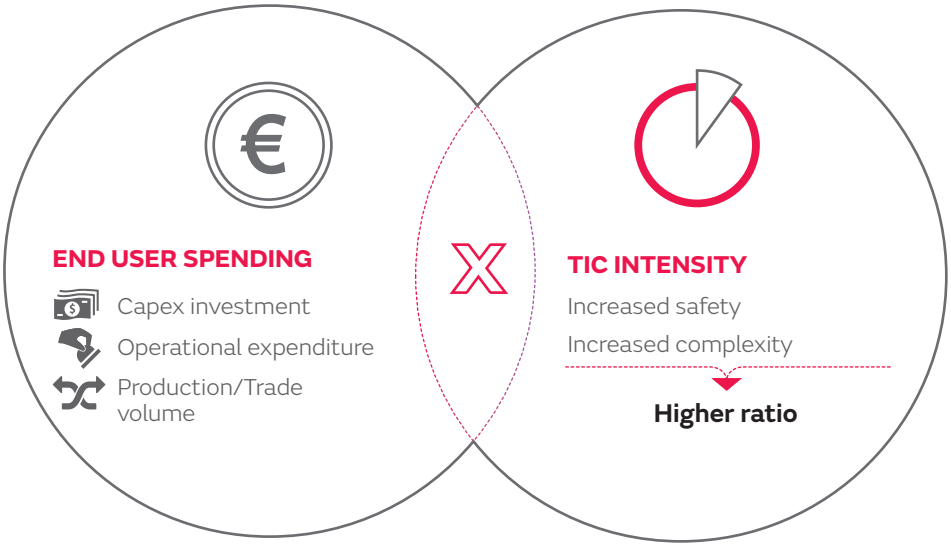
To the Group's knowledge, there is no comprehensive report covering or dealing with the markets in which it operates. As a result, and unless otherwise stated, the information presented in this section reflects the Group's estimates, which are provided for information purposes only and do not represent official data. The Group gives no assurance that a third party using other methods to collect, analyze or compile market data would obtain the same results. The Group's competitors may also define these markets differently.

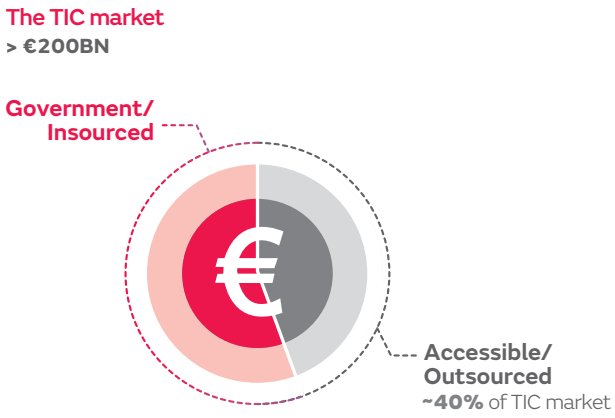
1.3.1 A market worth an estimated €200 billion plus

Inspection, certification and laboratory testing services in the areas of quality, health, safety, environmental protection, performance and social responsibility are commonly referred to as Testing, Inspection and Certification ("TIC"). TIC services encompass several types of tasks, including laboratory or on-site testing, management process audits, documentary checks, inspections across the entire supply chain and data consistency verification. These activities may be carried out on behalf of the end user or purchaser, independently of stakeholders or at the request of the manufacturer, or on behalf of public or private authorities. TIC services are called for at every stage of the supply chain and apply across all industries.

The overall TIC market depends on product and asset values and the associated risk. The TIC "intensity" corresponds to the proportion of the value of the product or asset allocated by the manufacturer of the product or the operator of the asset to control activities. In general, the TIC intensity falls within a range of between 0.1% and 0.8% of the value of the product or asset. The total estimated value of the TIC market can be calculated by multiplying the TIC intensity by the amount spent by manufacturers, operators, and the buyers and sellers of goods and products.

On a short- and medium-term basis, the size of the market mainly varies in relation to inflation, global economic activity, investment and international trade. Applying the aforementioned approach, Bureau Veritas estimated the size of the global TIC market in 2015 at over €200 billion, based on external macroeconomic data such as investment volume per market, operational spending per market, the production value of goods and services, and the level of imports and exports.



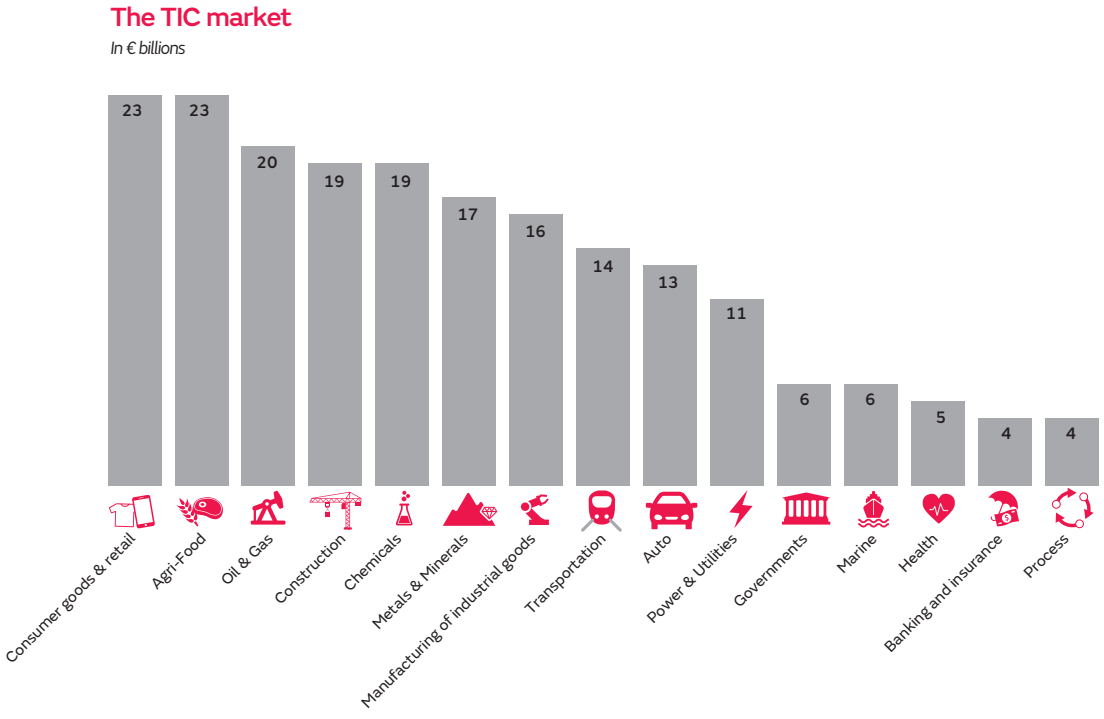


The overall TIC market can be broken down into two segments:

- the accessible (outsourced) market, where services are provided by specialized private organizations or firms, such as Bureau Veritas;
- the internal (insourced) market, where the companies themselves perform these services as part of quality control and assurance; along with the market served by public bodies and organizations such as customs, competition authorities, port authorities or industrial health and safety authorities.

The outsourced TIC market also depends on a country's administrative organization, whether or not it has a federal structure, and the industry concerned. Over time, these factors may have a significant impact on the size of the market, irrespective of the underlying macroeconomic conditions. The balance between insourcing and outsourcing therefore fluctuates from year to year, depending on the policies implemented by governments or changes in practices within industry sectors. This is the case in China, for example, where certain sectors are opening up gradually.

A breakdown in TIC by sector shows that the biggest markets are those relating to consumption, followed by oil and gas, construction, chemicals and mining. For Bureau Veritas, it is important to operate and enhance its presence in these markets.



The TIC market

From a geographical point of view, the TIC market can be split into three main regions: Europe, the Americas and Asia. Bureau Veritas is present across all of these regions thanks to the investments it has made over the past 15 years. Going forward, the Group plans to bolster its positioning, particularly in the fastest-growing markets such as China and the United States.

1.3.2 Evolving growth drivers

TIC market growth is driven by six main factors:

- overall growth in the world economy and in international trade, which influences the expenditure volumes of Bureau Veritas clients;
- TIC intensity, corresponding to the proportion of the value of the product or asset allocated by the manufacturer of the product or the operator of the asset to control activities. This tends to be fairly stable in the short term but increases over the long term due to stricter standards and regulations;
- increased use of tests and inspections to facilitate and secure transactions and operations;
- subcontracting by businesses;
- privatization by government bodies;
- digitalization of the economy and of the service offer.

Global economic growth continues to influence the market

After a period of vigorous growth driven by globalization, economic growth in emerging countries and the commodities "super cycle", the TIC market should grow at a more moderate pace going forward:

(1) globalization of the world economy accelerated when China joined the WTO, with global trade growing at double the rate of global GDP growth on average. Since 2011, growth in global trade has slowed and in the next few years is expected to be around one time the growth in global GDP;

(2) the commodities super cycle, which had begun in the early 2000s, is now at an end. Over the next few years, commodity prices are expected to remain low, leading to more modest growth in investments in new projects (capital expenditure) and in commodity trading volumes;

(3) emerging countries will continue to spearhead growth, albeit at a less sustained pace. The growth gap between mature and emerging economies should narrow.

Long-term structural trends

Long-term structural trends ("megatrends") should boost growth prospects in the TIC industry. Four such trends are particularly important:

(1) the rise of the middle classes in emerging countries has led to an increase in the demand for safety and the corresponding safety standards, as well as infrastructure investments;

(2) the use of more complex technologies, for example in the case of the Internet of Things, is increasing the number of tests that need to be carried out on each product and the number of subcontractors that need to be managed. Shorter product life cycles are encouraging companies to outsource a growing proportion of prototype testing and supply chain monitoring, so that they can be more responsive to market trends;

(3) it is increasingly difficult to protect global brands, particularly in view of the surge in popularity of social media, where information can be shared in real time. In addition to regulatory compliance and the drive to be responsible players, companies now believe that proactive and global management of QHSE issues offers a way to create value and guarantee survival over the long-term;

(4) public authorities are increasingly contracting out their control activities to specialized firms, which have the necessary flexibility to adapt to the constraints of the markets in which they operate, allowing them to considerably reduce their spending on such activities.

Bureau Veritas targets above-market growth by offering a range of innovative services that meet clients' new demands, thereby increasing its market share in the fastest-growing sectors and regions, and seizing opportunities related to the outsourcing and privatization of certain markets.

1.3.3 High barriers to entry

High barriers to entry make it difficult for new global players to emerge. These barriers concern the need to:

- have a **reputation for integrity and independence** in order to forge long-term partnerships with companies in managing their risks;
- obtain **authorizations and accreditations** in a large number of countries in order to do business. Obtaining an authorization or accreditation is a lengthy process. Acquiring a broad portfolio of authorizations and accreditations can therefore only be achieved over the long-term;
- have a **dense geographic network** at both local and international levels. Local network density is particularly important for rolling out the portfolio of services and benefiting from economies of scale. At the same time, an international network makes it possible to support global clients at all their facilities;
- offer a **broad spectrum of services and inspections,** particularly for key accounts, undertake certain large contracts and stand out from local players;
- boast **highly qualified technical experts.** The technical prowess and professionalism of the Group's teams give it a competitive edge by providing high value-added solutions;
- have an **internationally recognized brand**.

1.3.4 Regional, national or global markets

Many markets in which Bureau Veritas operates are still regional or national, but are becoming more global. There are also several hundred local or regional players specialized by activity or type of service, as well as a few global players. Some competitors are state-owned or quasi-state-owned organizations or are registered as associations. According to the Group's estimates, the five biggest industry players today account for less than 25% of the outsourced market.

The increasing globalization of certain TIC markets favors consolidation within the industry, with the support of major players able to position themselves to serve large companies throughout the world and increase their presence on local markets.

In light of the Group's global network, its position as one of the world leaders in each of its businesses and its experience in carrying out acquisitions, Bureau Veritas is well placed to be one of the main actors in TIC consolidation. A more detailed description of the Group's acquisition strategy is provided in section 1.4.6 – Acquisitions: an active and selective external growth strategy of this Non-Financial Statement.

Business	Fragmentation	Competitive environment
Marine & Offshore	Medium	Twelve members of the International Association of Classification Societies (IACS) classify more than 90% of the global shipping fleet.
Agri-Food & Commodities		
Agri-Food	High	A few global players. A large number of local players.
Commodities	Medium	A few global players. A few regional groups and specialized local players.
Government services	Low	Four main players for government services.
Industry	High	A few large European or global players. A large number of highly specialized local players.
Buildings & Infrastructure	High	A few regional players. A large number of local players.
Certification	High	A few global players and quasi-state-owned national certification bodies, and many local players.
Consumer Products	Medium	A relatively concentrated market for toys, textiles and hardline products. Fragmented markets for electrical products and electronics.

1.4 Strategy and objectives

1.4.1 Key competitive advantages

An efficient international network

Bureau Veritas has an extensive global network of more than 1,500 offices and laboratories in almost 140 countries.

This network is particularly well developed in leading industrialized countries (e.g., France, the United States, Canada, Japan, the United Kingdom, Spain, Italy and Australia), which have a strong regulatory background and where the Group is recognized for its technical expertise and innovative production models.

Bureau Veritas is also well established in key high-potential economies like China, Brazil, Chile, Colombia or India, where it has built solid growth platforms with a strong local presence over time. The Group continues to expand its presence in these regions by opening new offices and laboratories and systematically developing each of its businesses in these markets.

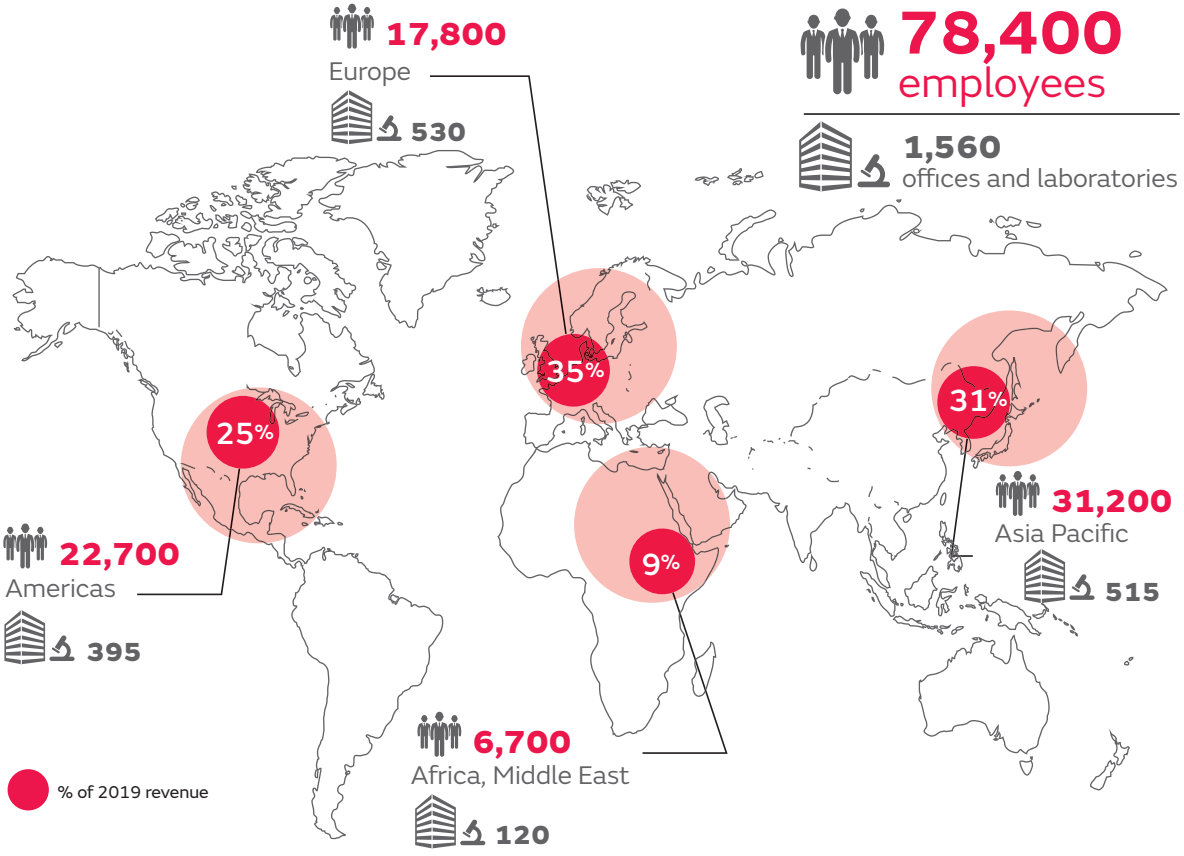
The Group's scale is one of its core assets, providing value and differentiation both commercially and operationally.

From a sales standpoint, its global network enables the Group to service key accounts (around one-quarter of the Group's revenue) and thereby win major international contracts, which represent a growing part of its activity.

From an operational standpoint, the Group improves its profitability by generating economies of scale resulting in particular from sharing offices, back-office functions and IT tools, and from amortizing the cost of developing and replicating new services and industrializing inspection processes over a larger base.

The organization into regional hubs located in key countries enables the Group to spread knowledge, technical support and sales teams across a given region.

In the future, the Group aims to strengthen this network organization around regional hubs enabling it to generate scale effects.



A strong brand image of technical expertise and integrity

Bureau Veritas has built its successful global business based on its long-standing reputation of technical expertise, high quality and integrity. This reputation is one of its most valuable assets and is a competitive advantage for the Group worldwide.

Technical expertise recognized by the authorities and by many accreditation bodies

Over the years, the Group has acquired skills and know-how in a large number of technical fields, as well as a broad knowledge of regulatory environments. Bureau Veritas is currently accredited as a second or third party by a large number of national and international delegating authorities and accreditation bodies. The Group constantly seeks to maintain, renew and extend its portfolio of accreditations and authorizations. It is subject to regular checks and audits by authorities and accreditation bodies to ensure that its procedures, the qualification of its personnel and its management systems comply with the requisite standards, norms, guidelines or regulations.

Quality and integrity embedded in the Group's culture and processes

Integrity, ethics, impartiality and independence are some of Bureau Veritas' core values and are central to its brand reputation and the value proposition for its clients.

These values are the focal point of the work carried out by the TIC profession in 2003 under the leadership of the TIC Council (the international association representing independent testing, inspection and certification companies), which led to the drafting of the Group's first Code of Ethics, published in October 2003.

A profitable, cash-generating growth model

Bureau Veritas' financial model has the following four characteristics:

- it is based on two growth drivers: organic growth and growth through acquisitions. Between 2007 and 2019, the Group posted weighted average annual revenue growth of 8%. A little less than half of this came from organic growth;
- it focuses on profitable growth: between 2007 and 2019, the adjusted operating margin remained above 16% on average;
- it generates significant, regular cash flow: between 2007 and 2019, the Group generated close to €350 million in free cash flow per year on average, including more than €450 million over the last five years;
- it is underpinned by the Group's strategy of strict cash allocation: net debt must be maintained well below bank ratios and the Group must be able to fund acquisitions and pay dividends.

1.4.2 Five-pillar strategy

To enhance its growth profile, resilience and profitability, the Group has built its strategy around five central pillars:

1. Expand market coverage through key Growth Initiatives

The Group will further penetrate its traditional markets through a broader range of services. It has identified several initiatives to achieve this objective, including Opex services (provided during the operational phase) in specific segments (Oil & Gas, Power & Utilities, Chemicals).

Bureau Veritas also plans to increase its exposure to sectors related to consumer spending through four initiatives targeting specific segments: Buildings & Infrastructure, Agri-Food, Automotive and SmartWorld.

2. Become the partner of choice for large international corporations to facilitate and secure their transactions and operations

Bureau Veritas is shifting towards more integrated and global solutions (combining inspections, audits, testing, data management), increasing the digital content of its services, and accelerating the roll-out of the key account management strategy launched in 2014.

3. Further deploy an efficient operating model to improve its agility and productivity

The Group is further developing internal initiatives such as Excellence@BV and continues to increase the digital content of its services. All initiatives are supported by the strong commitment of its people and endorsed by the Group's Human Resources & Corporate Social Responsibility strategy.

4. Balance its global footprint among three geographic areas (Europe/Middle East/Africa, Americas and Asia Pacific)

Bureau Veritas will take advantage of specific growth drivers in key selected geographies:

- Europe, which is the reference for issuing standards and regulations on quality, health, safety and the environment;
- the United States, which has a strong economic outlook and in which many Fortune 500 companies are headquartered, and which is still a highly fragmented market;
- China, with the gradual opening of the domestic TIC market.

The Group will continue to expand and reinforce its geographic footprint in developing markets.

5. Continue to play a leading role in TIC market consolidation

In line with its successful model based on a combination of organic and external growth, Bureau Veritas will continue to acquire small and mid-size companies in specific markets and geographies.

1.4.3 Initiatives to accelerate growth

At the end of 2015, to help sustain its growth, the Group identified the eight Growth Initiatives outlined below.

Given market trends and the contribution and potential of each of these eight Growth Initiatives, the Group decided in 2017 to focus its development efforts on just five of the original eight. In 2019, the Group stopped reporting on the performance of these initiatives separately. They are now fully integrated into Bureau Veritas' various business activities. However, they continue to offer the Group an additional source of growth and help it achieve its diversification objectives.

1. Buildings & Infrastructure(1)

The Group will benefit from its global leadership in this sizable and fast-growing market. It will further develop its activities in emerging markets where urbanization is leading to a surge in demand for infrastructure and transportation. More stringent regulations will also open up significant opportunities for TIC services. The Group will continue to develop innovative solutions and Opex services, both in mature and in emerging countries.

2. In-Service Inspection & Verification (Opex services) in specific markets: Oil & Gas, Power & Utilities, Chemicals(1)

Bureau Veritas plans to develop its market share in Opex-related services for the Oil & Gas, Power & Utilities and Chemicals markets. The Group has identified these three markets on account of their common characteristics, i.e., a high degree of fragmentation, the outsourcing potential and the opportunity to build recurring business models. It will leverage its excellent reputation and expertise, in particular in Capex and product-related services.

3. Agri-Food(1)

The TIC market for Agri-Food should see vigorous growth buoyed by the population increase, the globalization of the food supply chain, more stringent regulations and rising consumer demand for quality and traceability. The Group is already present across the entire supply chain, enjoying front-ranking positions in specific market segments, a global network and international accreditations. The Group plans to expand its geographic presence while enlarging its portfolio of services.

4. Automotive(1)

The automotive market is having to contend with several deep-seated trends, including the relocation of production and consumption to emerging countries and the fundamental shift to "smart" cars and electric technologies. These trends will generate additional needs for TIC services. Bureau Veritas has built a robust presence in supply chain services, electronics and connectivity over the last five years. It aims to leverage these key areas of expertise and further round out its portfolio of services to become a recognized player in this sector.

5. SmartWorld(1)

The Internet of Things will impact every market in which Bureau Veritas operates. The number of connected devices is expected to grow exponentially for example, creating a significant market opportunity for equipment testing but also for new services related to connectivity and data security. Bureau Veritas will benefit from its leading position, expertise, and reputation in this segment.

6. Certification global contracts

The system certification market is still fragmented and is expected to consolidate as large international corporations increasingly entrust system certifications to a single certification body. Leveraging its global footprint, Bureau Veritas is ideally placed to address this new market need. With the implementation of key account management, Bureau Veritas' ambition is to strengthen its market share on global contracts.

7. Marine & Offshore

Bureau Veritas is one of the top players in the highly profitable Marine & Offshore business. Its resilient business model combining verification of newly constructed facilities and inspections of in-service facilities will continue to reduce its exposure to market cycles. Bureau Veritas' strategy is to develop its business in innovative services around energy efficiency and risk management, and to maintain its technological leadership.

8. Adjacent segments – retail and mining

Most retail and mining clients call on Bureau Veritas for just one type of service. The Group sees significant cross-selling opportunities in offering the full portfolio of asset- and product-related services to existing customers through key account management. The Group will diversify into recurring businesses and position itself as the provider of choice.

(1) Five initiatives refocused since January 1, 2017.

1.4.4 Two key markets: the United States and China

United States

As the world's economic powerhouse, the United States is a priority market for Bureau Veritas. Many global companies are headquartered in the United States and the TIC market in the country is estimated to be worth over €30 billion. Bureau Veritas has stepped up its expansion in the United States over the last few years, reporting a more than 2.5-fold increase in revenue. The country represented approximately 12% of total Group revenue in 2019.

The Group's strategy has three main focuses:

- bolstering its leading position in the Consumer Products, Oil & Gas, Construction and industrial equipment markets;
- expanding its activities in new market segments such as SmartWorld, Agri-Food, Aeronautics and Automotive;
- rolling out its Excellence@BV initiative with "Lean" management, shared service centers and pooled purchasing.

Since 2017, Bureau Veritas has expanded its presence in the United States. By acquiring Siemic, one of the main telecoms testing and certification bodies in the United States, Bureau Veritas has reinforced its position as leader in SmartWorld services and consolidated its strategic presence in Silicon Valley, in addition to the laboratories belonging to its subsidiary, 7layers. The acquisition of EMG expands Bureau Veritas' Buildings and Infrastructure service offering, strengthening the Group's position as a strategic partner for construction and renovation inspection, quality assurance, asset management, periodic in-service inspection and project management. In addition, the acquisition of Primary Integration Solutions enables Bureau Veritas to offer a wide range of commissioning and operational risk management services for data center facilities. This market is developing rapidly in line with the production and use of data and the global demand for secure data storage.

China

China is one of the world's most dynamic countries, with buoyant demand for infrastructure, transport and energy. China's TIC market will potentially prove the biggest in the world. Today, only a fraction of this market is accessible, the majority being covered internally and by public services. Structural growth drivers (rise of the middle classes, increasing environmental awareness, ongoing improvement in local quality standards, etc.) are powerful catalysts for TIC demand and help open up the domestic market to international players.

The Group is already present in China through all of its businesses and is expanding its presence and regional coverage with the ultimate aim of becoming a front-ranking player in the domestic Chinese market. The two acquisitions carried out in 2016 and the acquisition finalized in 2017 are consistent with this strategy. At the end of 2019, China (including Hong Kong – Special Administrative Region) represented almost 17% of Group revenue.

1.4.5 Four major factors

Human capital

Motivated and skilled employees

One of Bureau Veritas' greatest assets is its choice of employees. They are selected for their understanding of the local culture, their industrial, technical, operational or sales expertise, their passion for helping businesses effectively manage their risks, and their commitment to the Group's values.

With more than 78,000 employees, Bureau Veritas has an enriching mix of cultures and personalities. The Group continuously invests in its employees and takes staff training very seriously. Helping its teams to develop their professional skills has always been a priority.

An experienced management team

The consistency and experience of the management team have allowed the Group to develop a strong business culture founded on merit and initiative.

Key account management

Key account management is a strategic market segment for Bureau Veritas, covering some 130 major national and particularly international companies, selected among the Group's 400,000 clients. Key accounts represent around one-quarter of sales and offer above-average growth potential for the Group.

Since the needs of these clients are so specific, a key account management team has been in place since 2014, which is responsible for partnering the clients and offering them high-quality bespoke services. This dedicated team enables the services provided by the Group to these key accounts to be properly coordinated and clients to be informed of any technical and regulatory changes in the Group's testing, inspection and certification businesses. It also offers these clients access to Bureau Veritas' entire international network and divisional resources in order to best meet their broad spectrum of needs across the globe.

In 2019, the key account management program continued to be stepped up at local, regional and global levels. The initiative aimed at replicating best practices in different regions paid off, driving growth in local accounts in particular. Global knowledge-sharing has helped to create new value propositions for the Group's key accounts and has unlocked new growth potential for Bureau Veritas.

Initiatives were rolled out for global key accounts to further develop Bureau Veritas' leadership in delivering global contracts in many different countries and locations, as well as to engage more fully in innovation and development of integrated solutions.

Excellence@BV

To partner its strong growth and international development, Bureau Veritas launched a "Lean" management approach in 2012. The "Lean" management approach is based on process management and rounds out the Group's historical, experience-based business model. "Lean" management is an integral part of the Group's operating system in this new corporate culture, defined as an ongoing performance improvement approach. It is designed to generate productivity gains and cost savings and to make performance more robust and consistent. This culture of ongoing improvement gives Bureau Veritas the agility it needs to successfully navigate a constantly changing environment.

In practice, the "Lean" management approach is rolled out around two objectives:

- first, existing processes are re-engineered through value stream mapping. These maps simplify and harmonize processes, thereby generating productivity gains and overall performance sustainability;
- second, scorecards are deployed within its operating units. Scorecards enable the performance of operating units to be harmonized and therefore allow for proactive management of key indicators in order to obtain a high degree of flexibility and quality in a decentralized environment.

The "Lean" approach will help the Group meet its mid- to long-term objectives by improving its margin and designing processes able to manage expected growth. These optimized (efficient and attractive) processes can simplify post-acquisition integration.

Other projects currently in progress are designed to improve purchasing management at Bureau Veritas with the aim of:

(1) reducing the cost of the goods or services which Bureau Veritas buys, particularly by leveraging volumes through global contracts;

(2) creating an actionable supplier database. This means reducing the number of suppliers and purchasing contracts put in place;

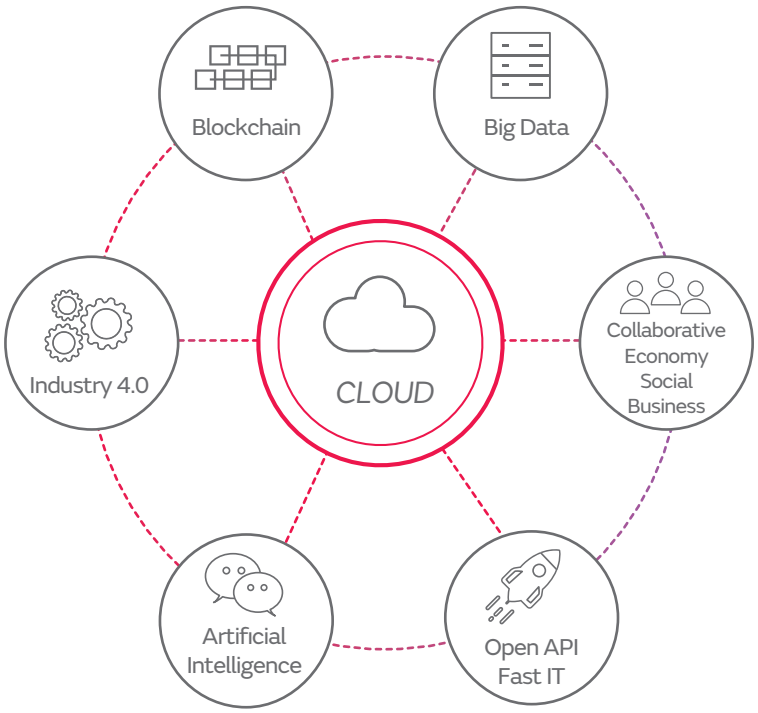
(3) ensuring compliance with clearly formalized governance rules, both with respect to internal processes (e.g., segregation of duties between the purchaser and the referral agent) and external processes (e.g., ethical purchases).

The Group is also ramping up shared service centers in order to centralize support functions such as IT services, Finance and Human Resources.

Digital@BV

Digitalization to improve efficiency and drive growth across all businesses

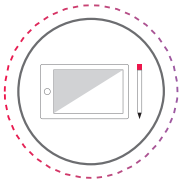
A number of digital technologies are currently disrupting the global economy and companies' operating models. These include cloud computing, artificial intelligence (AI), open application programming interface (API) and blockchain.



These technologies can be leveraged and become transformative for the Group's TIC activity as a whole if assimilated quickly with a clear view of the financial and growth ramifications at stake.

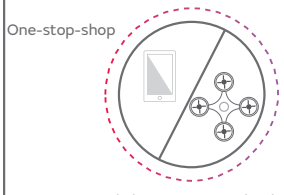
To that end, Bureau Veritas has integrated its digital transformation plan into its 2020 strategy and focused its digital strategy around three business priorities:

DIGITAL EFFICIENCY
Boost **profitability** of existing TIC services



Cost-efficient offer for core services

NEW DIGITAL OPERATING MODELS
Accelerate growth with alternative models



Digital client engagement
Technology-enabled services

NEW TIC DIGITAL SERVICES
Diversify in **new market segments**

Be compliant with new norms for digital financial products and models

Innovation program to incubate all new technologies

- **Digital efficiency** relates to the deployment of new digital tools in its field force to drive automation and productivity for the core Bureau Veritas services;
- **New digital operating models** aim to reinvent the way the Group delivers services using digital platforms to transform the client experience (e-commerce, marketplaces, etc.), as well as Industry 4.0 technologies such as the Industrial Internet of Things (IIoT) and artificial intelligence, to compile and exploit test and inspection data in different ways. The challenge here is to accelerate the Group's growth in the markets it serves;
- **New TIC Digital Services** enable Bureau Veritas to develop a new market for testing and certifying digital products and services, such as cybersecurity and personal data protection certification, sensors and connectivity testing.

Digital efficiency

To achieve its aims of improving operating and commercial efficiency, several major cross-functional programs support and drive vertical digitalization initiatives forward:

Digital collaboration platform

Bureau Veritas is currently rolling out a state-of-the-art cloud-based collaboration and communication platform (Microsoft Office 365) which is to be used by all Group entities. The platform will significantly reduce upstream work ahead of the launch of inter-entity initiatives and projects, and will significantly improve personal performance.

Integrated operating platform

Likewise, a unique, state-of-the-art cloud-based platform (Salesforce) is currently being rolled out across the Group. Salesforce has CRM functions and above all, will help improve sales team efficiency and the management of key national and international accounts. The Salesforce platform will also enable integrated management of inspection activities in all fields. These activities are currently managed by a broad range of different applications.

Streamlined laboratory systems

Bureau Veritas is currently enjoying strong acquisition-led growth in its testing business, which has resulted in the coexistence of multiple Laboratory Information Management Systems (LIMS) and processes, making it difficult to assess the calibration and quality of testing services as a whole. Process automation is essential to enable the laboratories to have a fully online service (digital work orders and reports), thereby improving quality and lead times.

The Group is therefore working on harmonizing its systems across the globe, either by division and/or type of business. The Consumer Products division already works with an integrated system. For businesses related to Commodities, an internally developed platform now serves most laboratory activities. This initiative was extended to include the Agri-Food segment in 2019.

New digital operating models

The vertical Marine & Offshore and Consumer Products divisions were the first to develop and deploy digital platforms specifically tailored to their clients' businesses as from 2015. Following its launch in the vertical divisions in 2015, this strategy has since been extended to the Group's Growth Initiatives. It resulted in the following developments in 2019:

Marine & Offshore

- **End-to-end digitalized operating process:** thanks to a suite of online services and internally developed mobile applications, the Group's main operating processes in terms of mission planning, inspection and certification data input and client reporting, have now been fully digitalized. Certificates delivered systematically bear an electronic signature that can be verified online to ensure its authenticity.
- **3D classification and asset integrity management:** Bureau Veritas continues to roll out **VeristarAIM^{3D}**, the online solution developed jointly with Dassault Systèmes, with both marine and offshore assets now covered. This solution enables Bureau Veritas to manage all of the elements necessary for managing maritime asset integrity using 3D models. The 3D classification process for new vessels is now also increasingly used for large vessels.
- **Cybersecurity scorecards:** Bureau Veritas has developed a cybersecurity scorecard, which has already been adopted by a number of shipowners. A suite of cyber risk management services has also been developed in this regard.
- **"Data" strategy:** the Marine & Offshore division has defined a data assessment strategy and launched new projects in this area. These include a number of initiatives using artificial intelligence supported by the Group's DataLab.

Consumer Products

- **InSpec by BV, an international e-commerce platform:** following the overhaul of **OneSource,** the Group's client portal, an e-commerce platform was launched allowing the division's clients to verify the quality of their supplies through supplier inspections.
- **Cybersecurity for connected products:** a range of automated cybersecurity tests has been developed in partnership with CEA-LIST. These tests enable automatic assessment of the risks and vulnerabilities of electronic products.

These digitalization efforts have also benefited the Strategic Growth Initiatives set out in the 2020 strategic plan.

Buildings & Infrastructure

- **Project management assistance:** management support solutions for major construction projects initially developed in Brazil using **PRIManager** were rolled out to more than ten countries in 2019. The recent roll-out of these solutions in China should further accelerate growth in the corresponding revenue.
- **Building Information Modeling (BIM) services:** the Group's adoption of **BIM** technology, which allows a comprehensive digital description of buildings or infrastructure, is currently supported by its adoption in many national regulations across the globe, where BIM is often a prerequisite for public sector projects. BIM is also seen by the industry as a major source of productivity gains. In this respect, the Group has developed significant BIM expertise in a Chinese center of excellence, and

has set up a global partnership with the market leader of BIM Autodesk software. This three-pronged strategy focuses on:

(i) core business transformation: technical inspections and project management assistance increasingly use BIM technology, providing substantial efficiency gains;

(ii) launch of BIM management services: a third party with strong engineering expertise such as Bureau Veritas is needed to ensure optimal use of BIM technology, anticipate risks at each stage of a project, identify the most efficient solution from the outset, and minimize requests for change;

(iii) launch of BIM-based asset management services: after the construction phase, Bureau Veritas can ensure ongoing BIM compliance and optimal maintenance costs.

Industry: Opex services

- **Drone-based inspections** have increased sharply in different sectors and countries, leading to efficiency gains (substantial reduction in costs) and greater security for inspectors.
- **Digital twin implementation** services have grown considerably for different asset types, leading to better risk analysis, as well as new digital twin compliance services.

Agri-Food

- International deployment of an **integrated operating platform for agricultural commodities:** the **SurvAgri** platform, developed in Brazil, offers end-to-end digitalization of the Group's operations in this segment. Besides direct efficiency gains, this solution also allows new services to be marketed and implemented.
- **Drone or satellite-based culture supervision:** Bureau Veritas has developed a suite of new precision farming services using images captured by drones or satellites. These services enable cultures to be supervised and improved, while yields can be estimated more accurately.
- **Traceability solution based on blockchain technology:** Bureau Veritas has rolled out several pilot food traceability solutions based on blockchain technology under its **Origin** label. **Origin** defines common requirements for the industry, resulting in real-time traceability of products from farm to fork.

DataLab

Anticipating the hugely disruptive impact artificial intelligence is set to have in all industries, including Testing, Inspection and Certification segments, Bureau Veritas has set up an expert team of data scientists and data engineers. Their objective is to roll out artificial intelligence techniques in the different services offered by the Group. The team has already put in place a number of solutions aimed at enhancing service quality and efficiency in laboratories. These solutions also concern visual inspection assistance, predictive risk management for assets, and document assessments.

Development of partnerships with digital players

Partnerships established before 2019 with major digital players (**Dassault Systèmes** in marine and nuclear power, **Autodesk** in construction, **Worldline** in blockchain technology, **Microsoft** in artificial intelligence) continued to pay dividends, driving the development of digital services for the Group's clients.

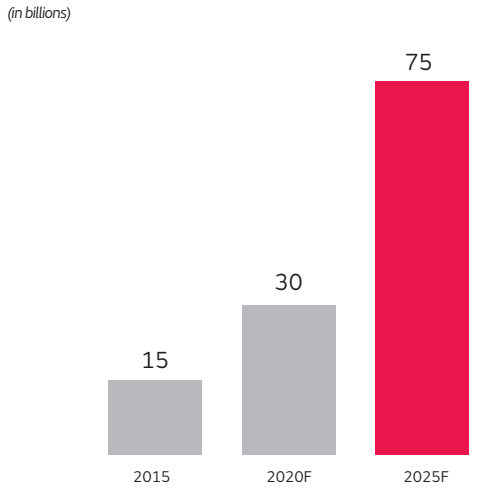
New partnerships were also signed during the year with digital platforms specialized in certain markets, enabling the Group's clients to benefit from the swift deployment of new services. These include:

- a partnership with Ergoss for a flight data analysis service aimed at optimizing flight safety management;
- a partnership with Cornis to offer advanced blade inspection services for wind turbines using Cornis' AI technology;
- a partnership with OSMOS (EREN group) to create integrated structural health inspection and monitoring services based on OSMOS' unique optic fiber-based strain sensors.

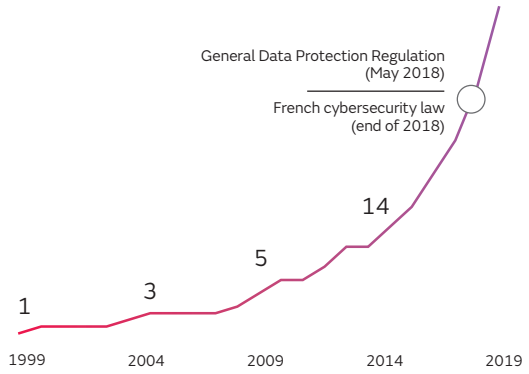
New Digital TIC Services

The separation between physical and digital assets is quickly disappearing as connected objects are deployed at an exponential rate. For instance, most cars are now connected and moving towards autonomy, leading to a number of new elements requiring testing or certification, such as on-board connectivity, UX and sensor safety, telemetry and infotainment systems, cybersecurity and data privacy. Generally speaking, the growth of the connected objects market is resulting in a host of new rules and regulations dealing with digital media and cyber risks.

CHANGE IN THE NUMBER OF IOT OBJECTS



CHANGE IN THE NUMBER OF DIGITAL STANDARDS



In this context, Bureau Veritas offers the market **management systems certification,** which include cybersecurity:

- Bureau Veritas Certification is accredited to deliver **ISO 27000** and **IEC 62443** certification in terms of technical inspections, and has already delivered thousands of certificates across the globe;
- the Group is accredited to deliver the **Cyber Essentials** label, a UK scheme with significant traction in Europe;
- Bureau Veritas has built multiple guidelines on key digital topics (IoT, connectivity, etc.) that it has combined with a software analyzer built with the French Alternative Energies and Atomic Energy Commission (*Commissariat à l'énergie atomique et aux énergies alternatives* – CEA), a public government-funded research organization, to automatically analyze code quality;
- the Marine & Offshore division has developed and issued its cybersecurity standards for ships with the additional **SYS-COM** class notation.

Data protection has become an essential market requirement. New standards and regulations have also been developed in this field, providing the Group with new service opportunities:

- Bureau Veritas has developed a technical reference and certifications system to ensure protection of personal data as defined per the European Union General Data Protection Regulation (**GDPR**), and assesses and certifies Data Protection Officers to this end.

The Group has also carved out a front-ranking position in the testing of connected objects and systems thanks to several acquisitions made over the past few years (7layers, NCC, Siemic, ICTK), and to the strong ties forged with the world's major producers of connected objects. This is related to the SmartWorld Growth Initiative described in section 1.4.3 of this Non-Financial Statement.

Digital Innovation program

Besides these short-term business focuses, Bureau Veritas has built an innovation program to incubate less mature but no less promising technologies, such as artificial intelligence for laboratories, blockchain for traceability and trust in online trade, and augmented/virtual reality for remote inspection services.

1.4.6 Acquisitions: an active and selective external growth strategy

As a player in a highly fragmented market, Bureau Veritas positions itself as an active consolidating force in its industry. The Group's history has been shaped by numerous acquisitions that today allow it to enjoy front-ranking positions in many different countries and businesses.

Over the last ten years, the Group has made 85 acquisitions, representing aggregate cumulative revenue of over €1.4 billion. Acquisitions also represent an important part of its strategy and will contribute significantly to its additional growth target through to 2020.

Acquisitions must meet criteria for the Group in terms of price, scale, profitability and value creation. While some acquisitions are aimed at developing new platforms (four acquisitions with revenue above €100 million carried out over the past 20 years, most of which are described in section 1.2 – History in this chapter of the Non-Financial Statement), most are bolt-on acquisitions of smaller companies.

Acquisitions enable the Group to expand its portfolio of businesses and to:

- increase its presence in regions where it already operates by rounding out its business portfolio;
- gain a foothold in new regions;
- broaden the scope of its expertise.

In 2019, Bureau Veritas undertook five transactions, which support its Agri-Food and Buildings & Infrastructure Growth Initiatives and represent cumulative annual revenue of €46 million.

1.4.7 2016-2020 Ambition

Achieving the final year of the 2016-2020 ambition[1] is no longer relevant in the context of the Covid-19 crisis.

The Group's strong fundamentals remain unchanged and clearly demonstrate the soundness of the ongoing strategy. Bureau Veritas will announce its next strategic plan in September 2020, anchored in the current trajectory which is proving to be very successful.

The Group remains committed to its non-financial performance, which is measured using several indicators described in Chapter 2 of this Non-Financial Statement. The main non-financial targets of Bureau Veritas for 2020 are as follows:

- Health and Safety: Safety is an absolute for Bureau Veritas which is aiming to be a company "without accident". By 2020, it aims to reduce accident rates by 50% (TAR: Total Accident Rate, LTR: Lost Time Rate)[2];
- Inclusion: Achieve 25% of women in the Group's executive management team;
- Environment[3]: Reduce CO_2 emissions by 10% per full-time equivalent employee, increase the use of renewable energies by 10% and have 75% of the Group's businesses ISO 14001 certified (environmental management).

(1) As a reminder, 2016-2020 financial ambition was as follows:
- *Add €1.5 billion of incremental revenue based on the 2015 plan's initial exchange rates as presented at the October 2015 Investor Days, half organic and half through external growth;*
- *Reach 5% to 7% of organic growth by 2020;*
- *Achieve above 17% adjusted operating margin in 2020 at the 2015 plan's initial exchange rates as presented at the October 2015 Investor Days;*
- *Generate continuous high free cash flow.*

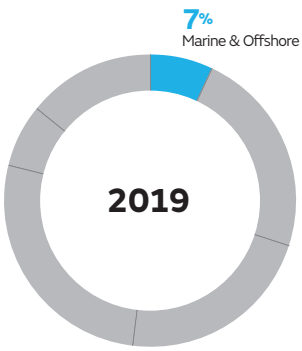
(2) Compared to 2014 consolidated results.

(3) Compared to 2015 consolidated results.

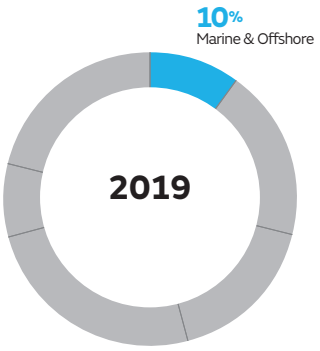
1.5 Presentation of business activities

1.5.1 Marine & Offshore

GROUP REVENUE



GROUP ADJUSTED OPERATING PROFIT



A portfolio of high value-added services for a loyal client base

Bureau Veritas classifies ships and offshore facilities by verifying their compliance with classification rules, mainly regarding structural soundness and the reliability of all related equipment. This mission is usually carried out together with the regulatory ("statutory") certification mission.

Class and regulatory certificates are essential for operating ships. Maritime insurance companies require such certificates to provide coverage, and port authorities regularly check that valid certificates exist when ships come into port. Similarly, keeping existing offshore facilities in compliance with safety and quality standards, as well as regulatory requirements is crucial for operators.

Marine & Offshore services are designed to help clients comply with regulations, reduce risk, increase asset lifecycles and ensure operational safety. The Group's services begin at the construction phase, approving drawings, inspecting materials and equipment, and surveying at the shipyard. During the operational life of the assets, Marine & Offshore experts make regular visits and offer a comprehensive range of technical services including asset integrity management. On behalf of its clients, Bureau Veritas monitors any changes in regulations, identifies applicable standards, manages the compliance process, reviews design and execution and liaises with the competent authorities.

The Group has also diversified into several complementary services for its Marine & Offshore clients, including loss adjusting and risk assessment for the offshore industry (acquisition of MatthewsDaniel in 2014); marine accident investigations, pre- and post-salvage advice and the re-floating of vessels (acquisition of TMC Marine Ltd. in 2016); and niche services to manage risk at sea during offshore operations or projects (acquisition of MAC).

In 2019, 40% of Marine & Offshore revenue was generated by the classification and certification of ships under construction and 60% was generated by the surveillance of ships in service and complementary services.

The Group is a member of the International Association of Classification Societies (IACS), which brings together the 12 largest international classification societies. They classify more than 90% of world tonnage, with the remaining fleet either not classed or classed by small classification companies operating mainly at the national level.

Worldwide network

To meet the needs of its clients, the Marine & Offshore network spans 90 countries. In addition to 18 local design approval offices located near its clients, the Group's network of 180 control stations gives it access to qualified surveyors in the world's largest ports. This means that visits can be conducted on demand and without the delays that could be detrimental to the ship's business and owner.

A highly diverse fleet classed by Bureau Veritas

Bureau Veritas ranks number two worldwide in terms of the number of classed ships and number six worldwide in terms of tonnage (source: Bureau Veritas estimates). The Group has recognized technical expertise in all segments of maritime transport (bulk carriers, oil and chemical tankers, container ships, gas carriers, passenger ships, warships and tugs) and offshore facilities for the exploration and development of both coastal and deep-water oil and gas fields (fixed and floating platforms, offshore support vessels, drill ships, subsea facilities). The fleet classed by Bureau Veritas is highly diverse, and the Group holds a leading position in the market for highly technical ships such as liquefied natural gas (LNG)-fueled vessels, LNG or liquefied petroleum gas (LPG) carriers, FPSO/FSO floating production systems, offshore oil platforms, cruise ships, ferries, and specialized ships.

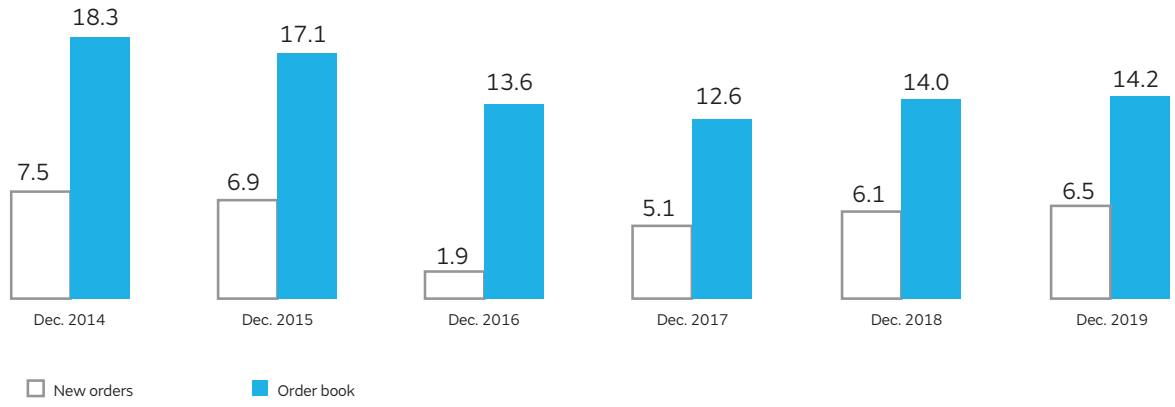
A diversified and loyal client base

The Group has several thousands of clients, and the largest represents 1.4% of the business segment's revenue. Key clients are:

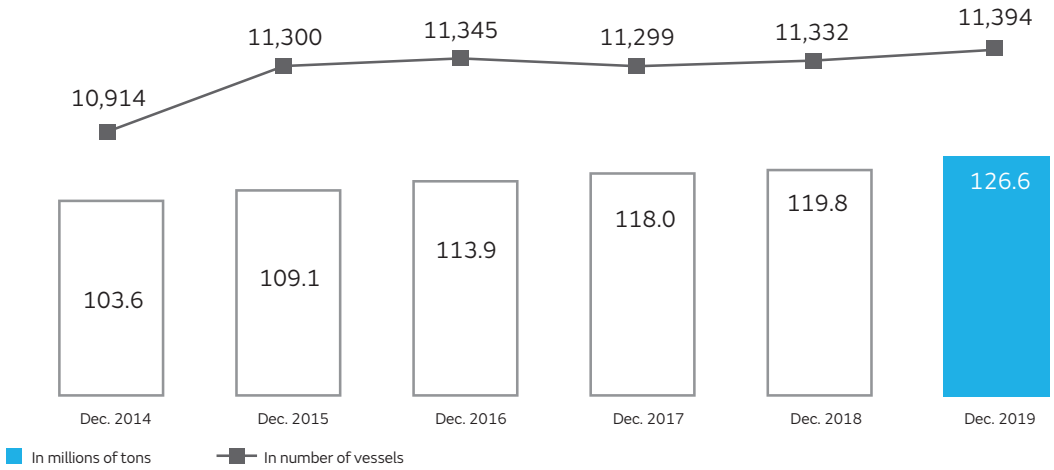
- shipyards and shipbuilders around the world;
- equipment and component manufacturers;
- shipowners;
- oil companies and Engineering, Procurement, Installation and Commissioning (EPIC) contractors involved in the construction and operation of offshore production units;
- insurance companies, P&I[(1)] clubs and lawyers.

Changes in the order book

in millions of gross registered tonnage (GRT)



Changes in the Group's in-service fleet



(1) Protection & Indemnity.

A changing market

A changing regulatory environment

International regulations applicable to maritime safety and environmental protection continue to evolve, providing classification companies with growth opportunities. These include:

- new regulations to reduce greenhouse gas emissions for new and existing ships in accordance with the international conventions adopted under the aegis of the International Maritime Organization (IMO) and the European Union. To respond to these regulatory requirements and to help shipowners reduce energy costs, Bureau Veritas has developed a range of dedicated services and tools;
- the 2004 convention on Ballast Water Management (BWM) adopted under the aegis of the IMO, which makes it mandatory to obtain approval for ballast water treatment systems and imposes changes in ship design. This regulation came into force at the beginning of September 2017;
- the Hong Kong international convention on ship recycling, which was adopted in May 2009 and will come into force 24 months after it has been ratified by 15 States. This should represent at least 40% of the gross tonnage of the global merchant vessel fleet;
- European ship recycling regulation, which came into force at the end of 2018 for new ships and is due to come into force as from the end of 2020 for existing vessels. It requires ships to have on board an inventory of hazardous materials (IHM);
- regulations applicable to ships for inland navigation transporting hazardous materials. Bureau Veritas is one of three classification societies recognized by the European Union;
- the new International Association of Classification Societies (IACS) unified requirement concerning on-board use and application of computer-based systems, which came into force on July 1, 2016;
- a global move towards a “safety case” system, which is emerging for the offshore industry and requires the expertise of an independent verification body;
- Regulation (EU) No. 2015/757 of the European Parliament and of the Council of the European Union dated April 29, 2015 on the monitoring, reporting and verification (MRV) of carbon dioxide emissions from maritime transport, which came into force on July 1, 2015. Monitoring plans were submitted for verification in 2017 while emissions reports are to be submitted for verification in 2019;
- the IMO Guidelines for Ships Operating in Polar Waters, or “Polar Code”, which came into effect on January 1, 2017;
- the IMO Data Collection System (DCS) regulation concerning carbon dioxide emissions from shipping activities, which came into effect in 2019;
- Annex VI (amended) of the MARPOL convention, which reduced the maximum worldwide sulfur content of fuel oil used by ships to 0.50% (from 3.50% previously) as from January 1, 2020.

The market for the construction of new ships is showing encouraging signs of recovery

The market for the construction of new ships is cyclical. Until 2008, demand was buoyed by sustained growth in the global economy, the rise in the number of economic partners (China, Brazil, Russia, and India) and increasing distances between the main centers of production and consumption. All maritime transport was subsequently affected by the economic crisis that erupted in 2008. The global fleet’s tonnage capacity increased due to the delivery of orders placed before the crisis. This led to overcapacity in transport supply, in particular in the bulk carrier and container ship segments, and to a fall in freight rates.

After years shaped by low levels of new orders, the market rallied in 2013, buoyed by opportunistic orders placed as prices in shipyards fell, despite significant residual overcapacity in the market. 2014 and 2015 benefited from this rally, whereas 2016 saw a downturn in the cycle shaped by a slump in new orders. The level of orders bounced back in 2017, with contractual tonnage more than doubling that of the previous year. This positive trend was confirmed in 2018, with an improvement over 2017 levels. However, total order volumes remain sharply down on the average for the past 20 years.

Volatility and uncertainty dominated 2019, with declining worldwide economic demand and geopolitical risks affecting both maritime and offshore markets. In Marine, this took a heavy toll on new orders across the globe. Shipowners faced sharp fluctuations in charter prices for oil tankers and dry bulk carriers, as well as uncertainty as to the best response to the OMI 2020 regulation, which limits sulfur content in fuel oil used on board ships. The resulting “wait-and-see” attitude affected new orders. Bureau Veritas expects that the market will return to growth in the second half of 2020, once visibility over prices for IMO-compliant low-sulfur fuel has increased and shipowners can make informed choices about their response going forward.

However, orders taken by Bureau Veritas in 2019 were above market levels in terms of both volume and market share. New orders increased thanks to the Group’s positioning in the fastest-growing market segments such as gas carriers, passenger ships including expedition cruises and eco-friendly ferries, and all types of vessels powered by LNG or other proprietary propulsion solutions. Bureau Veritas thereby confirmed its dominant position in LNG-fueled and LNG bunkering vessels. Regular transfers of class also helped boost demand.

Offshore markets saw volatility in oil prices but stability in investments, confirming the cautious optimism observed by Bureau Veritas at the beginning of the year. The offshore windfarm sector continued to generate attractive opportunities, with Bureau Veritas securing two projects with Jan de Nul, including one for a state-of-the-art offshore jack-up installation vessel.

Offshore operators and shipowners are under increasing pressure to control costs. Against this backdrop, Bureau Veritas is concentrating on two key areas:

- digitalization; and
- high value-added services.

Digitalization and the development of a high value-added service offering

Digital innovations focused on performance

Bureau Veritas Marine & Offshore continues its digital transformation. The Group offers its clients new services allowing them to address new challenges or risks, while at the same time leveraging digital opportunities to enhance client experience and its own operational efficiency.

In 2019, the Marine & Offshore business continued to digitalize, launching new solutions such as Veristar Equipment, a digital platform that simplifies the equipment certification process, and Optimum Survey Planning, which optimizes client survey planning and visits. Bureau Veritas also continued to develop its existing digital solutions, notably helping its clients to comply with new environmental regulations.

The year also saw the roll-out of electronic certificates for all facilities that have opted for the solution. Bureau Veritas issued more than 1,500 electronic certificates in 2019.

Together with Naval Group, Bureau Veritas Marine & Offshore also launched a 3D classification process using Dassault Systèmes' 3DEXPERIENCE platform. The process uses a single 3D model to enable the direct exchange of digital information, reduce the number of necessary iterations, improve collaboration and thereby significantly reduce review times for approving a design. All comments and iterations can be tracked, acted upon and reviewed in real time. The pilot design review phase with Naval Group was completed in 2019, and the 3D classification process is now focused on construction. Other pilot projects are in progress in Europe and Asia.

The Group is also actively studying new technologies, such as drones or remote video inspections, aimed at improving service lead times while reducing risks for inspectors and crews.

Partnering the Group's clients beyond the regulatory and compliance field

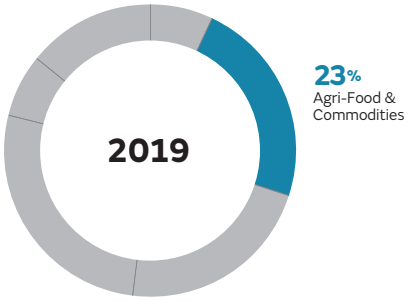
Developing high value-added services remains an important avenue for growth for Bureau Veritas Marine & Offshore. These activities harnessing earlier acquisitions (HydrOcean, MatthewsDaniel, TMC Marine and MAC) have allowed the Group to widen its portfolio of services and increase the number of clients it is able to serve.

In 2018, the division launched ***Bureau Veritas Solutions Marine & Offshore*** to consolidate this range of services under a common banner. Objectives include providing stronger support to Group clients with regard to changes in regulations, particularly environmental regulations (identification of hazardous materials, management of ballast water, monitoring of emissions). These changes create new needs in terms of preparing relevant compliance strategies and optimizing the necessary measures to be rolled out. Lastly, Bureau Veritas Solutions Marine & Offshore looks to assist its clients during the shipbuilding phase (engineering, risk analysis) and throughout the life of the asset, using new digital tools.

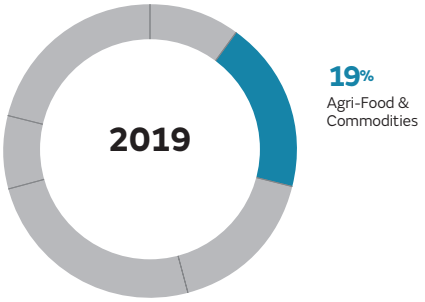
2019 was the first full year of operations for Bureau Veritas Solutions. This company's clear business purpose – to provide technical advice, asset management and insurance – has won over the Group's clients. Bureau Veritas has reported strong, growing demand for services, as shipowners and operators look to experts to improve the performance of their assets.

1.5.2 Agri-Food & Commodities

GROUP REVENUE



GROUP ADJUSTED OPERATING PROFIT

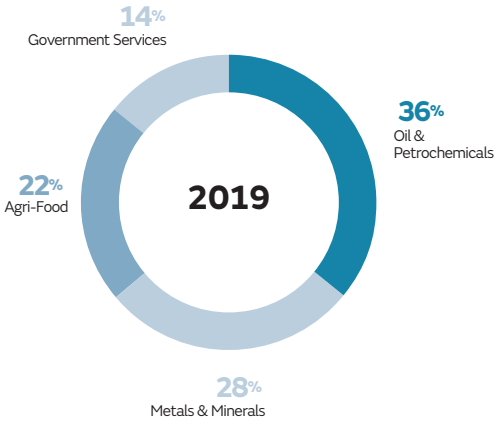


The Commodities business provides a wide range of inspection and laboratory testing services in three main market segments: Oil & Petrochemicals, Metals & Minerals (including coal) and Agri-Food. The Group has a diversified business portfolio covering all commodities at each stage of the production cycle (exploration, production and trade), and operates in many geographic regions. The Group also offers Single Window inspection services to governments (primarily in Africa) in order to facilitate and support the growth of international trade.

This balanced portfolio enables Bureau Veritas to weather cycles related to fluctuations in trading volumes and capital expenditure and to assist its clients throughout their projects, from exploration and production to shipping, processing and recycling. For Agri-Food, the Group works with blue chip clients of all the value chain, from harvesting grain and marine resources to manufacturing complex food products such as infant formula, as well as operating global foodservice and retail brands. All the services offered by the Agri-Food & Commodities business also maximize the synergies within the Group across the global network of testing laboratories.

The Agri-Food & Commodities business is reported in the Group's CIF division, which is managed by Global Service Lines.

REVENUE BY BUSINESS SEGMENT



Oil & Petrochemicals

The Group provides inspection and laboratory testing services for oil and petrochemical products, including crude oil, gasoline, light distillates, heavy distillates and petrochemicals.

The segment is mainly focused on the inspection and testing of bulk cargoes, generally during their transfer from production sites to the world's major oil refining and trading centers. Cargo inspection services can assist in providing assurance that valuable bulk commodities are delivered within contractually agreed specifications and limits, avoiding contamination and reducing losses.

The Group also offers laboratory testing services with oil refineries, pipeline managers and other market players now outsourcing these activities. Laboratory analysis by an independent body is an essential means by which oil industry players can be sure that products comply with industry standards.

The Group also offers its clients high value-added adjacent services such as crude oil assays, LPG services, cargo treatment, bunker quantity and quality surveys, biofuel certification, lube oil analysis and measurement services. The acquisition of Maxxam has strengthened Bureau Veritas' position in natural gas, bitumen and oil sands analysis.

Most of the activity relates to trade volumes of oil and petrochemicals, which are dependent on the end consumption of these products. Maxxam's businesses are chiefly related to production volumes in the upstream and midstream segments, notably for oil sands.

Extensive global coverage and a key presence in major refining centers

The Group has a global network of laboratories and qualified Oil & Petrochemicals measurement and inspection experts.

The business is managed from three strategic locations: Houston, Singapore and London. These locations are major Oil & Petrochemicals trading centers and headquarters for many of the major oil companies and traders. Additional support is provided by other key locations in Moscow, Rotterdam, Shanghai, Geneva, Buenos Aires and Dubai. Maxxam's activities are managed from its base in Toronto, Canada, while the laboratories are located in the Alberta and Saskatchewan regions.

Metals & Minerals

The Metals & Minerals segment provides a wide range of inspection and laboratory testing services to the mining and metals industries, covering raw materials coal, iron ore, base metals, bauxite, gold, uranium and processed products, coke and steel, copper cathodes and bullion.

These services can be split into two categories:

Exploration and production-related services or "Upstream services" (around 60% of Metals & Minerals revenue)

The Group provides laboratory testing services, including sample preparation, geoanalytical testing along with metallurgy and mineral tests. These tests provide mining companies with crucial information at the different stages of their operations:

- during the exploration phase, business activity and sample volumes are supported by favorable long-term outlook for key metal prices. At a local level they can also be strongly influenced by local currency exchange rate versus the US dollar. A positive outlook leads clients to increase spending on greenfield and brownfield exploration; to develop new mines or expand existing projects – all of these investment decisions require significant volumes of laboratory testing data;
- during the production phase, many mining companies have outsourced their recurrent testing requirements to Bureau Veritas. This often requires provision of sampling and testing services on location at the operating mine site to provide rapid turnaround of resource grade control and other production samples. Specialized metallurgical testing is also an important service, typically offered from Bureau Veritas' larger hub laboratories in Australia and Canada.

Inspection and testing services relating to international trade (around 40% of Metals & Minerals revenue)

Bureau Veritas is a market leader in the Metals and Minerals Trade sector. This covers the entire supply chain from the point at which a mineral leaves its original mine site through to the time when it becomes part of a manufactured product, and in some cases it extends into the recycling stage of the metal's life cycle.

This business is strongly linked to the physical movement of the traded commodities and the perceived risk level of the transaction.

Trade-related inspection and testing services verify and certify the quantity and quality of commodities as they move through the supply chain. Through these services, Bureau Veritas informs its clients how much metal is there, enabling them to agree on its commercial value. Major clients include traders, mining companies, smelters and metal refiners, thermal power generators, banks, finance providers, and recyclers.

Bureau Veritas' trade business is present in all the world's key locations, with eight strategic hubs in London, Singapore, Shanghai, Perth, Santiago, Lima, Vancouver and Houston. These locations are major trading centers and headquarters for many of the major mining companies, banks and traders. Additional support is provided by other key locations in Moscow, Rotterdam, Geneva, Jakarta, Johannesburg, and Dubai.

Leading-edge laboratories

Bureau Veritas has world-class facilities in all of its Metals & Minerals activities. The reputation for quality of service, technical excellence and innovation cultivated by the Group over the years allows Bureau Veritas to offer high quality service across all laboratories and inspection facilities around the globe.

Agri-Food

Bureau Veritas intends to be a leading provider of inspection and laboratory testing services to the agriculture and food industries, covering the entire supply chain, from farm to fork.

These services can be split into three categories:

Upstream agricultural services

Bureau Veritas provides inspection and testing services during the growth and harvesting stages of the agricultural crops. The Group is present in many of the world's main farming regions, providing clients with the data they need to make informed decisions, leading to more efficient growing practices and contributing to a more sustainable and productive agriculture supply chain.

Crop monitoring is a prime example of upstream agri services. The world is experiencing a new agricultural revolution with new seed varieties, crop protection technologies and digitalization driving big increases in the productivity of available farm land. Bureau Veritas is mapping planted areas using ground-based investigations, supplemented by drone and satellite data. Bureau Veritas' data is provided to farmers, traders, banks and input suppliers enabling them to monitor the performance of their products and maximize the efficiency and payback.

Agricultural commodities inspection and testing

Agri-commodities include grains, oilseeds and vegetable oils, cotton, softs, animal feed, chemical feedstock and other by-products. Bureau Veritas' network and services cover origination to destination and all points in between.

Inspection services maximize control at every step in the supply chain, from inland production and storage sites, to export terminals, vessel hold and hatch surveys to loading and discharge supervision.

Grading and laboratory analyses determine product quality and phytosanitary condition.

Trade-related inspection and testing services verify and certify the quantity and quality of agri-commodities as they move through the supply chain. These services provide the Group's clients with data to enable them to agree on commercial value. Major clients include traders, buying organizations, banks and finance providers.

Bureau Veritas' agri-commodities trade business is present in all the world's key locations, with eight strategic hubs in London, Paris, Geneva, Sao Paulo, Moscow, Singapore, Shanghai and Houston. Additional support is provided by other key locations in Rotterdam and Dubai.

In Brazil, Bureau Veritas laboratories provide testing services to cotton producers, enabling farmers and cotton processors to establish the key parameters of fiber length, strength, micronaire and color grade – and agree commercial value for their production. The service is part of traceable sustainability programs offered to the grower, trade and retail industry.

Food inspection and testing

Key analyses chiefly cover veterinary drug residues, pesticides, heavy metals, organic contaminants, nutritional testing, allergens, colorants and dyes, GMOs, species identification, along with microbiological, chemical and environmental-type analyses for a series of foodstuffs. Bureau Veritas' global network of food testing laboratories provide both routine and high-end expert services to local and global customers on all continents.

Bureau Veritas' global network of food safety experts carry out visual inspections of finished food products for quality and quantity checks, making sure its clients' products are safe, healthy and fresh. The Group is also combining food safety and brand standards inspections in large retail and foodservice networks.

New innovative services, developed by Bureau Veritas in cooperation with selected key partners, are changing the way food safety and quality are approached throughout the food value chain. These digital solutions allow to improve traceability, transparency and safety in order to raise client and consumer trust levels.

Government services

A comprehensive and diversified portfolio of services

The Government services business provides merchandise inspection services (finished products, equipment, commodities) in connection with international trade transactions. These services are intended for governments (customs authorities, port authorities, standards organizations, etc.), exporters, importers, intermediaries, banks, and international organizations managing development aid programs (the European Union, the World Bank, and the International Monetary Fund).

In the context of these programs, the Verigates client portal enables foreign trade operators and government authorities to confidentially track inspection records step-by-step through to delivery of the certificate on a dedicated secured web platform available round-the-clock.

Bureau Veritas offers governments a range of services from Pre-Shipment Inspection (PSI) to contracts for inspection by scanner. These services are designed to guarantee due recovery of import taxes and also to fight illegal imports and terrorism. However, as mandatory PSI contracts are set to disappear in the short term, the Group offers governments mainly Verification of Conformity (VOC) contracts of imported merchandise with existing regulations and standards, which are intended to prevent unfair competition and fraudulent imports of non-compliant, counterfeit or poor quality products. This service (VOC) now represents the main part of revenue generated from Government services.

The Group also offers national Single Window foreign trade services, which are intended to facilitate and optimize the flow of import-export and transit or transshipment transactions by offering a secure electronic platform for customs and port communities aimed at the entire community of domestic stakeholders of international trade (public and private sectors).

Lastly, the Group is also positioned in public service delegation contracts, such as the theory test for driving license applicants in France (Code'nGO!) or control of gas stations for metering and quality.

The Group is engaged in consulting activities for European Union project funding.

In the field of international trade, Bureau Veritas provides a broad spectrum of inspection services. These services aim to offer independent inspections to verify the compliance and quantity of shipments (commodities, consumer products, equipment). Clients include governments, exporters, importers, intermediaries, banks, and international organizations managing development aid programs (the European Union, the World Bank and the International Monetary Fund).

A changing market

The increase in international trade since the early 1980s has generated strong demand for trade inspections and verifications.

However, due to new liberalization rules issued by the World Trade Organization and the reduction in customs duties in most countries, traditional PSI controls appear less strategic for the countries concerned and are gradually being replaced by Verification of Conformity (of products with standards) contracts.

The drivers of growth for this business are the increasing number of contracts for inspection by scanner, services related to the verification of products' conformity with standards, and other services related to facilitating trade, in particular the national Single Window.

Established presence with major companies and governments

Bureau Veritas enjoys long-standing relationships with the leading operators in the oil, mining, Agri-Food processing and retail industries, as well as with the leading commodity trading companies.

The Group is considered a global leader in government services, with recognized know-how and expertise in the market built up over more than 30 years.

Solid competitive advantages

The Group believes that its leading position is based on the following competitive advantages:

- a global presence, with significant exposure to key geographies and high-potential economies;
- strong leadership positions in all commodities segments with recognized multi-sector technical expertise;
- high-level technical laboratory capabilities in key locations;
- a dense and stable network of inspectors, laboratories and test centers, allowing a reduction in costs and project completion time;
- the ability to put in place new programs very quickly worldwide in the field of government services; and
- long-standing relationships and a good reputation with major players in the Commodities and Agri-Food sectors and with governments in the government services sectors.

There are also important synergies within the Group in terms of sharing the global network of testing laboratories, particularly between the Agri-Food & Commodities and Consumer Products segments.

A leading position built through acquisitions

Today, the market for commodities testing and inspection is fairly concentrated. Bureau Veritas has played an active role in the consolidation of this sector.

Since 2007, the Group's Commodities business has expanded through a series of acquisitions in Australia (CCI, Amdel), Chile (Cesmec, GeoAnalitica) and South Africa (Advanced Coal Technology). In September 2010, the Group took a decisive step with the acquisition of Inspectorate, a global leader in the inspection and analysis of commodities (oil, metals and minerals, and agricultural products). Following this acquisition, the Group gradually deepened its footprint in Canada (ACME Labs, OTI Canada Group) before becoming no. 1 in oil analysis services on this market with its acquisition of Maxxam Analytics finalized in 2014. In 2014, Bureau Veritas also continued to expand in North America after its acquisition of US-based Analysts Inc., a specialist in oil condition monitoring. In 2018, Bureau Veritas added to its oil analysis platform through the acquisition of a majority shareholding in Lubrication Management SL one of Europe's leading oil testing organizations from IK4-TEKNIKER.

Bureau Veritas believes it is ranked third worldwide in Oil & Petrochemicals inspection and testing and that it is one of two international operators offering the full range of inspection and testing services at all stages of the cycle (exploration, production, international trade) for all minerals.

Growth in the Agri-Food segment has been fueled by acquisitions. In 2016, the Group became the leader of the food testing market in Australia, following its acquisition of DTS which also strengthened its leadership in servicing the dairy industry. In late 2016, Kuhlmann Monitoramento Agrícola Ltda (KMA) was acquired, marking a move into the Brazilian upstream agri market. This was followed by the acquisition of the Schutter Group in March 2017. These two acquisitions helped move Bureau Veritas towards a leadership position in the important Brazilian agri-commodities market. In 2018 and 2019, Bureau Veritas continued to expand its geographic footprint in Asia by acquiring Shandong Cigna Detection Technologies and Shenzhen Total Test Technologies in China, Permulab in Malaysia as well as Food and Environmental Analysis Center (FEAC) in Japan. Bureau Veritas advanced its leading position in Africa with the acquisition of Labomag in Morocco. In 2019, the creation of the Bureau Veritas Asure Quality joint venture allowed the Group to consolidate its leading position in South East Asia, thanks to a highly integrated network of labs in Singapore, Malaysia, Vietnam and Thailand. The Group also acquired Q Certificazioni (around €2 million in revenue), an independent certification body specializing in organic food certification, based in Italy. Throughout this period, the growth of Bureau Veritas in Agri-Food was also fueled by solid organic growth on a global scale, demonstrating the Group's ability to accelerate the growth of the acquired testing platforms.

A strategy focused on geographic expansion and an enriched portfolio of services

The recent economic environment defined by low oil prices and a rise in trading of crude and refined products has been a boon to Oil & Petrochemicals product analysis. The Group continues to expand in this segment, reinforcing its market share in inspections and testing of marine cargo by deepening its geographic footprint and opening new sites. The Group's strategy is also to develop its laboratory testing for lube oil, marine fuel and natural gas, and to manage laboratories outsourced by clients.

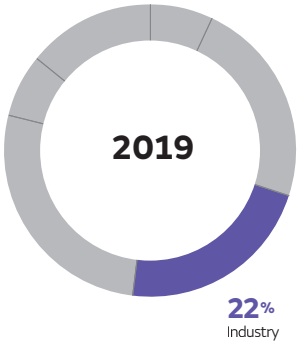
In the Metals & Minerals segment, Bureau Veritas' priority is still to provide a coherent, comprehensive offer, develop new services and optimize the Group's geographic presence. Its ambition is to increase its market share in trade-related inspections and in testing services through an expanded network leveraging its expertise and strong client relations.

In Agri-Food, the Group's aim is to become a world leading player, rounding out its offering to ensure it is present at every stage in the industry's supply chain. Bureau Veritas will strengthen and carve out positions at the world's biggest agri-commodity import and export locations, and also intends to develop its global network of high-level food testing laboratories. Bureau Veritas is presently the leading agri inspection business in Brazil, a world leader in rice inspections, and the market leader for food testing in Canada, Australia, South East Asia, and South America. The Group is actively investing in new laboratory facilities in North America and China to support the growing demand of large clients for a comprehensive and global offer. The TIC market for Agri-Food should see vigorous growth driven by population increase, the globalization of the food supply chain, more stringent regulations and rising consumer demand in terms of quality and product traceability.

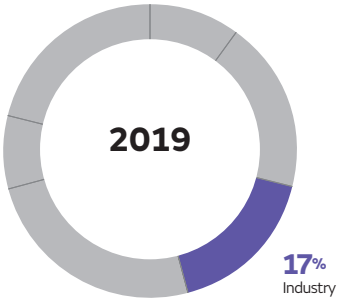
In terms of government services, the Group's strategy is based on supporting the transition to Single Windows as per recommendations by international organizations encourage governments to set up secure web platforms to restructure and simplify government services. It also aims to develop public service delegation contracts in order to optimize State resources (for example: the Code'nGO! theory test website for driving license applicants) and improve the tax collection process (for example, gas station controls).

1.5.3 Industry

GROUP REVENUE



GROUP ADJUSTED OPERATING PROFIT

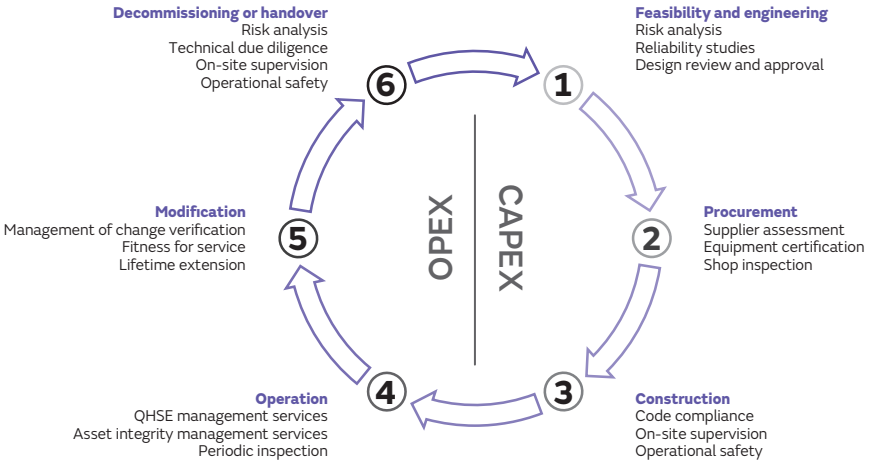


A portfolio of services covering the entire asset lifecycle

Bureau Veritas supports its industrial clients by conducting conformity assessments for equipment, assets and processes throughout the entire life of any types of industrial facilities. This involves assessing the conformity of equipment, the reliability and integrity of assets, the safety of processes and their compliance with client specifications, as well as with national and international regulations and standards.

The solutions offered by Bureau Veritas fall into four main categories:

- services for industrial projects during the engineering, procurement and construction phases (Capex), including design review, risk and safety studies, reliability studies, shop and on-site inspections, from feasibility to commissioning;
- independent third-party certification of equipment, facilities and projects, in accordance with regional, national or international regulations and standards;
- services related to production continuity and asset integrity management during the operation phase (Opex) in order to optimize asset performance, reduce risk and minimize costs. These services include regulatory and voluntary inspections and audits during the operation of industrial facilities, asset management solutions, non-destructive testing and measurement of fugitive emissions;
- HSE services for industry, technical training of staff, and the delivery of qualifications relating to technical standards and client specifications.



Broad coverage of industrial markets

Bureau Veritas' Industry services cover many different sectors, including Oil & Gas (upstream, midstream, downstream), representing around 36% of revenue in 2019, as well as Power & Utilities (nuclear, thermal and renewable energies, gas for urban supply, water supply systems and waste management), Chemicals and Processing (cement, paper, etc.), Manufacturing (equipment, machines and modules), Metals & Minerals, Transportation and Logistics (aeronautics, rail, terminals, port facilities, containers, etc.) and Automotive.

In the Automotive sector, Bureau Veritas offers a portfolio of services covering the entire supply chain, from automaker to end user (damage inspection on new vehicles, inventories of vehicles at car dealers and of agricultural machinery, mandatory technical inspections of used vehicles, vehicle insurance damage inspections, etc.).

A fairly diversified client base

Bureau Veritas serves a wide range of industrial firms across the value chain: asset owners and operators, engineering firms (EPIC contractors), construction companies and equipment manufacturers. The Group acts as an independent third-party player, second-party inspector, technical consultant or external contractor for managing the QHSE and code compliance aspects of a given project.

Bureau Veritas' clients are large international corporations operating worldwide and regional leaders of various sectors, as well as a considerable number of small local firms within each country. The Group provides an effective response to the needs of its clients through a targeted sales and marketing strategy, with the Group's global network ensuring that each client receives the same high-quality service. To deliver on its mission, Bureau Veritas has cutting-edge IT systems and tools, along with robust internal quality and risk management systems.

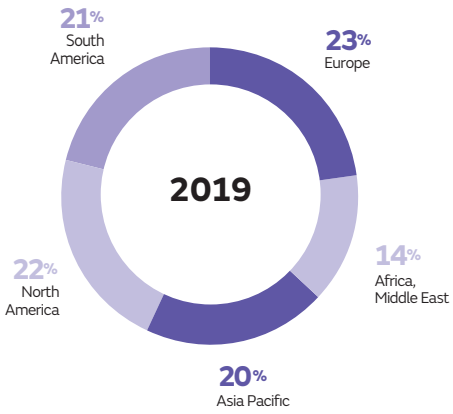
The Group's biggest client in its Industry business operates in the Oil & Gas sector and accounts for around 4% of divisional revenue.

A global presence and significant exposure to high-potential regions

Bureau Veritas' Industry business is present across the globe. The Group is active in all major industrial countries (France, Australia, the United States, Italy, the United Kingdom, Germany, the Netherlands, Spain, Japan, China, Latin America and the Middle East) and high-potential regions (India, Africa, South East Asia and the Caspian Sea countries).

The Industry business is reported in the Group's CIF division, which is managed by Global Service Lines.

REVENUE BY GEOGRAPHIC AREA



Key market growth factors

The market for TIC services for Industry is highly fragmented due to the diversity of end markets, and is defined by a large number of local firms and few large global players. The Group believes it was the world's leading provider of industrial inspection and certification services in 2019.

The factors Bureau Veritas sees as driving market growth are as follows:

- **the number of industrial projects and the development of new regions and industries:** Bureau Veritas believes that investments in industrial facilities and infrastructure will remain significant, particularly in high-potential economies. Most sectors should benefit from this trend including Oil & Gas, which has seen recovery in exploration & production and downstream sector projects. The development of new industries such as renewable energies, high-speed rail and urban transport also offers new growth opportunities for the TIC market;
- **opportunities regarding existing assets (Opex services):** amid tighter financial conditions, industrial players are looking to prolong the life and use of their existing assets while reining in operating costs. Certain clients are reconsidering outsourcing control and inspection activities, thereby giving rise to new opportunities for growth. Industrial facilities are also equipping themselves with more and more sensors and IoT devices, opening doors to the TIC industry for new services. All sectors including Oil & Gas are benefiting from this trend;

- **more and increasingly stringent regulations and standards** at both regional and international level, along with the globalized nature of the supply chain, are making the operational environment increasingly complex for industrial firms. Besides, Bureau Veritas strongly believes that it has an important role to play in emissions reduction and will therefore roll out its fugitive emissions monitoring services through the Group;
- **the growing emphasis placed on safety and environmental risks,** along with sustainable development issues in general, owing to their significant impact on a company's brands and reputation;
- **new digital tools/technology solutions** (sensors, drones and other robotics) such as a cloud-based platform combining automated data collection and artificial intelligence techniques to bring continuous industrial risk management/integrity assessment to a new level for asset owners. This means, in the coming years, that the industry will switch from prescriptive inspection and maintenance regimes to predictive ones.

A strategy focused on diversification, balancing Capex and Opex services, and more recurrent businesses

The Group will leverage its top-ranking position on the global market for inspection and asset management services for industry in order to continue diversifying its industry exposure and increasing its market share in Opex services.

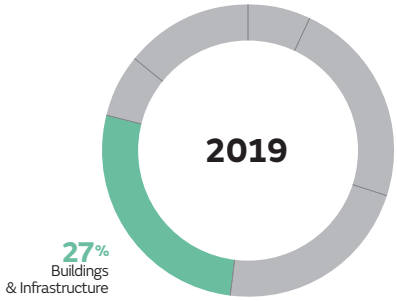
In terms of diversification, it has identified key markets such as Power & Utilities, Transport, Automotive and Chemicals, offering significant growth potential.

To improve the recurring nature of its businesses, Bureau Veritas has rolled out an initiative to develop Opex services, particularly for the Oil & Gas, Power & Utilities, and Chemicals sectors. To meet this objective, the Group will use and replicate the Capex/Opex model which it has successfully rolled out in other businesses, with key account management in particular helping to increase its market share with existing clients. New services related to digital asset management should also help capturing recurring business and securing long term client relationships.

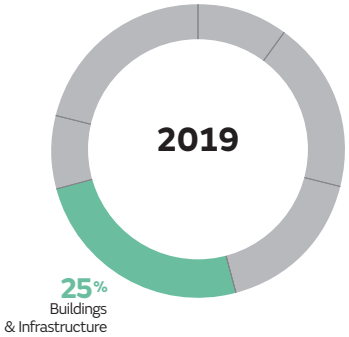
The automotive market is having to contend with several deep-seated trends, including the relocation of production and consumption to emerging countries and the fundamental shift to "smart" cars and electric technologies. These trends will generate additional needs for TIC services. Bureau Veritas has built a robust presence in supply chain services, electronics and connectivity over the last six years. It aims to leverage these key areas of expertise and further round out its portfolio of services to become a recognized player in this sector.

1.5.4 Buildings & Infrastructure

GROUP REVENUE



GROUP ADJUSTED OPERATING PROFIT



Bureau Veritas services in Buildings & Infrastructure cover the entire life cycle of the different assets, from planning and design, through procurement of components, equipment and services to construction and operation and Project Management. In other words, the Group is operating from the capital expenditure (Capex) through operational expenditure (Opex) phases.

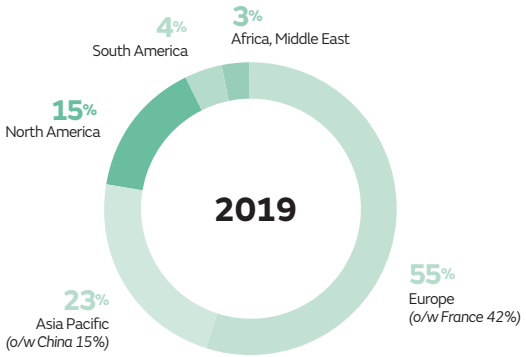
In particular the Group's services comprise two main areas of specialization:

- "In-Service Inspection & Verification" (around 55% of divisional revenue) focusing on the periodic inspections required by regulations of the different equipment or assets, on tests/diagnoses/monitoring services related to the Health & Safety of building occupants, and on asset management solutions to optimize properties management;
- "Construction services" (around 45% of divisional revenue) providing independent technical assistance, control and supervision at the planning, design construction and operation stages, as well as project management assistance.

"In-Service Inspection & Verification" services are related to Opex while "Construction" services are mainly related to Capex.

The Buildings & Infrastructure business is reported in the Group's CIF division, which is managed by Global Service Lines.

REVENUE BY GEOGRAPHIC AREA



In-Service Inspection & Verification (Opex)

A portfolio of services aimed at improving the quality, safety and performance of Buildings and Infrastructure in operation

Bureau Veritas' mission is to provide independent assistance to clients such as asset owners, operators and managers, in order to help them reach their performance, safety and regulatory compliance objectives when operating their real estate assets, by reference to the best international practices.

Bureau Veritas designs a suite of services tailored to the needs of its clients and their environment (the type of parties involved, local regulations, operating and maintenance techniques), using the best inspection, testing, critical data analysis and online reporting tools. The Group has an international network of experts in various fields including structure, envelope, electrics, fire safety, air conditioning, heating, elevators and lifting equipment, pressure equipment, indoor air/water quality and acoustics. The In-Service Inspection & Verification services are recurrent, owing partly to the periodic inspections required by regulations and partly to the fact that the condition of an in-service real estate asset changes on an ongoing basis and therefore requires regular inspections. As a result, most of the Group's business comes from multi-year contracts or contracts that are renewed from year to year.

The service offering covers all types of buildings and facilities, particularly residential buildings, commercial buildings (offices, hotels, hospitals, stores and supermarkets, logistics warehouses, industrial buildings and multipurpose complexes) public buildings and sports and leisure facilities.

The service also includes inspections of all types of equipment and assets related to infrastructure segments like road, rail, port, logistics center and airport.

The Group has global coverage of in-service inspection and verification services. It mainly operates in mature countries (France, the United Kingdom, Spain, the United States and Japan), but has also developed an important presence in certain high-potential markets in recent years (China, Brazil, India and the United Arab Emirates).

World leader

The Group believes that it has a number of advantages that have enabled it to carve out a position as global leader of the In-Service Inspection & Verification market:

- it is able to provide a comprehensive offering both to local and international clients, leveraging its broad geographic coverage and the diverse technical capabilities of its local teams, which allow it to offer a full range of mandatory/voluntary inspection services;
- it is involved in the construction phase for certain assets, making it ideally placed for in-service work;
- it boasts unrivaled technical expertise based on leading-edge methodological tools and technologies. The use of an integrated suite of tools has raised the quality of the service provided to clients; and
- its established position in the market gives it access to historical data and statistics that are used to improve collective knowledge.

A market that benefits from structural growth drivers

The growing global market for In-Service Inspection & Verification is driven by:

- ongoing growth in global real estate;
- the growth of high-potential markets, where the emergence of the middle classes resulted in more demanding expectations in terms of quality of life and the performance of buildings and facilities;
- the development of new technologies for buildings and facilities and their operation; and
- the outsourcing by public authorities of certain mandatory building and facility inspections.

A strategy focused on geographic expansion, innovation and productivity gains

Continuing to improve the geographic balance

The Group has built a solid network in the main high-growth countries. It has developed its presence by supporting the international expansion of key international accounts and by offering solutions for local markets. These include developing voluntary services in the Chinese market for large global clients, fire safety inspections in shopping malls in Brazil, and factory inspections in India and South East Asia for the subcontractors of large international retailers.

Developing services focused on performance management assistance for real estate assets

Bureau Veritas participates in projects that require data processing capacities (big data) and new systems that collect information using sensors and IoT. The Group has therefore adapted its knowledge-sharing, technical support and connected tablet reporting tools for its technicians and engineers, as well as for its clients, by making the data available online and interfacing it with maintenance management tools.

The Group is also developing specific inspection schemes based on Remote Connected Assistance Devices that are allowing its staff to interact with one another remotely and to improve the capacity of inspectors in the field.

Service quality excellence and improved profitability

Optimization of the services portfolio and the roll-out of "Lean" management has led to a significant improvement in the quality of services and profitability in certain key countries. The aim is to continue these efforts and to deploy these best practices in all countries.

Construction (mainly "Capex")

A portfolio of services aimed at improving the quality, safety and performance of construction projects

Bureau Veritas' mission is to provide independent assistance to clients such as supervisory authorities, developers, investors, architects, engineers and construction firms, and help them attain the quality, safety and performance objectives for their projects while complying with regulations and the best international standards.

Bureau Veritas builds a range of services tailored to the needs of its clients and their environment (project development, local regulations, design and construction techniques), combining the best design review and testing techniques for the production and pre-production phases and the best calculation, supervision and project management tools. The Group has an international network of experts in all infrastructure and buildings segments with high professional experience in several technical fields including geotechnics, foundations, cement, asphalt, steel, wood and mixed woods, seismology, vibration, fire safety, facades, vulnerability analysis, waterproofing, air conditioning, heating, electrics and elevators.

The portfolio of services covers all types of buildings and infrastructure, particularly residential buildings, commercial buildings (offices, hotels, hospitals, stores and supermarkets, logistics warehouses, industrial buildings, multipurpose complexes), public buildings, road and highway, rail, port and airport infrastructure, and sports and leisure facilities.

In order to limit exposure to the cyclical nature of construction markets, the Group is rebalancing its positioning between mature and high-potential countries, and has developed complementary asset management-related services such as building and infrastructure inspection and monitoring, technical and environmental audits, energy audits and assistance in obtaining "green" building certification. This strategy enabled the Group to mitigate the impact of the construction crisis in Europe and France, which remains one of the Group's main markets.

Bureau Veritas operates in mature countries, France, the United States and Japan. It has also strongly expanded its presence in a number of high-potential markets such as China, India, Brazil, Singapore, Russia, the United Arab Emirates, Saudi Arabia and several countries in Africa.

In particular, China is today one of the largest countries in Construction services for Bureau Veritas with more than 3,000 engineers and technicians located in 30 Chinese cities.

A global leader in compliance assessment for the construction market

Although local by definition, compliance assessment for the construction market reflects certain key global trends such as:

- the increasing urbanization of high-potential countries, which has given rise to "mega cities" and major infrastructure needs;
- the emergence of the middle classes in these countries, which has resulted in more demanding requirements in terms of quality of life and performance of buildings and facilities;
- stricter sustainable development requirements in mature economies;
- regulatory changes;
- new construction methods, particularly Building Information Modeling (BIM), prefabrication and increased automation of construction processes.

A strategy focused on improving the geographic balance of activities and developing an innovative portfolio of services

Bureau Veritas is currently a leading player in the construction market. To continue growing, it is rolling out the model it successfully developed in mature markets – particularly in Europe – to regions with high potential, and expanding its innovative service offering.

Geographic expansion supported by a strong record of acquisitions

The Group has built up a solid network in the main countries with strong growth potential. In China, the Group has developed regulated businesses thanks to its 2012 acquisition of Huaxia, its acquisitions of Shangdong Chengxin and Shanghai TJU Engineering Services in 2015, and its voluntary Project Management Assistance assignments. In 2016 and 2017, the Group further expanded its footprint in China, acquiring Chongqing Liansheng and Shanghai Project Management.

In 2014, the acquisition of Sistema PRI bolstered the Group's presence on the facilities market in Brazil and has since helped this business expand into other South American countries.

Following the late-2017 acquisition of Mexican company INCA, the Group has created a multidisciplinary B&I platform in northern Latin America, including a highly recognized specialization in both Capex and Opex highway services.

The Group's position in the United States has also been strengthened with the acquisition of Primary Integration Solution in 2017, leader in building commissioning and operational risk management services for data center facilities. The Group is also publishing a guideline about certification of data centers.

Bureau Veritas has also reinforced its presence in Australia with the acquisition at the end of 2017 of McKenzie Group, the Australian leader in mandatory property compliance services.

In March 2018, Bureau Veritas acquired EMG (around €70 million in revenue), a provider of technical assessment and B&I project management assistance services in the United States. The latter (i) brings the Group new expertise with a sizeable platform for technical assessment and project management assistance in the United States and (ii) enhances its growth profile and resiliency by increasing its Opex exposure (90% of EMG's revenue comes from Opex-related services).

In 2019, the Group remained active in terms of acquisitions with the acquisition of Capital Energy (€23 million in revenue), a company providing consulting and support services for white certificate eligible projects in France. Its customer base comprises energy suppliers and large retailers. Capital Energy also helps housing associations, local authorities, industry, and building contractors to implement energy efficiency programs. The Group also acquired Owen Group (€7 million in revenue), a US regional leader in buildings and infrastructure compliance services including ADA accessibility compliance, deferred maintenance compliance, commissioning, and code compliance.

An innovative portfolio of services tailored to new client requirements

Bureau Veritas has developed its portfolio of services in response to new client requirements regarding new technologies. The Group is involved in a number of projects designed using Building Information Modeling systems in both Europe and China and is adapting its services and internal tools to this collaborative design methodology.

In Europe and North America, Bureau Veritas has started developing a suite of digital solutions (icheck for Buildings), which allow architects/engineers to check in real time the compliance of their design with various regulations (access for people with disabilities, fire safety, etc.).

Assisted by its main clients, Bureau Veritas developed Building in One™, a cloud-based information exchange platform. This manages building-related data by creating a virtual building that can be accessed by all stakeholders in the property chain.

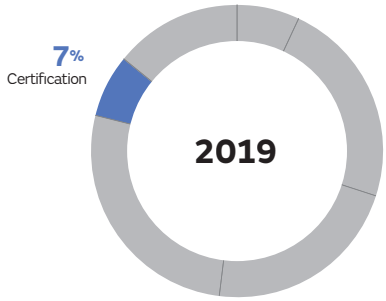
As for the infrastructure asset management services, the Group in Brazil is performing an integrated technical assistance to one of the largest highway concessionaire in the country for monitoring and controlling the status of the different assets comprising the highway infrastructure. Bureau Veritas' advanced digital Project Management Assistance solution for large construction projects, PRIManager, is being rolled out in the key geographies of the Group's network.

As part of the various assignments that Bureau Veritas is performing within the Grand Paris Express construction project, the Group is carrying out specific services for the vulnerability assessment of the urban area affected by the construction of metro lines.

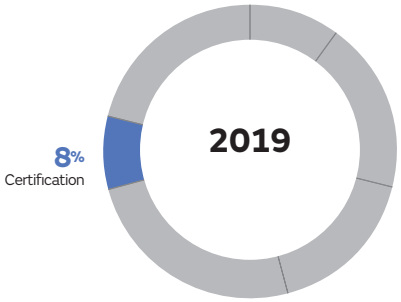
The Group is also developing its services for sustainable buildings. For example, a partnership agreement was signed with the US Green Building Council (USGBC), founder of the LEED™ certification system, in order to support its international development in fast growing countries.

1.5.5 Certification

GROUP REVENUE



GROUP ADJUSTED OPERATING PROFIT



A full range of customized audit and certification services

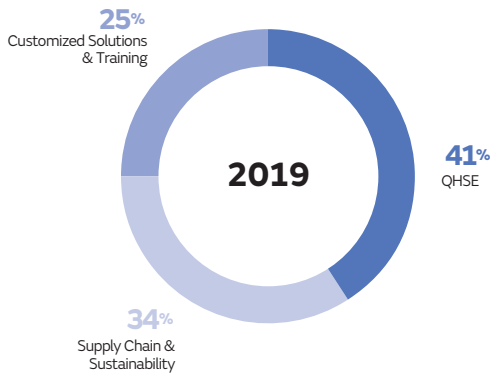
As a certification body, Bureau Veritas certifies that the management systems utilized by clients comply with international standards, usually ISO norms, or with national, segment or large company-specific standards.

The Certification business provides a global and integrated offering, including:

- QHSE management system certification services: Quality (ISO 9001), Environment (ISO 14001), and Health and Safety (OHSAS 18001 – currently migrating to the new ISO 45001:2018 standard);

- certification in accordance with specific sector schemes, in particular for the automotive industry (IATF 16949 as well as new services for VDA 6.1, 6.2, 6.3 and TISAX for cybersecurity), aeronautics (AS/EN 9100), rail (IRIS – ISO/TS 22163), Agri-Food (BRC, IFS, ISO 22000, HACCP – management of food health and safety), the forestry sector (FSC/PEFC), and health services. In France, Bureau Veritas also provides label certification services in the Agri-Food sector, e.g., Label Rouge, Agriculture Biologique (AB) and Origine France Garantie;
- environment-related services: verification of sustainability practices in the fields of climate change (EU ETS, ISO 14064-1), energy management (ISO 50001), timber supply chain, biomass and biofuel sustainability (for the EU Directive on Renewable Energy), carbon footprinting (ISO 14067), social responsibility (SA 8000, ISO 26000) and assurance of sustainability reporting (AA 1000, GRI);
- enterprise Risk services relating to emerging business risks include: Information Security (ISO 27001, ISO 27017, ISO 27018), Personal Data Protection Certification (for ISO 27701, GDPR and other regulations), Anti-Bribery (ISO 37001), Business Continuity (ISO 22301) and Asset Management (ISO 55001);
- customized certification and second-party audits, based on social programs like SMETA for Social Responsibility or specific standards defined by clients to audit or certify their distribution network or suppliers' management systems;
- training: accredited by the Chartered Quality Institute (CQI) and the International Register of Certificated Auditors (IRCA), the Certification business offers training for companies in quality, health and safety, environment, social responsibility, food safety, information security, business continuity and energy management, as well as certification for individuals in technical and regulatory matters.

REVENUE BY BUSINESS SEGMENT



A resilient market

The Certification market has seen steady growth in line with growth in the world economy since 2008, when QHSE standards were last revised. This is due to the fact that Certification covers a wide variety of sectors and has a significant development potential on account of a still-low penetration rate in the corporate market.

Certification is also a very resilient market. Most contracts run on a three-year cycle, with an initial audit phase during the first year and further audits carried out during annual or semi-annual supervisory visits in the following two years. The certification process is generally renewed by the client for a new cycle after a period of three years. The average attrition rate observed for these three-year certification missions is low. It is less than 10% and mostly reflects clients who have discontinued their business, who no longer seek to be active in the markets for which certification was required or who have reduced and consolidated their numerous certification programs into one single program.

A return to growth for QHSE Certification services

In September 2018, the transitional period ended for the new quality (ISO 9001:2015) and environmental (ISO 14001:2015) management standards, and for the quality management standards in the automotive (IATF 16949), aeronautics (AS 9100) and rail (ISO/TS 22163) industries. This marked the end of an intensive period of activity in supporting corporate clients with the transition and with the replacement of a large number of certificates.

As a result, there was a sharp decline in business relating to these standards in 2019, with a lower number of audit days and activity restricted to monitoring audits, notably in the automotive segment.

Following this downturn in activity over the first nine months of 2019, the Quality and Environmental Certification business returned to growth in October, confirming forecasts of a pick-up in Certification activity in the last quarter of 2019. The strategy of developing and deploying new services did however help to mitigate the impact of the 2018 transition in 2019, and the Certification business continues to enjoy underlying growth.

In the automotive segment, business remained sluggish since the transition audits related to certification replacements. This means that the high level of business reported in 2018 will be followed by a two-year cycle essentially comprising less profitable surveillance audits. This is expected to affect the QHSE Certification business until September 2020, after which demand is expected to rally.

A diversified client portfolio

The Group manages a large volume of certificates (over 148,000 certificates currently valid) for three types of client:

- large international companies, most commonly for external certification assignments of their management systems covering all of their sites worldwide;
- large national companies seeking to improve their performance and enhance their reputation by certifying their management systems; and

- small and medium-sized companies for which management system certification may be a condition of access to export, public procurement, and high-volume markets.

The Certification portfolio is very diversified. The Group's biggest Certification client represents less than 1% of the business's revenue.

Market position

A front-ranking player

Bureau Veritas is a leader in Certification along with a few other global companies. The market is still very fragmented, with more than two-thirds of the world's Certification business conducted by local and/or small firms.

Thanks to its global presence, Bureau Veritas is ideally placed to help its clients develop in high-potential regions, particularly in Asia. The Certification business helps build company trust in these emerging markets upstream of the supply chain.

The Certification business is reported in the Group's CIF division, which is managed by Global Service Lines.

Bureau Veritas boasts strong competitive advantages:

- a broad, diverse offering covering all certification services, meeting needs specific to the main business sectors and providing innovative, customized solutions to companies wishing to improve their performance;
- a global, coherent network of qualified auditors in all major geographic regions, allowing Bureau Veritas to have critical mass in local markets, along with the ability to manage large-scale contracts through regional hubs;
- expertise universally acknowledged by over 70 national and international accreditation bodies;
- one-stop-shop offer: thanks to its very broad range of expertise, Bureau Veritas Certification simplifies management for the Certification contracts and most complex delivery projects (numerous sites, multiple standards, global accreditations, etc.);
- efficient report management tools, enabling clients to consult audit results for all of their sites throughout the world and monitor key indicators such as the number of audits already planned, non-compliances, certificates issued and invoicing; and
- a certification brand that is known and respected across the globe as a symbol of expertise and professionalism, enabling clients to enhance the image of their company and gain the confidence of their clients and partners.

A strategy focused on key accounts and new product development

Increase business with key accounts

The Certification market is still fragmented and is expected to consolidate as large international corporations entrust their system certifications to a limited number of certification bodies. The aim is to simplify and harmonize the certification process, obtain more visibility over their operations, better deploy and assimilate standards and reduce direct and indirect costs related to the audits.

Leveraging its global footprint, Bureau Veritas is ideally placed to address this new market need. Bureau Veritas is one of the few companies able to offer global certification to the main standards used by large international corporations.

Development of new digital products and services

Other new products round out its existing offering in several critical areas. In risk management, the Group continues to develop the Enterprise Risk portfolio including solutions for asset management, business continuity, and anti-bribery management systems. The Group's new offerings in the digital field include information security and protection of personal data linked to the recent European GDPR and the new ISO 27701:2019 standard on privacy information management.

In the automotive sector, Bureau Veritas now offers TISAX (Trusted Information Security Assessment Exchange) certification, which was created at the initiative of the German Association of the Automotive Industry (VDA). This Information Security Management System (ISMS) enables automotive companies to exchange data securely and is wholly adapted to industry requirements.

Digitalization has also been stepped up in the field of training, with the Group now offering several VCR (virtual classroom), e-learning and hybrid skills-building training programs. To support the new Certification training initiatives, the Group is investing in and deploying an online management, sales and payment platform for its training programs in many different countries. This platform can be used by companies to purchase the online training and certification services best suited to their needs.

Bureau Veritas is also rolling out an e-certificate platform. The validity of these new, secure digital certificates can be verified on the platform in just one click thanks to a QR code.

New Sustainable Development and Corporate Social Responsibility (CSR) services

In Sustainable Development, Bureau Veritas helps companies verify their energy efficiency, carbon and environmental footprint, greenhouse gas emissions, social responsibility commitments and sustainability reports.

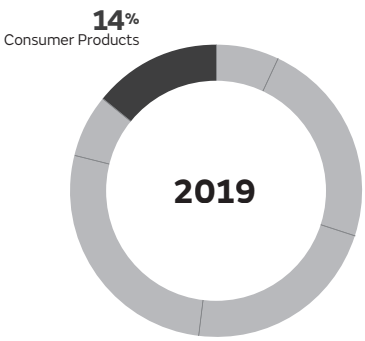
In May 2019, Bureau Veritas was one of the first Certification companies accredited by UKAS for the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA). This program was developed by the UN specialized agency International Civil Aviation Organization (ICAO) to reduce CO_2 emissions from air traffic by some 2.5 billion metric tons. Already widely recognized across the aeronautics industry, this accreditation enables Bureau Veritas to support airline companies in verifying their carbon emissions as from 2020, and in reducing their emissions or purchasing carbon offset credits as from 2021.

At its Sustainable Development Week in June 2019, Bureau Veritas launched Circular+, a series of audit and certification services focused on resource conservation, materials recycling, environmental management, optimized energy consumption and the reduction in greenhouse gas emissions. Critical to sustainable development, these services support companies in reviewing their business models and moving towards a more virtuous circular economy model.

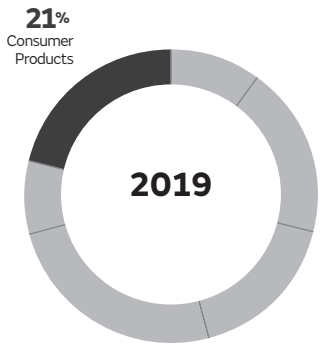
In CSR, Bureau Veritas continues to invest in social accountability audits such as SA 8000 managed by Social Accountability International (SAI) and the four-pillar audits designed by Sedex Members Ethical Trade Audit (SMETA), which focus on social, security, environmental and ethical practices. Bureau Veritas is also developing new services in the field of responsible sourcing, with the Aluminium Stewardship Initiative (ASI) and Responsible Minerals Initiatives (RMI) in metals and minerals, Together for Sustainability in Chemicals, and the Pharmaceutical Supply Chain Initiative (PSCI) and Excipients (EXCiPACT) in Pharmaceuticals.

1.5.6 Consumer Products

GROUP REVENUE



GROUP ADJUSTED OPERATING PROFIT



A portfolio of services covering the entire consumer products manufacturing and supply chain

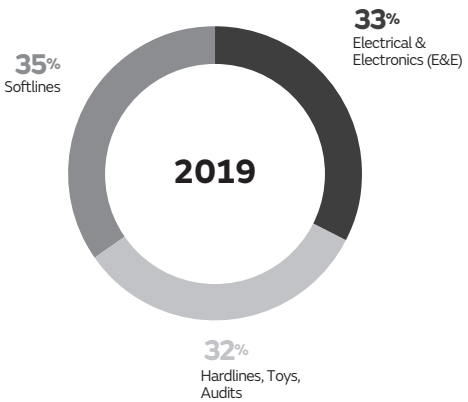
The Group provides quality management solutions and compliance assessment services for the consumer products manufacturing and supply chain. These solutions and services, which include inspection services, laboratory testing and product certification, as well as production site and social responsibility audits, are provided to retailers, vendors and manufacturers of consumer products.

These services are provided throughout the clients' manufacturing and supply chains to ensure that products offered to the market comply with regulatory safety standards or with voluntary or industry standards of quality and performance, including as regards connectivity and safety.

The main product categories include:

- softlines (clothing, leather goods, footwear);
- hardlines (furniture, sporting and leisure goods, office equipment and supplies, and toys);
- electrical products and electronics such as household appliances, wireless and smart devices (tablets, smart phones, applications and connected objects) and automotive products (parts, components and on-board systems).

REVENUE BY PRODUCT CATEGORY



The Group provides services:

- during a product's design and development stage: verification of product performance, advice on regulations and standards applicable in all countries across the globe, assistance in defining a quality assurance program;
- at the sourcing stage for materials and components: inspections and quality control tests for materials and components used in manufacturing the product;

- at the manufacturing stage: inspections and tests to assess regulatory compliance and product performance, as well as compliance of product packaging, factory audits with respect to quality systems and social responsibility; and
- at the distribution stage: tests and assessment of compliance with specifications and comparative tests with equivalent products.

A concentrated and loyal client base

The Group provides its services to retailers, manufacturers and brands across the globe, but mainly in the United States and Europe for products they source from Asia. Retailers in China, India and emerging countries in Latin America are also enjoying rapid growth, and the Group has recently developed its business with local clients and manufacturers in Asia.

Most of the revenue from this business is traditionally generated by some 100 key accounts. The 20 largest clients represented 25% of the revenue for this business in 2019.

Usually, the Group is accredited by a client-retailer as one of two or three inspection and testing companies (generally its major competitors) designated as an "approved supplier". In this situation, manufacturers and vendors can choose which company will inspect and test their products.

A market driven by innovation and new regulations

The Group believes that the market will benefit from the following factors:

- the development of new products and technologies that will have to be tested;
- shorter product lifecycles and time-to-market, as demonstrated by the swift adoption of wireless/smart technologies and their emergence in all types of products;
- the continuing tendency of retailers to outsource quality control and product compliance assessment;
- stricter standards and regulations regarding health, safety, and environmental protection;
- the emergence of new requirements linked to wireless integration systems in terms of connectivity, interoperability, safety and quality of service;
- growing demand from middle-class consumers in emerging countries for safer, higher-quality products;
- the gradual opening up of previously unexploited markets (India and China) to foreign players;
- the migration of manufacturing facilities to South Asia (Bangladesh, India, Pakistan and Sri Lanka) and South East Asia (Cambodia, Indonesia, Malaysia, Myanmar, the Philippines and Vietnam).

Since 2018, Bureau Veritas has noted the escalation of tariffs between the United States and China. The Group is closely monitoring the situation and, thanks to its global network of laboratories, is entirely capable of assisting its clients with the relocation of their production units, as is the case in the textile industry, to Cambodia, Vietnam, Bangladesh and Turkey. The Group also sees the increase in tariffs as a major long-term opportunity. Its services would be that much more important to ensure that the quality of products be maintained at minimum levels in new supply chains. In addition, the Group is ideally positioned to take advantage of the increase in demand for TIC services on China's domestic market. Measures have been taken to accelerate growth in this market, as well as in South Asia, South East Asia, Europe and Africa.

Leading positions in key market segments

The Group is one of the three world leaders in consumer products testing, with leadership positions in textiles, clothing and hardlines, including toys. More recently, the Group has strengthened its positions in the Electrical & Electronics segment, and more specifically in SmartWorld and wireless testing (mobiles, connected devices) and in the automotive sector.

A particularly robust presence in the US

The Group distinguishes itself from competitors by its robust presence in the United States and its deep penetration of the large US retailer market, which has resulted from the successful integration of two US companies: ACTS, the US leader for testing toys and products for children, acquired in 1998; and MTL, the US number one for testing fabrics and clothes, acquired in 2001.

Growth in market share in Europe

Business in Europe has grown significantly over the past few years, mainly in France, Germany and Italy, which have become important markets. The Group continues to expand its activities and offering in Europe to reinforce its client base and optimize its position in the textiles and hardlines segment.

A growth strategy focused on domestic markets in Asia

To adapt to a market in Asia that is driven increasingly by domestic consumption rather than by exports, the Group has devised a plan to develop its activities on fast-growing domestic markets, particularly China. This means growing organically, as well as through acquisitions, partnerships or joint ventures with local firms. Leveraging its leading position among global luxury brands, BV CPS Italy/Certest also helps foster growth with international brands accessing emerging markets across Asia.

Unique supply chain quality management solutions

The Group believes that its "BV OneSource" service offering is a unique and innovative solution for clients seeking an integrated solution for global supply chain quality and information management. BV OneSource offers real-time tracking of the status of tests and inspections conducted on products and audits of facilities, as well as immediate access to applicable regulations and reports. This digital platform is an analytical tool that helps clients manage their risks, protect their brand and access better information on their sourcing.

A breakthrough in wireless technologies and SmartWorld

Innovation remains one of the key factors driving growth. The SmartWorld initiative was launched to address growth opportunities resulting from the exponential growth in the number of connected devices, as regards equipment testing, new connected services, and data security.

Thanks to its acquisition of 7layers in Germany in January 2013, the Group became one of the world's leaders in wireless/smart technologies. Working hand-in-hand with a broad spectrum of industries involved in the continuous improvement and increased usage of wireless communications technologies, devices, services and applications for all facets of modern life. In early 2017, the Group strengthened its foothold on this market by acquiring Siemic, one of the main telecoms testing and certification bodies in the United States. In December 2017, Bureau Veritas acquired South Korea-based ICTK, enabling it to penetrate the fast-growing market for smart payment testing and certification services. Growth in this market is buoyed by strong consumer demand for contactless and mobile payment methods.

In 2019, the Group invested in 5G to support business development in wireless/smart technologies and their emergence in all types of products of the Internet of Things. Test platforms in Asia (China, South Korea) are currently being set up and will be operational during the first half of 2020.

A new platform in the Automotive sector

The Automotive market is having to contend with several deep-seated trends, including the relocation of production and consumption to emerging countries and the fundamental shift to "smart" cars and electric technologies. These trends will generate additional needs for TIC services.

Thanks to its acquisitions of VEO and IPS Tokai Corporation and through internal investments, Bureau Veritas has technology testing laboratories in Asia, Europe and North America. This puts the Group in good stead to help automotive suppliers meet their compliance and performance requirements for on-board electronics (navigation, music, safety and infotainment systems), as well as current and future electric and connected vehicles.

1.6 Accreditations, approvals and authorizations

*To conduct its business, the Group has numerous licenses to operate "**Authorizations**", which vary depending on the country or business concerned: accreditations, approvals, delegations of authority, official recognition, certifications or listings. These Authorizations may be issued by national governments, public or private authorities, and national or international organizations, as appropriate.*

Marine & Offshore (M&O) division

The Group is a certified founding member of the International Association of Classification Societies (IACS), which brings together the 12 largest international classification societies. At European level, Bureau Veritas is a "recognized organization" under the European Regulation on classification societies and a "notified body" under the European Directive on marine equipment. Bureau Veritas currently holds more than 150 delegations of authority on behalf of national maritime authorities.

Commodities, Industry & Facilities (CIF) division

Industry & Facilities

The Group has more than 150 accreditations issued by numerous national and international accreditation organizations, including COFRAC in France, ENAC in Spain, UKAS and CQI in the United Kingdom, ANSI/ANAB in the United States, JAS-ANZ and NATA in Australia and New Zealand, INMETRO in Brazil, ACCREDIA in Italy, DAkkS in Germany, RVA in the Netherlands, BELAC in Belgium, INN in Chile and DANAK in Denmark. These accreditations cover both its certification activities and its inspection and testing activities.

The Group is also a notified body under European Directives and holds more than 300 approvals, certifications, official acknowledgments and authorizations issued mainly by government organizations. The main international approvals concern pressure equipment, transportation equipment for dangerous goods, fire safety systems, electrical installations, Agri-Food products and environmental or health and safety occupational measures.

All such accreditations and approvals are regularly renewed upon expiration.

Commodities

The Group is a member of several industry organizations including the TIC Council (international association representing independent TIC companies), the American Association of Analytical Chemists (AOAC), the American Chemical Society (ACS), the American Petroleum Institute (API), the American Society for Quality (ASQ), the American Society of Safety Engineers (ASSE), the American Society for Testing and Materials International (ASTM International), the National Conference on Weights and Measures (NCWM), American Fuel & Petrochemical Manufacturers (AFPM), the Energy Institute (EI), and the International Organization for Standardization (ISO). Bureau Veritas is also a member of various ISO technical committees including those on iron ore, non-ferrous concentrates, ferroalloys, copper and copper alloys.

The Group is US-customs bonded and approved and is also accredited by the American Association of State Highway and Transportation Officials (AASHTO) for laboratory asphalt testing and inspections. Certain minerals laboratories are included as listed Samplers and Assayers by the London Metal Exchange (LME) and as Superintendents and Facilitators by the London Bullion Metals Association (LBMA). The Group is also approved as a "Good Delivery Supervising Company" by the London Platinum & Palladium Market (LPPM).

Key offices and laboratories involved into inspections of agri-commodities are accredited by the Federation of Oils, Seeds and Fats Associations (FOSFA), the Grain & Feed Trade Association (GAFTA) and the ICA (International Cotton Association). Bureau Veritas is also accredited by the Sugar Association of London (SAL) and the Federation of Cocoa Commerce (FCC), as well as by a number of other relevant national and international associations and organizations in various countries.

Many of the Group's laboratories are ISO 17025 accredited under various accreditation bodies including: National Association of Testing Authorities, Australia (NATA), Standards Council of Canada (SCC), American Association for Laboratory Accreditation (A2LA), Singapore Laboratory Accreditation Scheme (SINGLAS), United Kingdom Accreditation Services (UKAS), El Instituto Nacional de Normalización, Chile (INN), China National Laboratory Accreditation for Conformity Assessment (CNAS), and several others. Also, most of the Group's US laboratories are also registered under the US Environmental Protection Agency (EPA) to carry out testing on EPA-regulated fuels, including diesel and gasoline.

For government contracts, authorizations to conduct business are issued as delegations or concessions granted by national governments in contracts entered into with government authorities. As of December 31, 2019, the Government services business had some 40 government contracts.

Several Group laboratories are recognized by governments for testing for Transportable Moisture Limit (TML); such governments include Australia, Belgium, Chile, Finland, Malaysia, Liberia, the Netherlands and Taiwan.

For its PSI (Pre-Shipment Inspection) and VOC (Verification of Conformity) activities, Bureau Veritas is ISO 17020-accredited by COFRAC (the French Accreditation Committee).

Consumer Products (CPS) division

The Group holds the following principal authorizations and accreditations: American Association for Laboratory Accreditation (A2LA), French Accreditation Committee (COFRAC), Zentralstelle der Länder für Sicherheitstechnik (ZLS), Hong Kong Laboratory Accreditation Scheme (HOKLAS), IEC System for Conformity Testing and Certification of Electrical Equipment (IECEE), National Environmental Laboratory Accreditation Program (NELAP), Singapore Laboratory Accreditation Scheme (SINGLAS), United Kingdom Accreditation Services (UKAS), China National Laboratory Accreditation for Conformity Assessment (CNAS), Deutsche Akkreditierungsstelle Chemie GmbH (DACH), Deutsche Akkreditierungsstelle GmbH (DAkkS), AKS Hannover, Japan Accreditation Board (JAB), National Accreditation Board for Testing and Calibration Laboratories (NABL), Pakistan National Accreditation Council (PNAC), Laboratory Accreditation Correlation and Evaluation (LACE), Komite Akreditasi Nasional (KAN), Thai Industrial Standards Institute (TISI), Vietnam Laboratory Accreditation Scheme (VILAS), CTIA Authorized Testing Laboratory (CATL), PCS Type Certification Review Board (PTCRB), Global Certification Forum (GCF), Bluetooth Qualification Test Facility (BQTF), Bluetooth Qualification Expert (BQE), NFC Forum Authorized Test Laboratory, WiFi Alliance Authorized Test Laboratory, Federal Communications Commission (FCC), Industry Canada (IC), Car Connectivity Consortium (CCC), OmniAir Authorized Test Laboratory (OATL), LoRa Alliance Authorized Test House (ATH), Sigfox Accredited Test House, Thread Authorized Test Lab, Wireless Power Consortium for Qi certification (Qi), EMVCo Service Provider, Visa Recognized Testing Laboratory, the Brazilian National Telecommunications Agency (ANATEL) and the Brazilian National Institute of Metrology, Quality and Technology (INMETRO).

Each of the Group's businesses has put in place a dedicated organization for managing and monitoring these authorizations on a centralized basis, and the authorizations are subject to regular audits by the authorities concerned. Obtaining, renewing and maintaining these authorizations must be justified by qualitative and quantitative criteria concerning the independence, impartiality and professional capabilities of the beneficiaries, such as proof of experience in the field concerned, the existence of trained and qualified technical personnel, technical resources and methodologies, proof of a quality management that complies with applicable standards such as ISO/IEC 17020 for inspection companies, ISO/IEC 17021 for management system certification bodies, ISO/IEC 17065 for products and services certification, or ISO/CEI 17024 for personnel certification, or those relating to testing and calibration laboratories (ISO/IEC 17025).

1.7 Research and development, innovation, patents and licenses

As part of its research and innovation strategy, the Group carries out experimental development activities on strategic projects that aim to bolster its positioning or enable it to capture new markets.

The Group's R&D strategy is rolled down through:

- a research partnership with the French Alternative Energies and Atomic Energy Commission (CEA), with which or so projects are carried out each year on issues as varied as cybersecurity, smart grids and IoT, and additive manufacturing;
- its membership of the Factory Lab innovation platform, which is a cluster of public research laboratories, global industry leaders and companies developing innovative technologies. The Lab looks at areas such as the factory of the future, physical and cognitive assistance for operators, and process/testing automation;
- contracts with innovative technology start-ups and industry players to develop common interest projects such as remote assistance and support;
- its involvement in the work of the European Cyber Security Organisation (ECSO) within the context of an EU-driven public-private partnership to define the technological roadmap for the cybersecurity sector;
- its partnership with industrial joint research centers like IRT Jules Verne and with academic laboratories such as that of École centrale de Nantes for developing digital solutions for innovative hydrodynamic studies;
- its involvement in subsidized joint projects, notably those financed by the Single Interministerial Fund, and its replies to European calls for projects;
- its participation in the IEC System as regards the development of new certification schemes relating to equipment for use in renewable energy applications;
- the shift of its businesses and solutions to digital media, with the development of future inspectors and inspection services.

The Group is eligible for the research tax credit in France within the framework of its business activities. This tax credit is similar to a subsidy in that it is refundable even if it exceeds the amount of tax payable. Accordingly, it is included in current operating profit.

A €2.7 million research tax credit was recognized as a subsidy in the 2019 consolidated financial statements.

A total of €9.9 million in research and development costs relating mainly to the Marine & Offshore business was recognized under expenses in 2019.

1.8 Information and management systems

The Group's IT department is responsible for:

- defining the Group's technological architecture by outlining the standards applicable to all businesses and regions in terms of software application development and network infrastructure;
- selecting, implementing, deploying and maintaining integrated cross-functional solutions in all operating units (email, collaboration tools, ERP finance, client relationship management, Human Resources and production systems, etc.);
- guaranteeing the availability and security of the infrastructure and integrated solutions used by the Group; and
- managing the Group's overall relationship with its main suppliers of equipment, software and telecommunications services.

The department is organized into six Regional Shared Services Centers, covering North America, Latin America, Europe, France/Africa, Asia and the Middle East/Pacific. These shared services centers provide different support services (network, help desks, hosting, support, etc.) to countries in their respective regions.

A Global Shared Services Center has also been set up in Noida (India) with the aim of pooling certain cross-functional operational support processes.

In 2019, operating expenses and running costs for the Group's information systems represented around 3% of the Group's consolidated revenue.

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2.1 Sustainability is at the heart of our business

2.1.1 Mission of Bureau Veritas

As a "Business to Business to Society" services company, the Group's role is **to establish a relationship of trust between businesses, public authorities and consumers**.

Promoting trust

Bureau Veritas' mission is to reduce its clients' risks, improve their performance and help them innovate to meet the challenges of quality, health and safety, environmental protection, social responsibility and compliance.

Since it was founded in 1828, the Bureau Veritas brand has been synonymous with integrity, and represents an invaluable asset in an industry based on trust. Today, the Group continues to work to improve trust between businesses, consumers and public authorities.

A "Business to Business to Society" services company

Today, the Group is capitalizing on its extensive experience to better serve society's aspirations.

Driven by society, Bureau Veritas acknowledges the challenges of growing urbanization, anticipating the need for safer, smarter cities. The Group anticipates the expectations of an expanding global population, including the need for safe and reliable agricultural production. Bureau Veritas understands the impact of climate change, working to ensure people worldwide have access to cleaner energy while supporting its clients in the efficient management or conversion of their existing assets. We embrace digitalization while mitigating the risks it brings.

Bureau Veritas is entering a new era

Driven by society, the Group is working ever more closely with its clients, addressing today's crucial challenges and answering society's aspirations.

Since its inception, Bureau Veritas has always supported its clients in mitigating risks through its expertise in quality, health and safety, and environmental fields, as well as in data protection and technological progress.

As an independent party, Bureau Veritas helps to build trust between governments, companies and citizens, who represent the foundation of the society.

Complex and interlinked forces are transforming the economies, shaped by growing urbanization, booming demographics, the shift towards greener energy, a digital transformation through artificial intelligence, data fusion and machine learning, to name but a few.

The Group sees that this shift in the playing field is profoundly reshaping the face of Bureau Veritas and the way it addresses its clients' needs and helps them meet their challenges. Bureau Veritas is entering a new phase of its development, with the ultimate goal of meeting society's deepest aspirations while addressing its clients' existing and future challenges. Leveraging their expertise and experience, Bureau Veritas employees around the world represent the Group's most important asset in generating value for its clients.

The Group's employees are proud to see how each day, their work has a positive impact on the lives of millions of people around the world. Bureau Veritas' success belongs to them.

2.1.2 Bureau Veritas' sustainability values and commitments

Bureau Veritas' commitment to Corporate Social Responsibility (CSR) issues reflects its wish to play its part in efforts that each company and citizen should make to address society's social and environmental challenges. Besides its compliance with CSR regulations, Bureau Veritas also seeks to meet the needs of its clients, end consumers and all its stakeholders.

Owing to the nature of its services, Bureau Veritas has a direct and indirect impact on CSR issues:

- directly, in each of its businesses, entities, subsidiaries and regions;
- indirectly, Bureau Veritas offers a broad range of services aimed at improving the impact its clients have in terms of health and safety, security, environment and sustainable development.

The Group firmly believes that its actions in this respect are helping to prepare for the future in the best interests of its shareholders.

This view is echoed in the commitment to social and environmental issues expressed by the Chairman of Bureau Veritas' Board of Directors and the Group's Chief Executive Officer, as set out below.

BUREAU VERITAS
SOCIAL AND ENVIRONMENTAL ENGAGEMENT

Corporate Social Responsibility (CSR) is a strong commitment of Bureau Veritas. It complements our absolutes and our fundamental values.

CSR is embedded in our purpose and corresponds to our will to act in a responsible and sustainable way. Our mission and the nature of our services allow us to serve the society by reinforcing safety, improving quality and protecting the environment.

As a leader of our market sector we want to be exemplary. In 2019, five key actions were initiated to accelerate our CSR program. We have:

- Updated our fundamental values, with CSR at the heart of our priorities. It is the DNA which groups our employees,
- Accelerated our actions to be an inclusive and gender balanced company and published a new Inclusion policy applicable in all our organization,
- Continued our efforts to improve our employee safety. We have reinforced our manager safety leadership and our employee accountability. Safety remains one of our 3 absolutes.
- Accelerated our efforts for the environment, joining the French pledge for climate with more than 100 large companies,
- Mobilized our suppliers to align them with our values for ethic, safety, environment and human rights,
- Enlarged our service portfolio to better assist our clients in their CSR program.

Bureau Veritas remains mobilized with each of its employees to continue the improvement of its social and environmental impacts, notably through environmental protection, biodiversity conservation, defense of Human Rights, respect for ethics, health and safety.

We want Bureau Veritas to remain a model of company, responsible and committed towards the Society.

At Bureau Veritas, Corporate Social Responsibility is an integral part of our values.

Together, employees, clients and suppliers, let's be committed to our future, supporting the UN Sustainable Development Goals.

Aldo Cardoso
Président du Conseil d'Administration

Didier Michaud-Daniel
Directeur Général

Further details on the Group's ESG (Environment, Social, Governance) commitments and policies can be found on the CSR pages of the Bureau Veritas website by clicking on the following link: *https://group.bureauveritas.com/group/corporate-social-responsibility/policies.*

2.1.3 A CSR strategy aligned with the UN's Sustainable Development Goals

The expertise and know-how of Bureau Veritas teams, along with the core values that are shared by all staff and underpin the Group's corporate culture, reinforced by three "absolutes" rooted in Group practices (safety, ethics and financial control), are decisive in helping to protect the brand's image and the Group's reputation, as well as in driving value creation.

Bureau Veritas' CSR strategy acts for the future and is consistent with its mission and strategic goals.

Bureau Veritas has chosen to act in accordance with the UN's Sustainable Development Goals in order to promote prosperity and protect the planet.

Thanks to its mission as a "Business to Business to Society" company and the large number of markets and clients it serves, Bureau Veritas makes a positive contribution to all Sustainable Development Goals.

However, the Group's priorities are:

Goal 3: Good health and well-being
Ensure healthy living and promote well-being for all at all ages.
This is the primary aim of the Group's risk prevention actions.

Five other goals also provide a strong focus:

Goal 7: Affordable and clean energy
Ensure access to affordable, reliable, sustainable and modern energy for all.
(through the Buildings & Infrastructure and Industry businesses)

Goal 9: Industry, innovation and infrastructure
Build resilient infrastructure, promote sustainable Industrialization and foster innovation.
(through the Industry, Buildings & Infrastructure and Marine & Offshore businesses)

Goal 11: Sustainable cities and communities
Make cities and communities inclusive, safe, resilient and sustainable.
(through the Buildings & Infrastructure business)

Goal 12: Responsible consumption and production
Ensure sustainable consumption and production.
(through the Agri-Food & Commodities and Consumer Products businesses)

Goal 13: Climate action
Take urgent action to combat climate change.
(through the Certification business)

The Group has also committed to respecting the ten principles of the UN's Global Compact, which are derived from:

- the Universal Declaration of Human Rights.
- the ILO Declaration on Fundamental Principles and Rights at Work.
- the International Labour Organization.
- the Rio Declaration on Environment and Development.
- the United Nations Convention against Corruption.

The ten Global Compact principles applied by Bureau Veritas are as follows:

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

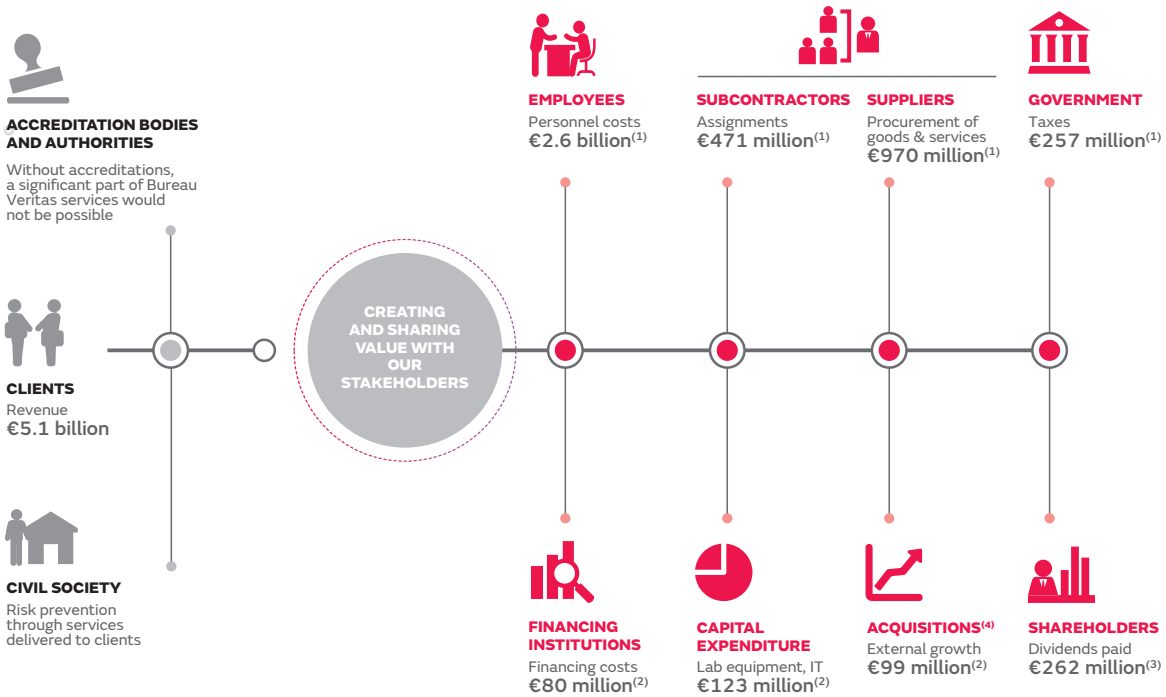
Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

2.1.4 Stakeholders

The Group's main stakeholders are its employees, shareholders, clients, suppliers and subcontractors, as well as accreditation bodies, governments, public authorities and society at large.

The economic performance shared with Bureau Veritas' stakeholders and the manner in which the Group interacts with those stakeholders are set out in the tables below:



(1) 2019 P&L impact.
(2) 2019 cash impact.
(3) 2019 equity impact.
(4) Acquisitions of subsidiaries (net of disposals of businesses) and repayment of amounts owed to shareholders.

DIALOGUE WITH STAKEHOLDERS

STAKEHOLDERS	EXPECTATIONS	BASIS FOR DIALOGUE
SOCIETY	→ Improve quality → Reduce risk → Protect the environment → Human rights and ethical conduct → Consumer protection	→ CSR Focus Committee → Fairs and exhibitions → Website and publications
CLIENTS	→ Ethical conduct → Service quality → Operational excellence → Occupational health and safety → Cybersecurity	→ Satisfaction surveys → Technical/sales meetings → Client seminars → CSR Focus Committee
SHAREHOLDERS AND INVESTORS	→ Reduce CSR risks → Financial performance → CSR commitment	→ CSR Focus Committee → Board of Directors → Investor meetings
EMPLOYEES	→ Training and development → Occupational health and safety → Well-being at work → Ethical conduct → Diversity and inclusiveness	→ Annual evaluations → Department meetings → Alert hotline → START Young Employees Committee → Code of Ethics and policies
ACCREDITATION BODIES	→ Operational excellence → Ethical conduct	→ Accreditation audits
PARTNERS (SUBCONTRACTORS, SUPPLIERS, SALES INTERMEDIARIES, JVS)	→ Occupational health and safety → Fair pay → Long-term business relations	→ General purchasing terms and conditions → Partner Code of Conduct → Evaluations → Alert hotline
GOVERNMENTS AND PUBLIC AUTHORITIES	→ Develop the economy → Create jobs → Respect for the environment and security → Comply with laws and regulations	→ Relations with governmental authorities → Relations with the European Commission → Group Compliance Program

A Young Employees Committee was set up to take into account the expectations of younger generations in defining the Group's strategy. This Committee, known as "START" and composed of 28 young people from around the globe representing all of the Group's businesses, was asked to compile information on young employees' expectations in terms of Bureau Veritas' CSR commitment. START submitted its findings, emphasizing the importance of CSR in the Group's strategy through actions to be taken to improve its social and environmental impact and new missions designed to support clients with their own CSR challenges.

A CSR Focus Committee with eight independent members was set up in 2019, comprising clients from different industries, CSR experts, representatives from civil society (associations, NGOs, etc.), investors and non-financial analysts.

The Committee's brief is to outline its expectations in terms of Bureau Veritas' CSR policy. This involves assessing the nature and critical importance of non-financial risks and opportunities, especially in terms of impacts on the environment and people connected to its businesses, and of its initiatives designed to help its clients improve their own sustainability footprint. The Committee met for the first time in February 2020.

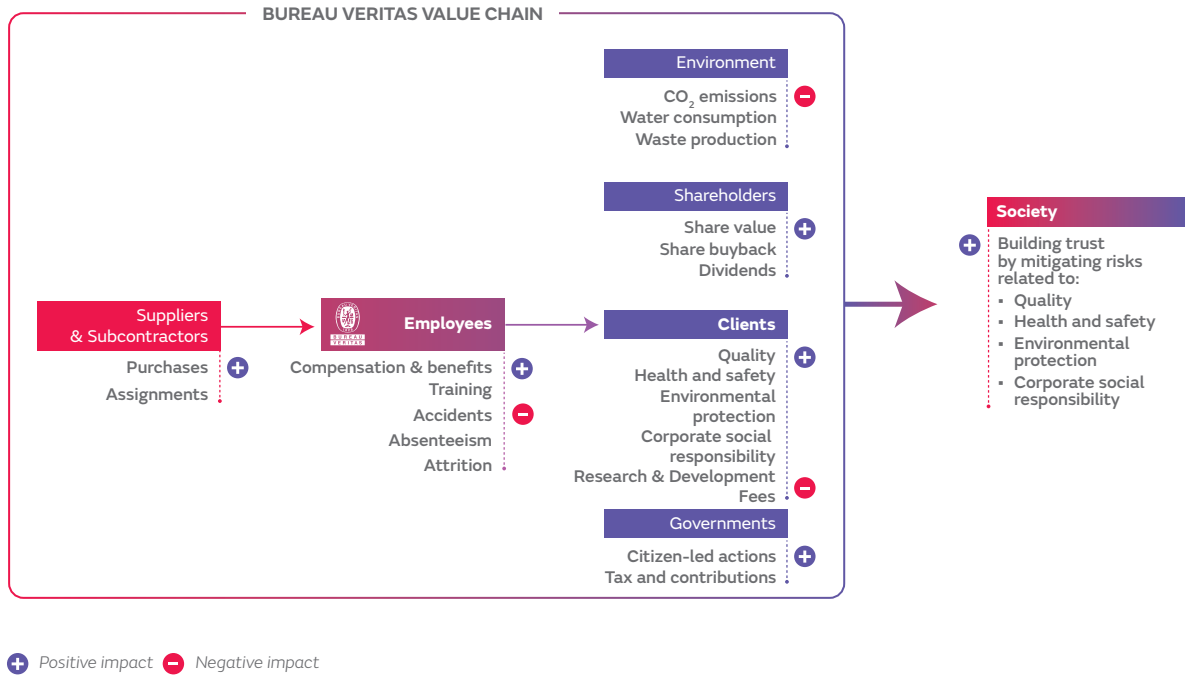
2.1.5 Bureau Veritas' impact on society

For this first year, Bureau Veritas developed an approach enabling it to assess the quantitative impact of its activities on all of its stakeholders, including civil society.

This approach is based on an assessment of the positive and negative impacts of the Group's activities on each of its stakeholders, as shown below. Social, environmental and economic impacts are taken into account.

This approach may be modified in 2020 to include any improvements that could make it more accurate.

Value chain and qualitative impacts

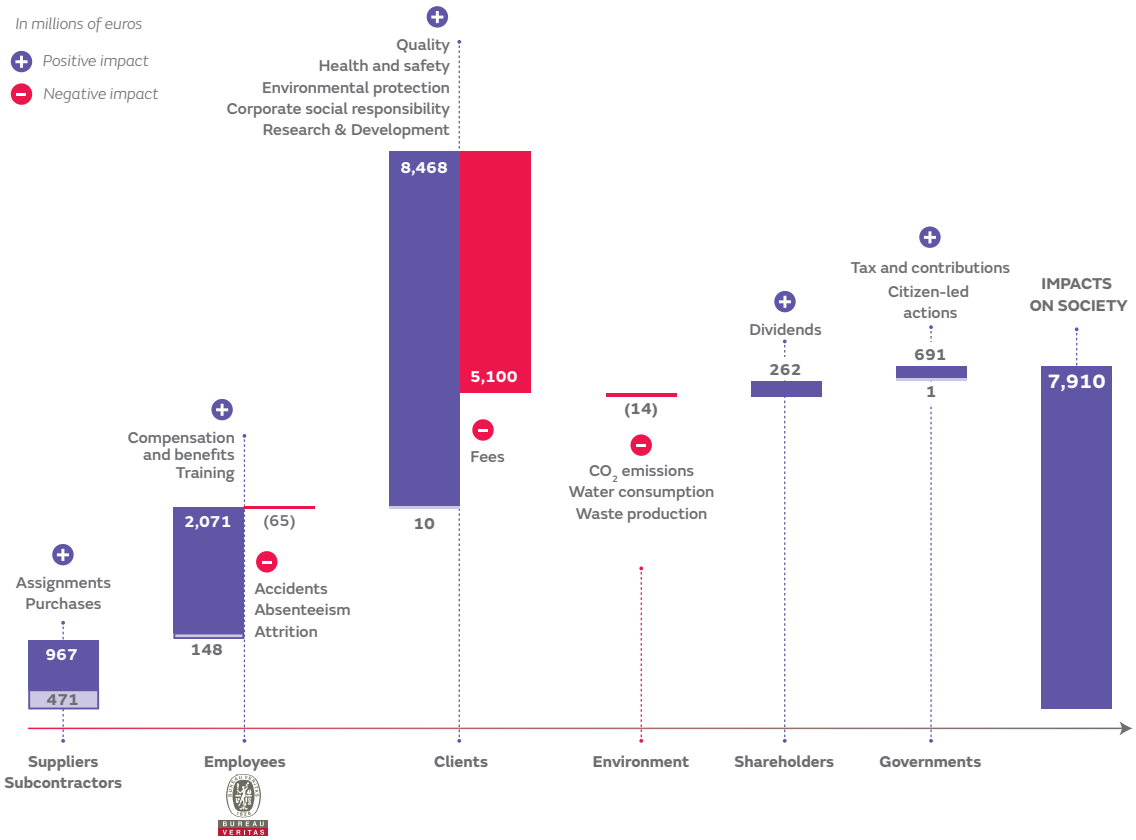


In this approach, the quantitative impact on clients is calculated on the basis of the estimated reduction in clients' poor quality costs (PQC) due to Bureau Veritas' work. This estimate is weighted for each activity, depending on the proportion of tests performed by Bureau Veritas. To calculate the environmental impact, the price of a ton of carbon was estimated at €40. To calculate the safety impact (accidents), only lost-time accidents were considered, taking into account the direct and indirect costs of these accidents.

Quantitative impacts on society

Based on the assessment of each of these qualitative impacts, Bureau Veritas has a positive net impact of €7,910 million on civil society, as detailed below. This represents an improvement of 3% on the positive net impact of €7,718 million in 2018.

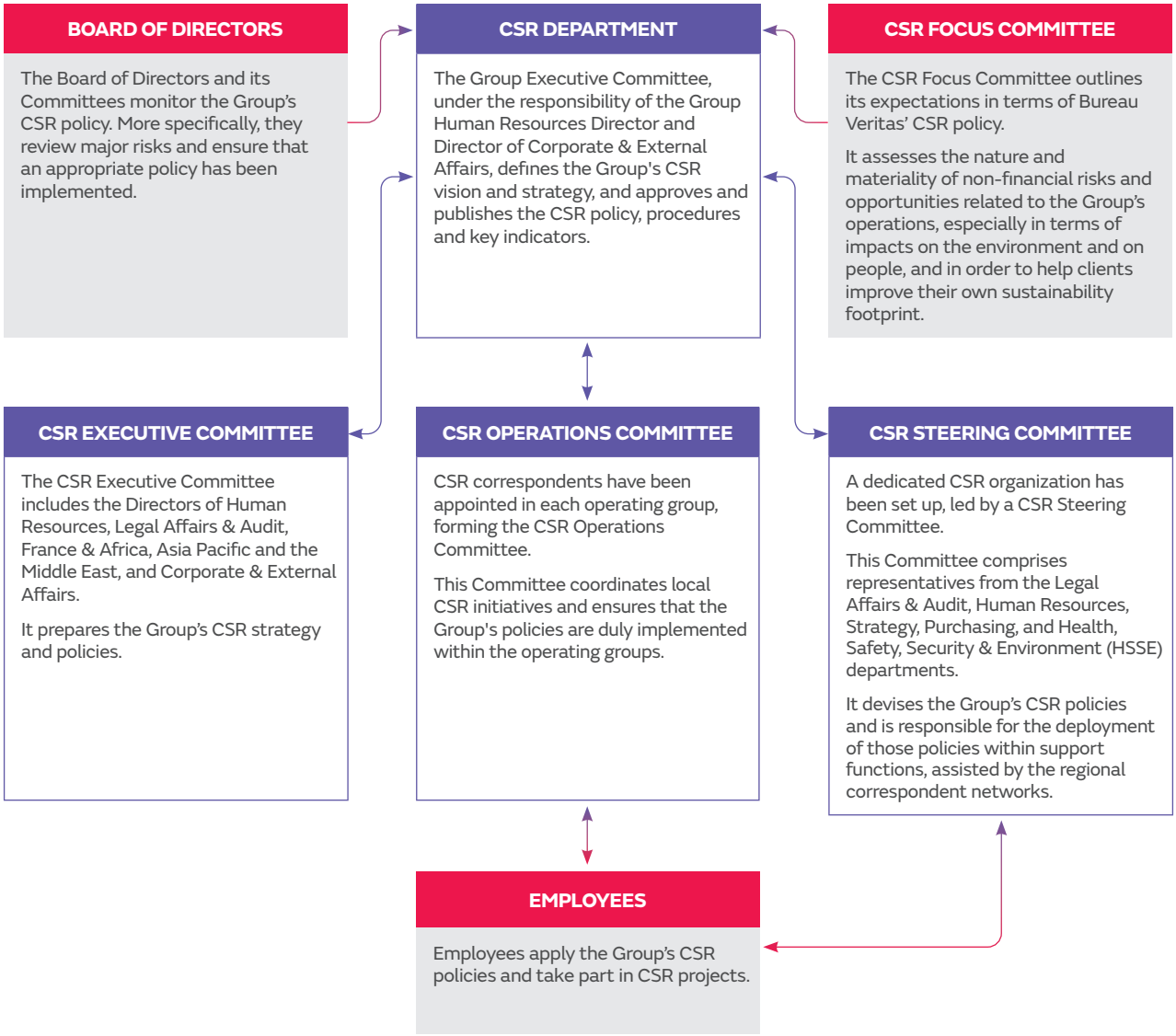
Value created for clients rose 6%, as calculated using a comparable approach, at €8,468 million.



In addition, Bureau Veritas' impact on society also has a significant sustainability component, given the wide range of services designed to support companies with their social and environmental projects (see sub-section 2.3.1.6 – CSR services).

2.1.6 CSR governance and organization

CSR at Bureau Veritas falls under the responsibility of Marc Boissonnet as Executive Vice-President, External & Corporate Affairs. It is organized according to a matrix-based structure and is represented within all of the Group's support functions as well as all operating entities. This structure enables Bureau Veritas to bring the appropriate expertise to bear on each CSR issue, while monitoring the constraints and needs of each operating entity.



2.1.7 Key achievements in 2019

In 2019, seven major initiatives were launched to accelerate the Group's CSR program:

- establishment of a **CSR Focus Committee** comprising external stakeholders (see section 2.1.4 – Stakeholders);
- revision of the Group's **core values,** placing CSR at the heart of its concerns. CSR is the DNA around which the Group wishes to unite all of its employees (see sub-section 2.3.2.1 – Talent management);
- acceleration of efforts to create a **fairer, more inclusive company.** Bureau Veritas has rolled out an inclusiveness policy applicable to the entire organization (see sub-section 2.3.2.2 – An inclusive culture and diverse workplace);
- continuation of efforts to improve **employee safety.** The Group has strengthened leadership skills among its managers and employee accountability (see sub-section 2.3.2.4 – Health and safety);
- continuation of **environmental** efforts, adhering to the climate commitment alongside France's 100 largest companies. The Group published a new policy aimed at reducing its environmental footprint in terms of CO_2 emissions, water consumption and waste production (see sub-section 2.3.3.1 – Combating climate change and adapting to its consequences);
- efforts to ensure that **suppliers were aligned with its values** in terms of ethical conduct, safety and security, environment and human rights, through a new Business Partner Code of Conduct (see section 2.4.1 – Governance and policies of the duty of care plan);
- enhanced range of **CSR services drawing on Environmental, Social and Governance (ESG) aspects** to better support clients with their CSR strategy. This includes the launch of "Circular+", a new certification service for the circular economy (see sub-section 2.3.1.6 – CSR services).

2.1.8 Assessments, ratings and rewards

List of CSR assessments, ratings and rewards received in 2019

Bureau Veritas' ratings by rating agencies all improved sharply in 2019. Bureau Veritas is ranked second in the Dow Jones Sustainability – RobecoSAM index and is now included in the Europe and Global indices.

Dow Jones Sustainability Indexes	**Bronze Class** award - **Ranked #2** of its market sector Rated 75/100, above sector average (38/100)
MSCI	**Rated A**
GOLD 2019 ecovadis CSR Rating	**Gold CSR rating**
CDP DRIVING SUSTAINABLE ECONOMIES	**Rated B,** above sector average (B-)
vigeo eiris	**Rated "Robust"** and **ranked #7** of its market sector
SUSTAINALYTICS	**Rated "Low" risk and ranked #3 of its market sector**
EthiFinance Gaïa RATING	**Rated 83/100,** above sector average (63)

It collected various prizes from its clients or local professional organizations for service quality, safety, ethical conduct, working conditions and employment, as illustrated below:

GRANDS PRIX DE LA TRANSPARENCE 2019	Bureau Veritas was awarded the “Grand Prix de la Transparence 2019” in the ‘Registration Document Clarity’ category, recognizing the quality and transparency of its Registration Document.
FT LEADER IN DIVERSITY 2020	Bureau Veritas was included in the Financial Times list of “Diversity leaders 2020”.
top EMPLOYER UNITED KINGDOM 2019	Bureau Veritas UK is one of the select organizations to achieve the Top Employers United Kingdom 2019 Certification and be officially recognized as a leading employer for the seventh consecutive year.
2019 RoSPA Fleet Safety Gold Medal 2019 RoSPA Gold Medal Award	Bureau Veritas UK achieved the Gold Medal award for the seventh consecutive year and the Fleet Safety Gold award by the Royal Society for the Prevention of Accidents (RoSPA).
top EMPLOYER FRANCE 2019	Bureau Veritas France was listed among the “Best employers in France 2019”.
	Bureau Veritas China won the “Top human resources management” award 2019.
	Bureau Veritas Hungary has been awarded the Business Ethics Award in the multinational company category for its commitment to sustainable and ethical principles.
AWARDS FROM CLIENTS	A large number of Bureau Veritas entities have received awards from clients or national associations to recognize their engagement and their performance in Safety, Quality, Environment and Ethics.

2.2 Main non-financial risks and opportunities

2.2.1 Definition and methodology

Bureau Veritas analyzed its non-financial risks and opportunities in order to focus its actions on the areas considered most important. Each operating department reported on its risk factors using a groupwide approach devised by the Risk department. The reports were then consolidated and pooled. The impact, frequency and degree of management for each risk were quantified, enabling the Group to identify major risks and opportunities.

This risk map was supplemented by a CSR analysis conducted by the CSR Steering Committee, resulting in the inclusion of four new specific CSR topics that did not feature in the Group's general risk map. Three topics are risks relating to human rights, the environment and climate. The fourth is an opportunity related to the sale of CSR services.

These risks and opportunities were reviewed and confirmed by the CSR Steering Committee, which groups the heads of the Group's support functions. The risks and opportunities were also validated by Bureau Veritas Executive Management.

2.2.2 Main risks and opportunities

A total of 13 major risks and one opportunity were identified. These are presented below, together with a reference to the sections in which they are discussed in more detail. Bureau Veritas has defined a policy, action plan, indicators and targets for each of these risks and opportunities. Further details on all policies can be found on the CSR pages of the Bureau Veritas website. They can also be accessed by clicking on the following link: *https://group.bureauveritas.com/group/corporate-social-responsibility/policies*.

	Risks and opportunities	Section/ Sub-section	Policies	Actions	2020 objectives
Operational excellence					
1	Ethics	2.3.1.1	Code of Ethics.	Take decisions in line with the Group's ethical rules and principles, particularly in terms of preventing corruption.	• 100% of employees trained in the Code of Ethics.
2	Client relations	2.3.1.2	Quality policy. "Client experience management" policy. Quality procedures.	Guarantee the high quality of services, reports and certificates.	• Net Promoter Score (NPS) above 45. • 85% of sites certified to ISO 9001.
3	Supply chain management	2.3.1.3	General purchasing terms and conditions. Business Partner Code of Conduct (BPCC). Partner health & safety and environment manual.	Ensure partners comply with Bureau Veritas values.	• BPCC signed by all new partners.
4	Cybersecurity and data protection	2.3.1.4	IS/IT Charter. "Personal data protection" policy.	Ensure Group robustness and client data protection.	• 100% of employees trained.
5	Innovation	2.3.1.5	Service line action plans.	Adapt offer to emerging market needs.	
6	CSR services	2.3.1.6	New CSR services portfolio.	Support clients with their CSR strategies.	• Increase CSR services as a % of total services to 10%.
Human capital					
7	Talent management	2.3.2.1	Employee Value Proposition "My Performance" – "My Development". Group talent strategy.	Attract, nurture and retain talent.	• Improved employee engagement score each year. • <15% voluntary attrition.

	Risks and opportunities	Section/ Sub-section	Policies	Actions	2020 objectives
8	Inclusive and diverse workplace	2.3.2.2	BV Values. BV Leadership expectations. "Inclusiveness" policy.	Develop equal opportunities and promote inclusiveness and diversity.	• 100% of managers trained.
9	Respect for human rights	2.3.2.3	"Human Rights" policy.	Ensure Bureau Veritas' operations across the globe comply with human rights.	• 100% of entities comply with the Human Rights policy.
10	Health and safety	2.3.2.4	Safety policy. Cardinal Safety Rules. Safety procedures.	Ensure the health and safety of the Group's employees and partners during each assignment.	• Reduce TAR (Total Accident Rate) by 50% (*vs.* 2014). • Reduce LTR (Lost Time Rate) by 50% (*vs.* 2014). • TAR = 0.40. • 85% of sites certified to ISO 45001.
11	Support for local communities and outreach	2.3.2.5	"Philanthropy" policy.	Help nurture local communities.	• 80% of donations focused on the Group's priority areas.
Environmental protection					
12	Fight against climate change	2.3.3.1	Environment policy. Climate commitment. "Operating eco-efficiency" policy.	Reduce the Group's CO_2 emissions and prepare the business to face major climate changes.	• Reduce CO_2 emissions by 10% per FTE employee (*vs.* 2015). • Increase the use of renewable energy by 10% (*vs.* 2015).
13	Protect the environment and biodiversity	2.3.3.2	Environment policy. Action for biodiversity.	Protection of the environment and biodiversity.	• 75% of sites certified to ISO 14001. • 5,000 trees planted.

2.2.3 Risks not deemed significant

Fight against tax evasion

Bureau Veritas seeks to ensure that its businesses comply with laws and regulations governing tax evasion[(1)], and more generally strives to conduct its business activities in strict compliance with applicable tax regulations by putting in place appropriate resources and procedures. Section 4.4 – Legal, administrative and arbitration procedures and investigations of the 2019 Universal Registration Document provides details of tax positions that may have given rise to tax inspections and/or proposed tax adjustments.

Fight against food insecurity

Bureau Veritas does not consider the fight against food insecurity, respect for animal welfare, and equitable, sustainable and responsible food as significant risks[(2)].

(1) Referred to in article 20 of French law no. 2018-898 of October 23, 2018 (anti-fraud law).

(2) French law no. 2018-938 of October 30, 2018 on the fight against food insecurity.

2.3 Roadmap for shaping a world of trust

2.3.1 Operational excellence

2.3.1.1 Ethics, an "absolute"

Background

The nature of Bureau Veritas' business requires full independence, impartiality and integrity. For this reason, ethics is one of the Group's three "absolutes".

Bureau Veritas' presence in a wide range of countries exposes it to corruption risks, identified in a specific risk map. These risks are managed thanks to a Code of Ethics, a Compliance Program, monitoring procedures and a whistleblowing system. Internal controls are in place for all anti-corruption measures and procedures are performed by Internal Audit teams as part of their brief. Each year, the teams also focus specifically on anti-corruption measures to ensure that they are compliant with the French law of December 9, 2016 ("Sapin II").

Policy

- **Code of Ethics**

The Group's Code of Ethics sets forth the principles and rules on which the Group bases its development and sustainable growth and builds relationships of trust with its clients, employees and business partners.

The Code of Ethics applies to all Group employees and complies with the requirements of the TIC Council.

It has four core principles:

(I) The Code of Ethics must be applied rigorously.

(II) Our conduct must always be governed by the principles of transparency, honesty and fairness.

(III) We are committed to fully complying with the laws and regulations of the countries in which we operate.

(IV) We are committed to fighting corruption.

Complying with these ethical principles has become a source of pride for all employees, who must ensure that their day-to-day decisions are taken in compliance with the Code of Ethics. Disciplinary measures that may lead to dismissal may be taken against any Bureau Veritas employee who fails to comply with the principles and rules set out in the Code of Ethics.

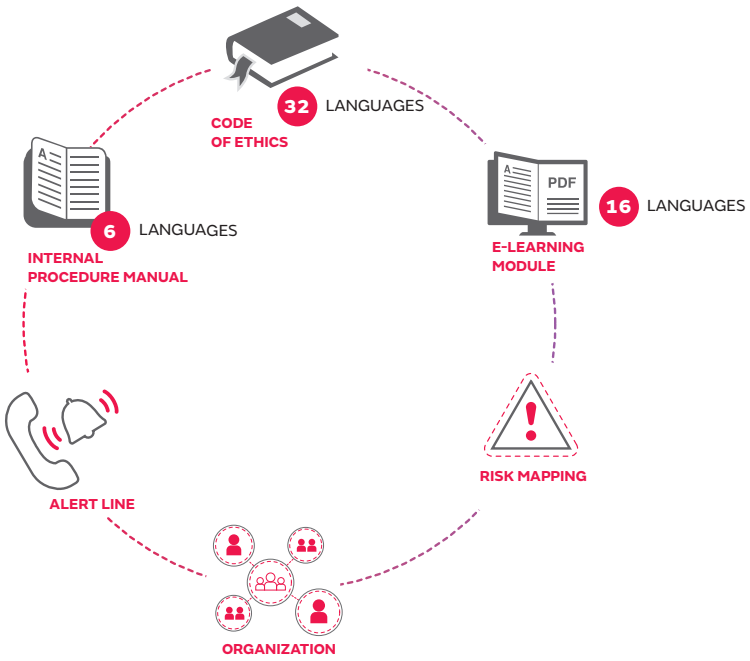
The Group's business partners, such as intermediaries, subcontractors, joint venture partners and key suppliers, are also contractually bound to apply the Business Partner Code of Conduct in their dealings with Bureau Veritas. This includes the requirement to act in compliance with the Group's Code of Ethics.

The Code of Ethics is available on the Bureau Veritas website at the following address: http://group.bureauveritas.com/group/corporate-social-responsibility/statements-policies.

In 2019, the Group updated its Code of Ethics to reflect recent legislative changes, in particular France's Sapin II law.

- **Compliance Program**

The Group's Compliance Program covers the Group's Code of Ethics, a manual of internal procedures, a worldwide compulsory training program for all staff (available primarily as an e-learning module and supplemented by local training and awareness-raising initiatives), a whistleblowing procedure for internal and external ethics violations, a risk mapping process, internal and/or external assessment procedures for commercial partners coupled with an information database and sample contracts, accounting control procedures with the allocation of specific accounts for regulated transactions (gifts, donations, etc.), the annual certification of guidance frameworks and regular control and assessment processes, which are mainly conducted via an annual self-assessment campaign and rounded out by internal and external audits.



In 2016, the e-learning module pertaining to the Compliance Program was transferred to the Group's dedicated "My Learning" platform in order to enhance and facilitate its worldwide deployment. The Compliance Program is rolled out by a dedicated global network of Human Resources managers.

• Regularly reinforced procedures

Through dedicated internal rules and procedures, the Group controls notably the selection of its commercial partners (intermediaries, joint-venture partners, subcontractors, main suppliers) and the integrity of their actions, prohibits certain transactions, such as facilitation payments and kickbacks, and restricts others, such as donations to charitable organizations, sponsorships and gifts.

The measures adopted to fight both corruption and harassment and to comply with anti-trust rules and international economic sanctions are regularly improved. This is done by reviewing internal rules and procedures, dispensing additional training and sending regular alerts through the Group's network of Compliance Officers.

Each operating unit has a dedicated manual covering its own specific legal, risk management and ethics issues designed to assist operating managers to act in compliance with the rules applicable to the Group as a whole.

In carrying out its business, the Group rolls out specific operational procedures for its inspectors and auditors to ensure the integrity and impartiality of its services.

• Monitoring procedures

An organization with dedicated resources

The Group's Compliance Officer is the head of the Group's Legal Affairs & Audit department. He or she defines, implements and oversees the Compliance Program, assisted by a network of Compliance Officers within each operating group.

The Group's Ethics Committee, whose members are appointed by the Company's Board of Directors, comprises the Chief Executive Officer, Chief Financial Officer, HR Director and Compliance Officer. The Committee meets at least once a year and whenever necessary. It oversees the implementation of the Compliance Program and deals with all ethical issues submitted by the Group Compliance Officer. The Group Compliance Officer reports the violations he or she is aware of and provides the Committee with a full yearly report on the implementation and monitoring of the Compliance Program.

Every six months, the Group Compliance Officer provides the Company's Audit & Risk Committee with a report on compliance. The Compliance Officer also prepares a report for the Board, which has final decision-making authority.

In addition, the legal representative of each legal entity (subsidiary or branch) is responsible for the application of the Code of Ethics and the Compliance Program by the employees falling within his or her authority. To this end, he or she is required to provide a copy of the Code of Ethics to all of his or her employees, to ensure that they are trained, to inform them of their duties in simple, practical and concrete terms, and to make them aware that any violation of the Code of Ethics constitutes a serious breach of their professional obligations likely to result in disciplinary measures.

Global annual assessments

Each year, the Group carries out a compliance assessment on the basis of a questionnaire. As a result of this process, a declaration is issued by the legal representatives of each entity.

These declarations are then consolidated at the level of each operating group, after which an annual declaration of compliance is signed by each Executive Committee member responsible for an operating group. These declarations of compliance are sent to the Compliance Officer who issues, on this basis, an annual report that is provided to the Ethics Committee, and subsequently to the Audit & Risk Committee.

Complying with Bureau Veritas' ethical principles and rules is also taken into account in managers' annual evaluations. Each manager is required to confirm compliance with the Group's ethical standards during his or her annual evaluation. Questions, claims or comments from third parties concerning the Code of Ethics may also be sent directly to the Compliance Officer.

Regular internal and external audits

Compliance with the Code of Ethics is periodically reviewed by internal auditors, who report their findings to the Compliance Officer and to the Audit & Risk Committee. Compliance auditing is one of the main cycles and procedures covered by the Group's Internal Audit & Acquisitions Services department. Starting in 2019, Internal Audit teams carry out a specific engagement to ensure the Compliance Program complies with the Sapin II law.

In addition, the Compliance Program is subject to a yearly external audit by an independent audit firm, which issues a certificate of compliance to the Compliance Officer, who subsequently sends it to the Compliance Committee of the TIC Council, the international association representing independent testing, inspection and certification companies. Each year, the Compliance Officer presents the findings of this audit to the Executive Committee and subsequently to the Audit & Risk Committee.

- **Whistleblowing system**

If a Group employee has a question or faces an issue relating to the implementation or interpretation of the Compliance Program, he or she may contact the local Compliance Officer or ask his or her local managers for advice.

If no satisfactory solution is forthcoming and if the employee is reluctant to discuss this matter with his or her superior or if the other procedures for handling individual complaints are not applicable, the employee can follow the whistleblowing procedure dedicated to ethical issues either by directly contacting the Compliance Officer through the internal whistleblowing hotline or by contacting the external professional whistleblowing hotline. On his or her request, the matter will be treated confidentially, and the identity of the employee will not be disclosed.

Action plan

In 2020, the Group will roll out its revised Code of Ethics in line with the requirements introduced by the Sapin II law and the TIC Council. The English version of this new, more reader-friendly Code has already been approved by the Ethics Committee and the Code is currently being translated into 32 languages.

A new version of the e-learning module will be developed in 2020, notably to take into account changes in the Code of Ethics.

Significant efforts are currently being deployed to put in place a client and supplier evaluation system. This will apply in addition to the system already existing for intermediaries.

Indicators

A quarterly reporting system has been set up to ensure that all employees receive training on the Code of Ethics; new recruits have one month in which to complete this training.

Compliance Officers within the operating groups are now required to prepare a declaration on intermediary activities and fees and on any alerts received, along with follow-up and conclusions.

2.3.1.2 Client relationships are an overwhelming priority at Bureau Veritas

Background

The nature of the services provided by Bureau Veritas systematically brings clients into contact with the Group's operational, sales, management or support teams. In this respect, a high-quality client relationship at all levels of the value chain is essential to secure client satisfaction.

Poor quality initiatives, regardless of where they occur on the value chain, can affect the quality of the services provided, along with client satisfaction and the relationship with the client itself. Situations exposing the Group to risk include:

- a lack of availability and responsiveness in dealing with clients' needs;
- failing to understand clients' needs or inappropriately advising clients in an attempt to meet their needs;
- providing poor quality services (excessively long assignment period, insufficient expertise, reporting inaccuracies, etc.);
- failing to provide post-assignment follow-up in order to explain findings.

A poor client relationship often results in the loss of a client and a bad reputation that could spread to other clients.

Policy

Client relationships are an overwhelming priority at Bureau Veritas, and the policies put in place in this regard are based on three key components:

- the Group management system, which includes its quality strategy and quality procedures;
- "Lean" management and operational excellence, which enable processes to be optimized; and
- monitoring of the client experience, including client satisfaction measures.

Action plan

- **A quality management system**

Operational excellence requires a quality management system that underpins the Group's organization and allows Bureau Veritas to disseminate the same standards across the globe and in each of its businesses.

The Group's quality policy is focused on four areas:

- providing Bureau Veritas clients with premium service, ensuring efficiency and integrity;
- satisfying stakeholder expectations;
- managing risks; and
- incorporating continuous improvement into each employee's daily activities.

The quality of the Group's operations is monitored by two bodies, the Quality department and the Technical, Quality and Risk (TQR) departments:

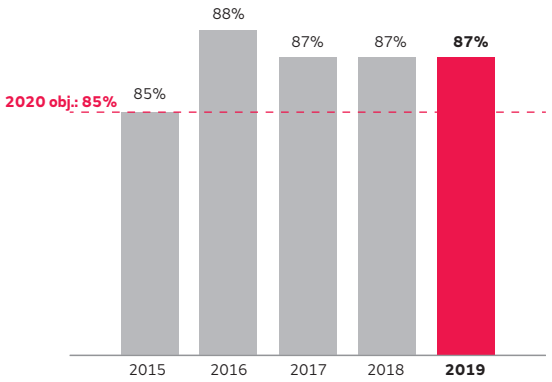
1. the Quality department manages the overall quality management system adopted by all divisions. It is responsible for developing documentation for the quality management system and for ensuring compliance with quality processes across the Group. The department organizes internal audits to ensure that practices comply with the Group's quality system and with the requirements of ISO 9001. It also puts into place remedial action plans. Each year, the operating entities review the quality management system falling within their remit. These reviews are generally consolidated in a review carried out at Executive Management level. This management system has been certified to ISO 9001 by an accredited independent international body (outside the Group's Certification business);
2. deployed at the level of the operating groups, the TQR (Technical, Quality and Risk) departments are responsible for ensuring that missions are compliant with the technical and organizational standards laid down by supervisory authorities such as government ministries and accreditation bodies, and with customary standards and practices in the TIC sector. They validate the approach and methodology used in the Group's assignments and the requisite skills needed for those involved, and conduct audits to ensure that these requirements are duly met. They are consulted upstream in order to verify conformity of complex service offers and to ensure the Group is able to perform those services to the level expected by the client and with an acceptable level of risk for the Bureau Veritas Group.

The Quality and TQR departments are assisted by structural networks of Quality and TQR managers. The compliance of the Group's processes with regulatory requirements and with the requirements laid down by accreditation bodies and by its clients, as well as the continuous improvement of these processes, allows Bureau Veritas to deliver high-quality services to its clients across the globe.

Bureau Veritas has had an integrated management system for many years now. The system guarantees that common practices will be shared across the globe and incorporates ISO 9001 quality management, OHSAS 18001/ISO 45001 health and safety management and ISO 14001 environmental management standards.

It is certified to ISO 9001, ISO 14001 (see sub-section 2.3.3.1 – Combating climate change and adapting to its consequences) and ISO 45001 (see sub-section 2.3.2.4 – Health and safety).

ISO 9001



These figures present Group quality certifications outside the Certification business, which receives specific accreditations, and excluding companies acquired in 2018, which have one year within which to roll out the Group's management system and be covered by Bureau Veritas certification.

- **A "Lean" management approach and an operating model designed for excellence**

To support its growth and international development, since 2012 Bureau Veritas has adopted a "Lean" management approach, which can be described as developing a culture of ongoing performance improvement.

As part of the strategic plan for 2020, six transformation initiatives were launched focusing on the Group's operating fundamentals:

1. re-engineering;
2. planning;
3. optimization of travel time;
4. data management;
5. assignment progress follow-up;
6. electronic migration of assignments and reports.

These initiatives have led the operating and administrative teams to rethink their way of working, and have enabled them to identify areas for improvement in their particular organization.

"Lean" management is a way of changing and improving processes before rolling out digital solutions, in order to optimize their impact.

The improvements and solutions implemented through "Lean" management projects reduce work times and optimize travel with a view to improving the services provided to clients.

In addition, "Lean" management encourages teamwork and helps create a pleasant work environment with a coherent allocation of roles and responsibilities. It also plays a role in the ongoing improvement of Bureau Veritas' relations with its clients by providing solutions that meet clients' needs and expectations.

- **Client experience**

Client satisfaction is a major concern at Bureau Veritas and is at the heart of its management approach. Besides day-to-day dealings between Bureau Veritas teams and their clients, the Group regularly conducts client satisfaction surveys. Results at local and global level enable Bureau Veritas to continue improving the satisfaction levels of its clients.

In 2019, the Group conducted numerous client satisfaction surveys based on the Net Promoter Score (NPS) method. This method uses a single question to assess client loyalty. It is used in addition to the satisfaction surveys of the operating entities to help define a pertinent groupwide indicator, while giving each entity the scope to design satisfaction surveys more suited to their needs.

To support deployment of the NPS method, in January 2020 Bureau Veritas published a new version of its Customer Experience policy, which makes NPS compulsory. At least 30% of the clients of each operating group are to be assessed each year.

Indicators

Client satisfaction surveys are organized locally for each operating entity. These surveys systematically include a standard question that is the same for each operating entity and asks clients to rate their satisfaction on a scale of 1 to 10. In 2019, more than 398,000 questionnaires were sent out, compared with 284,000 in 2018, and the response rate was close to 12%. The questionnaires were sent out to the clients irrespective of the country in which they are based and the type of services they use. The overall level of satisfaction, calculated as the average rating of the answers received, was 95 out of 100 in 2019, compared to 86 in 2018.

NPS has been rolled out across many of the Group's activities. For example, all certification services are systematically surveyed using NPS, with a satisfactory score of 45 in 2019. The Group's business activities in France as well as in Canada are among the first to have deployed NPS across their operations. In 2020, under the Customer Experience policy, each entity will be required to define its action plan for deploying the new applicable measures.

As well as client satisfaction measures, the Group has rolled out a client complaint management solution (QESIS) across all of its entities. Providing end-to-end traceability, this solution involves all stakeholders in the complaints handling process. It also strives to identify the causes of the complaints and effective remedial action plans.

Indicator	2019	2018
Client satisfaction indicator	95/100	86/100
ISO 9001 certification scope	86.7%	87%

These data are key components in management's review of the quality system.

2.3.1.3 Supply chain management

Background

Purchases made in connection with Bureau Veritas' businesses include operating purchases and purchases related to testing laboratories and the subcontracting of services.

The Purchasing department primarily is dealing with suppliers as well as subcontractors companies, for which it liaises with the local internal departments responsible for management on a daily basis. The department has three main objectives:

- optimizing commitments with suppliers;
- ensuring compliance with governance rules, with respect to both internal and external processes;
- managing supply chain risks.

The project FLEX, a major ERP project, focuses in particular on the supply chain and especially the Procure to Pay (P2P value chain, which covers from the purchase orders to the payments of suppliers of goods and services). Improvements in this P2P value chain are supported by changes in procedures.

The new P2P module in the project FLEX notably allows:

- relations with Bureau Veritas suppliers to be enhanced while significantly reducing the size of the Group's supplier database and facilitating supplier database supervision;
- analytical capabilities to be developed (visibility over Group expenditure, list of suppliers) with a view to reinforcing the Group's capacity for negotiation at both local and global levels;
- the Group's main purchasing procedures to be respected and the segregation of duties to be guaranteed (e.g., between purchasers and the accounts payable department).

Deployment of this module is currently in progress and will be completed in 2022. The Purchasing department relies on this module to strengthen the supplier listing policy and manage issues relating to social and environmental responsibility and business ethics.

Policy

In 2018, four main strategic goals related to the Purchasing function were defined in the Group's 2020 strategic plan:

- "Best Value": spend less;
- "Best Ways": spend better;
- "Best Behaviors": manage risks more effectively;
- "People": train and inform the right "players".

The Group's purchasing policy is supported by the necessary tools and procedures within Bureau Veritas (e.g., standard contracts, risk matrix, segregation of duties based on clearly defined roles and responsibilities, etc.). It is being rolled out and communicated throughout the organization at the same time as the new ERP system.

More specific goals were pursued in 2019:

- strengthen a strategic vision of purchasing by putting in place a central organization based on category management and strategy definition with local initiatives for deployment;
- confirm the governance of the Purchasing function with regular calendar and inputs from the network;
- achieve cost savings by consolidating needs and sharing experiences;
- manage procurement-related risks and reduce the number of suppliers.

The Group's responsible sourcing strategy is based on its duty of care plan, which covers social and environmental responsibility and ethical business conduct. These principles apply to its supply chain and are an integral part of the general terms and conditions of purchase, the Code of Ethics and the associated Business Partner Code of Conduct (BPCC), as detailed in section 2.4.1 – Governance and policies of the duty of care plan.

Action plan

Five initiatives for continuous improvement in responsible sourcing

In 2019, in an attempt to make its procurement procedures more secure, the Purchasing department reviewed the P2P module template in the project FLEX as described below:

- Bureau Veritas partners were classified for the first time in four categories, thereby identifying suppliers considered as strategic to the Group;
- social and environmental responsibility and ethical conduct risk monitoring was incorporated into the tool (information regarding the signature of the Code of Ethics and Business Partner Code of Conduct, and on the supplier sustainability self-assessment exercise presented below).

This new model currently being put in place helps to identify and rank the business partners and purchasing categories in order of priority, and to collect a maximum amount of procurement risk data to be analyzed in relation to Bureau Veritas partners. Using these data, the Group plans to monitor responsible sourcing performance indicators in 2020 for the main countries having rolled out the project FLEX.

A communication campaign for the Group's community of purchasers across the globe was carried out in 2019 and the new model is already up and running in more than ten countries.

To bring suppliers into alignment with a responsible sourcing approach, Bureau Veritas used a risk map drawn up in 2017 and updated in 2018. This analysis is described in further detail in section 2.4.2 – Risk mapping of the duty of care plan. Based on this exercise, the risks identified at the level of the supply chain range from low to moderate risks in the Social Hotspots DataBase (SHDB). These risks concern certain regions (China, the United States and Brazil) and certain purchasing categories (chemical products, office services). A selective approach focusing on strategic suppliers is being rolled out, with the aim of listing the main high-risk partners and supporting them in their improvement efforts.

In 2019, Bureau Veritas also launched several initiatives to help it identify supply chain risks with suppliers. These include (i) incorporating criteria relating to social and environmental responsibility and ethical business conduct when selecting suppliers in a competitive bidding process upstream of any purchases; (ii) including clauses relating to these criteria in any contracts signed and in general terms and conditions of purchase; (iii) requiring new business partners to sign the Code of Ethics and Business Partner Code of Conduct; and (iv) tracking responsible purchasing performance indicators throughout the supplier relationship by holding regular meetings.

In 2014, Bureau Veritas launched a continuous purchasing improvement program from a CSR perspective. The Group teamed up with Ecovadis, an independent platform evaluating suppliers in terms of sustainable development and CSR, and identified the following goals:

- demonstrate Bureau Veritas' commitment to sustainable development across the entire supply chain;
- systematically evaluate key suppliers on CSR issues;
- help suppliers improve their environmental and social performance.

Ecovadis uses 21 criteria when evaluating suppliers, based on four main themes: environment, fair working conditions, business ethics and responsible procurement.

For strategic suppliers not evaluated by Ecovadis, the Purchasing department has designed a responsible supplier self-assessment questionnaire based on the five themes of the duty of care plan described in section 2.4 – Duty of care plan of this Non-Financial Statement. This questionnaire is being introduced across the Group and incorporated into the FLEX ERP.

Lastly, Bureau Veritas has also launched a campaign to roll out its Business Partner Code of Conduct (BPCC) to these suppliers (see section 2.4.3 – Action plans of this Non-Financial Statement for more details).

Indicators

The responsible sourcing performance indicator is now included within Purchasing department performance indicators and will be rolled out throughout the year. This indicator will be monitored for both strategic and non-strategic suppliers. It tracks several metrics, including:

1. The number of suppliers having accepted the Code of Ethics and BPCC, or having replied to the responsible supplier self-assessment questionnaire. In 2019, 345 suppliers signed Bureau Veritas' Code of Ethics in 14 countries;
2. The number of suppliers having agreed to reply to Ecovadis questionnaires. An evaluation campaign was launched with Ecovadis in 2019, targeting 491 suppliers. To date, 173 suppliers have responded to the questionnaire and a second campaign is underway.

2.3.1.4 Cybersecurity and data protection

Background

Information systems and digital solutions are key to developing the Group's strategy and growth going forward. Faced with continually evolving threats and increasing digital exposure, protecting clients' confidential data is one of the Group's major concerns. Bureau Veritas also seeks to protect its businesses and expertise, ensure compliance with laws and regulations, and protect its strategic and financial data.

The Group set up an organization devoted to cybersecurity and data protection in 2016. In the context of the digital transformation of the Group's businesses, and in line with the acceleration of the cloud computing strategy, Bureau Veritas decided to step up deployment of its IT security plan.

Policy

a) IT security and operating policies

Bureau Veritas has a groupwide strategy based on ISO 27001 that ensures it is aligned with market expectations, and has a standardized, auditable framework. It has also designed specific operating policies in this regard. These policies roll down into operating measures, processes and techniques.

The Group has put in place a charter defining the rights and responsibilities of users, employees and partners in terms of cybersecurity and data protection. E-learning content to support these initiatives was also launched in 2018. The ultimate aim is to achieve full employee coverage, with an initial objective of 50,000 employees trained in 2020.

Building on its renewed ambition and three-year roadmap, Bureau Veritas defined a maturity model in 2019 based on the NIST cybersecurity framework. This will help drive rapid advances in all of the Group's entities and facilitate the alignment between rules and practices.

In terms of personal data protection and particularly compliance with the General Data Protection Regulation (GDPR), the Group established an identical framework for all entities, containing 63 legal and technical measures. This framework is applicable to all of the Group's applications. It was devised jointly by (i) the Legal Affairs & Audit department together with the Data Protection Officer (DPO) appointed in January 2018, and (ii) the Group IT department and its IT Security unit.

Key applications containing employee data are now closely monitored after a specific governance structure was set up in 2017. Action and compliance plans are managed by Group entities and by Data Protection Officer and IT Security central teams.

More than 300 applications rolled out before 2018 are monitored and regularly assessed in this respect. Furthermore, thanks to the "Security by Design" mechanism described below, new projects also comply with personal data protection rules from the outset, thereby meeting the key "Privacy by Design" principle.

Since 2018, these audits have verified software teams' compliance with applicable regulations. Any discrepancies are noted in a report and the teams provided with corrective action plans, which they must then carry out.

b) Operating controls, processes and practices

Several measures have been designed to bring IT security on board the Group's business and digital processes:

- the "Security by Design" approach applies to digital projects and covers all of project phases, from design to production support;
- toolkits have been created based on IT Security policies and are designed to help the Group's various functions implement the measures. This includes for example deployment of a Security Assurance Plan for the Purchasing department and subcontractor management, a best practice guide for developers, and guides for IT administrators on improving the robustness of technical architecture;
- quality and security controls for applications and databases have been put in place, including risk analysis (EBIOS approach), vulnerability scans, code audits, external audits and penetration testing for critical, sensitive applications;
- business continuity plans exist for critical IT services. These plans are designed to enable operations to be resumed within 24 hours and to reduce the period of data loss to a maximum of two hours.

c) Dedicated teams

The Group's target is to gradually scale up IT expenditure invested in cybersecurity and data protection, to reach at least 5% by 2021.

A specific information systems security organization works closely alongside both the IT department and all Group divisions. It is responsible for rolling out all organizational, technical and process-based measures designed to protect property and data, identify threats and attacks, and formulate a response to any incidents that may occur. This organization reports directly to the Group's IT department.

In addition to central teams, IT security officers are appointed in each Group division to ensure that entities' decisions and practices are duly aligned with Bureau Veritas policies and standards.

IT security is managed by internal teams of Group experts in France and India. As from 2020, an external operational security unit will reinforce the Group's detection and incident response capabilities.

d) Digital trust and compliance approach

The Group's internal compliance standards are based on ISO 27001 and related guidance. This should lead to certain Group entities and organizations being certified to the standard by 2021 on the basis of criticality and strategic criteria.

Bureau Veritas also looks to ensure that its IT security practices comply with its contractual obligations and with applicable laws and regulations. A governance model including central teams and IT security officers ensures that the compliance approach in each of the Group's divisions is aligned and consistent.

Particular attention is paid to purchases and services provided, especially as regards data protection. A toolkit has been developed together with the Group Purchasing department, containing a security assurance plan, applicable clauses and other tools designed for buyers and managers of contracts with service providers.

These elements are included in the Bureau Veritas Business Partner Code of Conduct (BPCC), which is applicable to all stakeholders.

e) Specialized and evolving technologies

As well as an effective perimeter security system that has been in effect for several years now, the priority today is to put in place new technologies that can improve the Group's protection, detection and reaction capabilities.

Examples include advanced protection of property and equipment (servers, PCs); centralized and filtered management of IT logs enabling information to be fed into the Group's incident alert application (SIEM); definition of architecture and standards for cloud-based operations (AWS, Azure); provision of a cyber ranking solution enabling the Group to anticipate and identify vulnerabilities across its entire network and in all of its regions; and the capabilities developed internally within the Group for auditing code and scanning application vulnerabilities.

Two new solutions will be added in 2020 aimed at preventing data loss and improving cloud security.

Lastly, the Group continues to step up its use of independent technical audits performed by accredited bodies (ANSSI France) to improve its level of protection and robustness on an ongoing basis. Such audits cover critical assets as well as sensitive components of the Group's organization such as acquisitions.

Action plan

In late 2019, Bureau Veritas drew up a revised roadmap for the next three years based on three main priorities:

1. roll out a NIST cybersecurity-type framework to rapidly improve maturity across the Group;
2. accelerate the implementation of audit programs either internally or supported by external independent firms, in order to increase the number of controls and penetration tests, identify areas for improvement, and coordinate corrective action for all Group entities;
3. launch an ISO 27001 certification program by prioritizing at-risk business lines and activities that are critical for clients.

Indicators

Indicators and commitments through to 2021	2019	2020	2021
Number of training initiatives (cybersecurity, phishing simulations, GDPR)	12,000	50,000	80,000
Number of "Privacy by Design" audits performed (GDPR)	20	20	20
Number of cybermaturity assessments performed	0	8	8
Number of vulnerability scans completed	42	50	60

2.3.1.5 Innovation

Background

The Company has to contend with rapid developments in technologies and social and environmental challenges.

Thanks to artificial intelligence, greater data processing capacity and faster communication speeds, Bureau Veritas can design new services leveraging these new technologies to best effect.

These same technological innovations bring with them new risks for businesses, which in turn give rise to new needs for testing, inspection and/or certification, particularly in the areas of cybersecurity, personal data protection and information integrity.

At the same time, new social and environmental challenges require governments, companies and civil society to make the necessary transition to creating a more human, environmentally friendly world. These transitions mostly occur within the framework of standards and regulations that can be certified by Bureau Veritas. This is notably the case of the energy transition, the reduction in CO_2 emissions, respect for human rights and supply chain compliance.

Policy

Bureau Veritas keeps a continuous watch on these new technologies and on the accompanying regulations. This regulatory watch is organized by business and major country.

A Public Affairs department has been created, staffed by more than 15 employees. The role of this department is to monitor all new proposed regulations together with the TIC Council, the professional body representing the testing, inspection and certification industry. This allows Bureau Veritas to adapt its service offering to these emerging needs. Regulations issued by the European, US, Chinese and Indian authorities are monitored particularly closely.

A regulatory watch has also been put in place for France, with the help of AFEP and MEDEF, so that any changes in regulations that could have an impact on the Group's clients and therefore on its service offering, are duly monitored. More than ten people are responsible for this regulatory watch in France, organized by specialist area including the environment, safety and security, human rights, ethics, welfare protection, CSR and governance.

This regulatory watch enables Bureau Veritas to continually adapt its services to the new challenges facing society and businesses. It has also led to the creation of new services specifically designed to address new regulatory requirements, the latest technological innovations and the needs of the Group's clients.

Action plan

Action plans are put in place by the Technical and Marketing departments of each business line. These departments design new services aligned with new regulatory requirements, and adapt to new client needs by leveraging new technologies.

In many cases, Bureau Veritas enters into partnerships with firms developing leading-edge technologies. These partnerships are founded on joint innovation with input from clients and managed *via* pilot projects. They make it possible to validate the design of these new services based on specific practical case studies.

As illustrated below:

Projects based on artificial intelligence:

- improved power plant integrity and safety through predictive maintenance. Predictive maintenance identifies the right time to repair industrial equipment (i.e., preventing unexpected equipment failures);
- automated identification of defects using images or videos taken by drones or robots, allowing remote inspections and ensuring improved safety for Bureau Veritas inspectors and staff at the industrial sites concerned;
- digital assistant for assessing risks in laboratory tests, resulting in significantly better working conditions for Bureau Veritas experts.

Projects based on new product technology:

- development of new safety tests for smart objects in the consumer goods and automotive industries;
- development of new inspections for renewable energy production infrastructure;
- classification of new LNG-fueled ships aimed at reducing CO_2 emissions.

Projects based on new standards:

- creation of new certification standards to support the circular economy, from eco-design to recycling (Circular+ services);
- creation of new cybersecurity and personal data protection services.

Projects based on regulatory controls undertaken on behalf of public authorities:

- theory test for driving license applicants;
- review of applications for building permits.

Innovation at Bureau Veritas is driven by digital and CSR initiatives, but also encompasses efforts to address changing market needs and prepare the society of the future.

Indicators

Indicators are used to track the growth in business attributable to these new services in their first three years. These indicators were not yet available in 2019, but will be deployed as from 2020 in order to track these new services as part of Bureau Veritas' next strategic plan.

2.3.1.6 CSR services

Background

Many companies are launching major Corporate Social Responsibility programs in an attempt to better meet the expectations of their employees and of their various external stakeholders. Over recent years, there has been a big increase in these initiatives, which often require the involvement of independent third parties to verify and certify the implementation of action plans and the quality of the indicators published.

The programs can vary greatly, and are designed in light of the nature of a company's business, culture, maturity and strategy. They often cover a company's sites across the globe and its supply chain.

Through its clients, CSR therefore represents a growth opportunity for Bureau Veritas, driving value creation for its clients and for society at large.

By nature, most Bureau Veritas services contribute to CSR. The Group helps companies reduce their risks and improve their performance in terms of safety and security, quality, environment and sustainable development.

Policy

Faced with this growing commitment to sustainability issues, Bureau Veritas has developed a bespoke CSR service offering drawing on Environmental, Social and Governance (ESG) aspects to support clients in implementing their CSR programs.

In drafting its new strategic plan, Bureau Veritas made the development of a CSR service offering a major priority. ESG will also be one of the drivers of the Group's transformation, allowing it to adapt its services to the changing needs of its clients.

Bureau Veritas is intent on leveraging its expertise to foster sustainable, inclusive and transparent growth. These newly developed services allow Bureau Veritas to maintain trust in a fast-changing environment and help businesses transition to a more sustainable model.

Marine & Offshore

Bureau Veritas protects its clients' people and assets, passengers and the marine environment. Bureau Veritas helps clients to ensure the safety of seafarers, passengers, cargo and assets in one of the most challenging environments on earth.

The Group also helps to minimize the environmental impact of marine and offshore activities, supporting compliance with regulations and industry standards with a strong focus on energy transition to low-carbon shipping.

Thanks to its recognized expertise in smart shipping and cybersecurity, and to its advanced solutions throughout the asset lifecycle, Bureau Veritas provides comprehensive support for achieving more sustainable Marine & Offshore usages.

Examples of CSR services:

- Classification of low-noise ships powered by cleaner fuels (liquefied natural gas – LNG/liquefied petroleum gas – LPG);
- Future-proof assessment of technological innovations linked to the energy transition (zero-emission vessels, floating windfarms);
- Ship CO_2 emissions verification and performance assessment;
- Environmental inspection services (e.g., water ballast management);
- Ship recycling/offshore platform decommissioning control.

Agri-Food

Bureau Veritas promotes transparency of product origins and quality, while supporting sustainable production.

Bureau Veritas is building transparency and promoting sustainability from farm to fork with its global, end-to-end expertise covering inspection, audit & certification, and testing services. The Group is committed to supporting responsible use of natural resources and animal welfare, as well as ensuring the reliability of complex supply chains, enabling end consumers to make informed decisions. Bureau Veritas contributes to increasing traceability and transparency throughout the food industry, for the benefit of society.

Examples of CSR services:

- Precision farming and crop monitoring solutions;
- Sustainable agriculture certification programs;
- Animal welfare/responsible fishing inspections;
- Organic food certification;
- Supply chain risk management and digital traceability.

Commodities

Bureau Veritas provides high quality data to accurately assess the quantity and quality of a wide range of commodities as they move through global supply chains.

Bureau Veritas is an innovative leader in commodity inspection services, from origin, through trading, to the consumer. The Group provides precision inspection and testing across its global network. Thanks to its commodities expertise and knowledge, the Group helps clients at all levels of the supply chain make informed decisions based on calculated risk and quality. The insightful data generated from its rigorous inspection and testing services helps secure transparent and traceable supply chains for clients. Global demand for responsible sourcing is supported by Bureau Veritas' services. This allows the public to make positive and informed decisions, thereby reducing their impact on the environment.

Examples of CSR services:

- Consumer product origin and traceability, e.g., cotton supply chain;
- Responsible metal sourcing;
- Renewable energy – quality assessment of biofuels for the aviation, marine and automotive sectors;
- Timber certification.

Industry

Bureau Veritas supports clients to meet today's energy needs while building a low carbon future.

Bureau Veritas' services throughout the lifecycle help secure energy supply by reducing risk, improving reliability, and optimizing the efficiency of industrial assets in complex environments, all the while improving their safety and performance. Present all along the value chain, from construction to operations, Bureau Veritas helps to ensure quality and integrity, minimize environmental impact, prevent accidents, and protect people and local communities.

Examples of CSR services:

- Industrial facilities/infrastructure safety inspection and quality certification;
- Ageing assets decommissioning environmental control;
- Equipment inspection for renewable power generation and LNG facilities;
- Cybersecurity-related services, digital inspections (predictive analytics, robotics and AI);
- Monitoring fugitive emissions of chemical compounds to reduce impact on health and environment.

Buildings & Infrastructure

Bureau Veritas helps its clients by ensuring that assets are sustainable, sound, efficient, safe and built to last.

Bureau Veritas brings its technical expertise and in-depth knowledge of local regulations to help its clients design, develop, and manage cities and infrastructure. It contributes to the development of sustainable and smart cities. The Group is present at every stage, from feasibility to operations, offering inspection and certification services for new and ageing assets, to support the transition to low energy consumption. Bureau Veritas provides people with the assurance that they can safely use buildings, infrastructure and transport on a global basis.

Examples of CSR services:

- Energy performance, water consumption and waste treatment audits;
- Air quality control;
- Safety inspection (electrical, fire, elevator maintenance);
- Asset efficiency and performance via digital solutions such as Building Information Modeling (BIM);
- Environmental impact assessments, certification of green buildings;
- Health and safety coordination at construction sites;
- Control of green energy production infrastructures (wind, solar, etc.).

Certification

Bureau Veritas helps its clients to build the trust of end consumers, citizens and public authorities by providing certification, audit and training services.

Bureau Veritas enables organizations to anchor the trust of stakeholders and safeguard their reputation while achieving compliance and improving performance at all levels of their activities and supply chains. The Group evaluates both the safety of people and the security of data and assets to help its clients ensure quality, and measure and manage their environmental and social impacts.

Examples of CSR services:

- Supplier audits and risk mapping analysis;
- Responsible sourcing assessment (biofuel, agri-food, forestry, metals, minerals, etc.);
- Environmental & energy management systems certification and GHG emissions verification;
- Assessment of management systems dedicated to circular economy (Circular+);
- Social accountability audits and supply chain customized audits;
- Assurance of CSR & sustainability reporting.

Consumer Products

Bureau Veritas helps its clients to provide high quality, safe, sustainable and compliant products (toys, softlines, hardlines), connected devices and electrical & electronics products.

All over the world, Bureau Veritas draws on its industry expertise and leading testing capabilities throughout the value chain to control product quality, safety, compliance, sustainability, and in some cases, connectivity and interoperability. The Group helps both online and traditional retailers, as well as brands, to manage their risks all along the supply chain, and to validate and improve product performance. Bureau Veritas supports the consumer goods industry in empowering end consumers to make informed and responsible purchases, including, for example, by giving assurance that connected devices are reliable and protect the user's data.

Examples of CSR services:

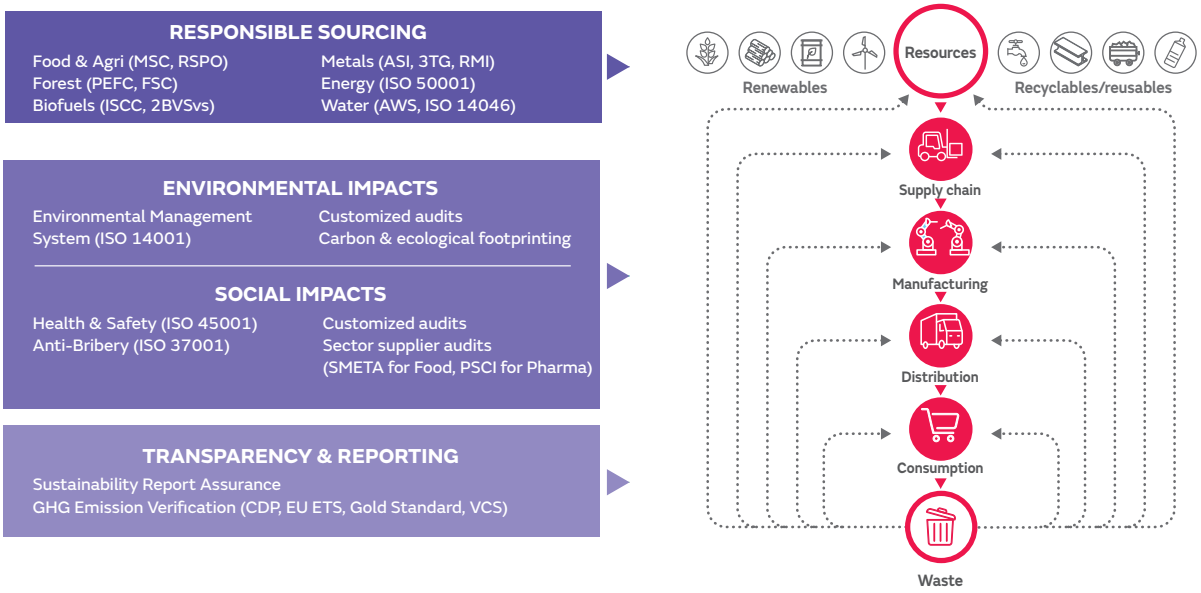
- Quality control tests for materials and components;
- Social and ethical audits of supply chains;
- Testing of connectivity (new mobility, devices, connected cars, 5G, etc.);
- Supply chain quality improvement program;
- Regulatory compliance and verification of product performance.

Action plan

Circular+ is a bespoke suite of CSR services developed by Bureau Veritas for businesses.

It is a holistic approach that offers process audit and management system services to help companies manage both their environmental and social impacts and transition to a circular business model. In this circular economy model, resources and waste are reduced as far as possible and when a product reaches the end of its life, it is reused or its materials are recycled to create even more value.

The diagram below illustrates **Circular+** and its various modules.



The action plan to develop the CSR offer includes the following objectives:

- provide training about the Group's CSR services to auditors and client-facing employees;
- set up CSR reporting;
- present the CSR offering to the Group's main clients;
- enrich and update the catalog of CSR services, incorporating all testing and certification services;
- finalize the strategic plan and include the development of CSR services.

Indicators

The performance indicator used to monitor the business generated by **Circular+** is revenue growth.

In 2019, revenue relating to the Certification business's Sustainability offer grew by 15%.

2.3.2 Human capital

Description of risk

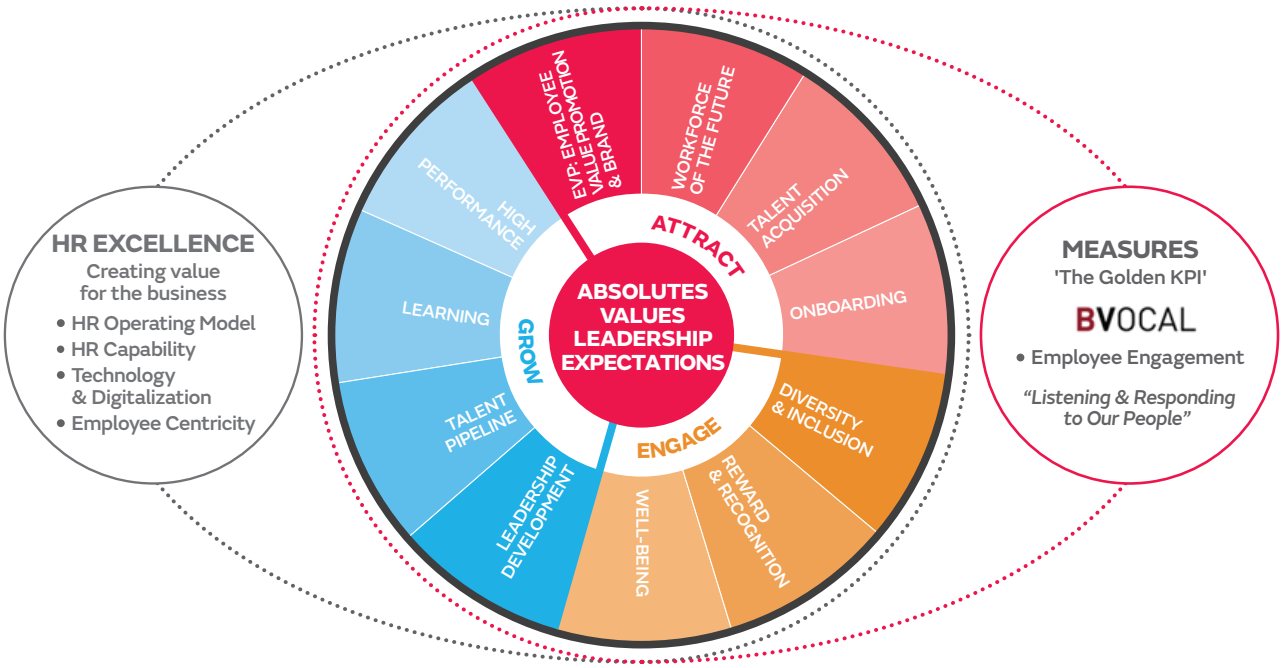
As a services company, the men and women working at Bureau Veritas, chiefly engineers, technicians and other personnel skilled in quality, health and safety, security, environmental protection and social responsibility, are the Group's most important asset. The ability to attract, engage and retain such professionals in an increasingly competitive market for talent is critical to Bureau Veritas' success.

Specific challenges include attracting highly qualified talent from diverse backgrounds in order to innovate, drive change, and deliver outstanding service. It is also in the Group's interest to achieve an engaged workforce – people who are continually learning and developing – while maintaining an inclusive culture in which careers can thrive. The Group's HR strategy therefore aims to engage employees in a workplace culture that is inclusive and trusting, in which people are encouraged to be their authentic selves and perform to the best of their ability. This is achieved through providing many opportunities for learning, development, and career progression.

Sustainable approach

The HR strategy is expressed through a common framework of areas of focus and five major goals, developed in 2018. In 2019, the decision was made to continue delivering the Group's HR strategy through this framework, with a different calendar for each area of focus. This continuity ensures sustained value creation through initiatives that often require multiple years of development and deployment for pay-off to be realized for many of the areas of focus, all of which remained relevant in 2019.

HR STRATEGY



FIVE MAJOR HR GOALS

ATTRACT	We attract capable people who live our values and make a difference to BV & Society
GROW	We drive long-term success by unleashing potential & enabling the growth of our people & leaders
ENGAGE	We deliver more through a culture of trust where people can be themselves and difference is valued
HR EXCELLENCE	Transforming HR foundations & increasing our capacity to strategically partner with the business and focus on employee experience through HR technology and shared HR expertise
MEASURES	We progress by listening, measuring & by acting on feedback

2.3.2.1 Talent management

Attracting talent

Bureau Veritas closely monitors changes in its headcount at the Group and local levels. This is key to ensuring the Group has the capacity to meet its growth and profitability expectations. In 2019, this meant significant new hires were made, confirming the importance of attracting and acquiring talent.

	2019	2018	2017
New hires[(a)]	14,954	13,330	13,101
Acquisitions	1,541	286	2,541
Layoffs	3,369	4,468	4,558
Voluntary departures[(b)]	9,368	8,709	8,294

(a) Permanent contracts (or similar).

(b) The specific reasons for which employees leave the Group are identified locally and discussed during exit interviews held by local HR teams. This information is then used to review local and global HR policies and practices, as necessary, to ensure they align with the Group's HR strategy.

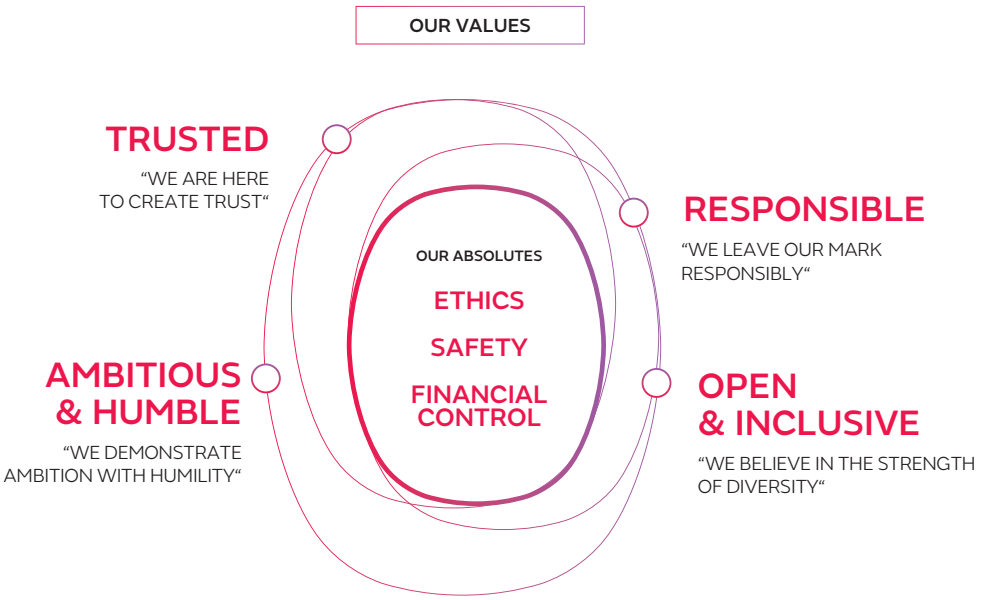
As part of the Group's commitment to enhancing its reputation as an employer, a new employer brand, LEAVE YOUR MARK, was deployed at the end of 2019. Developed through extensive research and in partnership with a specialist provider in employer and organizational branding, the Group's new employer brand makes clear its distinctive culture and business model to current and future talent. Core to the employer brand is highlighting the Group's expertise in many specific fields and the benefit to society from this expertise.

The employer brand has been deployed through various channels, including:

- a targeted campaign on social media, including LinkedIn, Facebook and Twitter;
- updating the Group website and those of its key countries to include videos and employee stories;
- internal employee communication and promotional activities;
- development and deployment of recruiter and manager learning programs;
- participation in forums and sponsorship of special events at leading engineering and business schools/universities;
- awareness programs for external recruitment partners.

The launch of the employer brand coincided with the deployment of a new recruitment portal in October 2019. Driven by the single HR information system platform, SuccessFactors, this new portal provides applicants with an easy-to-search portal based on job type, geography and contract type, as well as a mobile-enabled job application function. This platform is key to continuous improvements to the Bureau Veritas applicant experience, including:

- development and communication of Bureau Veritas' updated "Values" and reinforcement of the Group's "Absolutes" (see below), which make extremely clear the everyday words and actions that are required by all employees to preserve and enhance the Group's unique culture;



- creation and deployment of the Bureau Veritas' Leadership Expectations (see below), which clarify the behaviors that are expected from all employees with managerial responsibilities.

Bureau Veritas' Absolutes, Values and Leadership Expectations are key to helping assess and select applicants. The latter also serve to develop future generations of leaders.

These improvements in the Group's applicant experience will continue as the increase in total headcount experienced over the last three years (see below) is expected to continue. The rise in headcount in 2019 occurred in all regions and particularly:

- Asia, especially mainland China (up 5%), India (up 4%) and Vietnam (up 10%);
- the Americas, especially Chile (up 21%), the United States (up 14%), Peru (up 7%) and Colombia (up 9%); and
- Africa, especially South Africa (up 11%).

Number of employees	December 31, 2019	December 31, 2018	December 31, 2017
Europe	17,783	17,630	17,770
including France	*7,870*	*7,757*	*7,967*
Africa and Middle East	7,373	6,378	6,124
Americas	22,655	21,131	20,512
Asia Pacific	30,584	30,289	29,011
TOTAL HEADCOUNT	**78,395**	**75,428**	**73,417**

Bureau Veritas received several awards in 2019 recognizing the strength of its workplace culture and the value of its employer brand. As the deployment of LEAVE YOUR MARK continues in 2020, the Group expects a rise in such recognition over time.

- In 2019, *Capital* magazine (February edition) and Statista included Bureau Veritas in their ranking of the best employers in France for the fifth consecutive year, and rated it second in the engineering category. Statista has ranked employers for the past five years based on independent and anonymous surveys of employees, who are asked whether they would recommend their employers to their friends and family.
- The Group appeared for the first time in Universum's listing of the most attractive employers for university graduates and experienced professionals in France. Bureau Veritas appeared in 89th position for graduates and 58th for experienced professionals. Universum used an online survey to obtain the 2019 results through targeting efforts on social media, working in partnership with the Stepstone job board.
- In the United Kingdom, Bureau Veritas was awarded Britain's Top Employers Certification for the seventh year in a row. This certification was awarded by the Top Employers Institute in recognition of the excellent working conditions provided by Bureau Veritas.
- For the third year in a row, Bureau Veritas received the United Kingdom's Gold award from Prince William, the Duke of Cambridge, in recognition of its induction program in favor of British army veterans and the opportunities this gives them to build a second career.
- In China, Bureau Veritas won the Top Human Resources Management award given by the country's most influential public job board, 51JOB, as recognition for the Group's achievements in HR management and corporate social responsibility.
- In the Middle East, Bureau Veritas was granted the Gulf Cooperation Council Best Employer Brand 2019 award for the second year in a row.
- In Turkey, Bureau Veritas received the 2019 Respect for People Award for the fourth consecutive year from Kariyer.net, Turkey's largest Human Resources professional organization. The award is based on transparency and ethics in recruitment processes.
- In South Australia, Bureau Veritas received an Employer Award for exceptional commitment to the inclusion of people with disabilities in the workplace from the not-for-profit organization, Barkuma, which provides support to people with disabilities.
- In North America, Donna Garbutt, Senior Vice President, Industry and Oil & Gas Division, won the Customer Service Professional Network's **2019 Women in Leadership Award for Change Management. This award is based on various criteria, including inspiring others to change and reach company goals. It is a reflection of the strength of Bureau Veritas' leadership, which plays a key role in protecting and enhancing its unique culture.**
- The Group was included in the *Financial Times*' inaugural list of Diversity Leaders. The FT Diversity Leaders list recognizes companies' performance in promoting diversity in all its forms, including gender parity, sexual orientation and disability, as well as having an ethnic and social makeup that reflects broader society.

Onboarding

The Group's new recruits are provided a structured new employee experience through planned meetings with key stakeholders and locally tailored content on the division, country and local office policies, procedures and key information. This is supplemented with content on Bureau Veritas that is delivered through the digital learning platform, My Learning, and includes "Welcome to Bureau Veritas", the Group's onboarding program, which presents the Group's organization and culture through modules such as:

- "Cardinal Safety Rules", a program explaining the fundamental rules of workplace safety that all employees must understand and apply;
- "Bureau Veritas Compliance Program", which provides learning regarding the Group's Code of Ethics and other compliance programs, some of which vary according to employee location and include travel security, the General Data Protection Regulation, and driving safely.

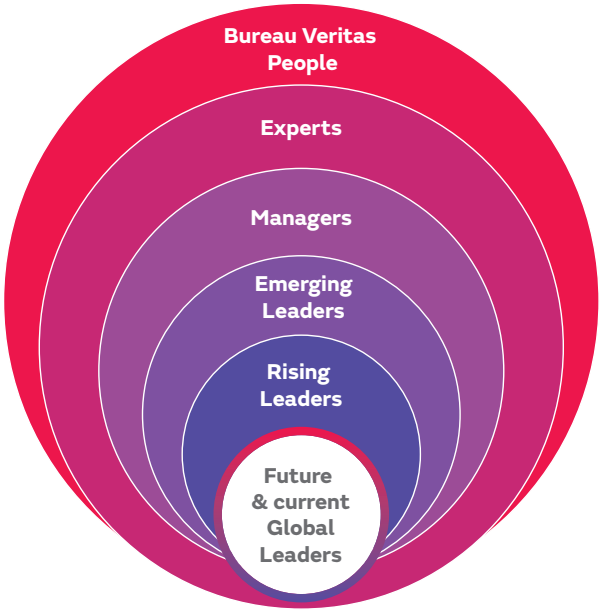
Onboarding procedures also apply whenever the Group acquires new organizations, as a means of ensuring that key personnel in the acquired entity are effectively integrated into Bureau Veritas. The Group's acquisition policies and practices confirm this as a critical step within the pre-acquisition assessment and planning process. Any regrettable attrition from acquired companies is analyzed with a view to understanding the reasons therefor and putting in place measures to avoid similar situations in the future.

Talent development

At December 31, 2019, the Group had 1,604 managers (1,619 in 2018) with an average age of 49 (unchanged from 2018). This relatively high average age is explained by the deep degree of technical expertise needed in a complex business such as Bureau Veritas, where this expertise is acquired over several years, from the beginning of the employee's career.

In order to build a strong and diverse pipeline of talent for the key roles within the Group, a Talent strategy to identify, assess and develop key talent was put in place in 2019. This strategy includes identifying talent into "talent pools" (see below), which may concern any Bureau Veritas employee, including for future roles not yet defined today. This strategy also leverages the Leadership Review process, which has been in place since 2012 to track and manage the development of identified talent within the business.

TALENT POOLS



In 2019, potential successors for 218 of the most senior and complex roles in the Group were reviewed by the Group Executive Committee and the HR Executive Committee. In addition, 2,020 positions were reviewed by the Group's divisions, which was an increase from 1,210 in 2018. The employees identified as high-performing and high potential as potential successors for these roles are then specifically monitored at Group and/or local level to accelerate their readiness for the roles.

Some employees are also assigned to a "talent pool" depending on their current role's banding and an assessment of their potential, without being identified as a potential successor for a specific role. These people are also monitored and provided targeted development to ensure there is a strong pipeline of talent in place for new roles created in the future to support the Group's growth.

Examples of initiatives undertaken to develop key talent are listed below:

- **Senior leadership development framework**

In 2019, a senior leadership development framework comprising 19 leadership competencies inspired by the Korn Ferry Leadership Architect certification was adopted to assess and develop individuals within the Group's talent pools. The 19 competencies (see below) have been mapped across the three talent pools that include individuals in the highest banded roles (Future Global Leaders, Rising Leaders and Emerging Leaders). Specific development programs have and will continue to be designed to fast-track the development of these specific competencies.

- **360° assessment and executive coaching**

In 2019, more than 40 individuals were assessed by means of a 360° questionnaire based on the 19 leadership competencies. Following this, individual executive coaching sessions were held with the aim of helping participants develop concrete plans to build strength in the key competencies needed for their development.

- **European & African Development Center**

2019 saw the third edition of the European & African Development Center program, which launched in 2016. There are now almost 40 alumni of this program, which targets the development of individuals in the Rising Leader talent pool and combines a number of learning experiences, including leadership assessments, feedback/coaching, mentoring, and seminars. The center also includes group projects with ongoing support from leadership, which has resulted in a number of these projects being incorporated into the business, bringing enhanced and new services to Bureau Veritas' clients.

- **STAR Leadership Acceleration Program China**

In China, the STAR Leadership Acceleration Program was launched in 2019. It comprises three programs targeting different groups of employees, and includes workshops, coaching, mentoring, and action learning to accelerate employee development.

  - Rising STAR Program: high potential experts and managers (39 participants).
  - STAR Program: mature managers and emerging leaders (37 participants).
  - Advanced STAR Program: mature emerging leaders & rising leaders (to run in 2020).

- **Leadership School – Brazil**

  In 2019, the Leadership School in Brazil ran four modules attracting high levels of participation from manager populations (see below). Future modules are planned for 2020 to build capability in a wider range of competencies:

  - developing a culture of feedback and trust (73 participants);
  - assessing and selecting applicants based on non-technical competencies (85 participants);
  - ethical, compliance and legal aspects of managing teams (19 participants);
  - self-management (23 participants).

- **North America Leadership Role Modeling**

  The Group's leadership role modeling approach implemented in North America is key to building a strong and diverse leadership pipeline. Natalia Shuman, Executive Vice-President Commodities, Industry & Facilities – North America, and Donna Garbutt, Senior Vice-President, Industry and Oil & Gas Division, North America, both played key roles in this area in 2019. This included Natalia speaking for the second year running at Break the Ceiling Touch the Sky – The Success and Leadership Summit for Women, and Donna winning the **2019 Women in Leadership Award for Change Management.** This award from the Customer Service Professional Network singles out women in leadership who constantly support organizational change activities, are futuristic, and propel others to change and reach company goals.

Technical learning

Bureau Veritas operates in a large number of technical fields, and its technical training offer is therefore very diverse. Technical learning is critical so that employees can work with full knowledge of current and emerging standards and regulations, inspection methods (sampling, analysis, non-destructive tests, measurements, etc.), the technical characteristics of the items inspected (products, processes, equipment, etc.), and safety standards. The Technical departments of each division monitor employee qualifications and skills, which are also audited by accreditation bodies (COFRAC, IACS, UKAS, etc.).

A significant portion of the formal learning hours recorded in 2019 (see below) reflects technical competency development, highlighting its importance in the TIC industry, as well as Bureau Veritas' commitment to technical excellence.

Total formal learning (training) hours recorded in 2019	Formal learning (training) hours recorded per employee in 2019	Change vs. 2018
1,477,602	19.0	2.2

The Group's technical learning is delivered both in-person and digitally. The proportion of digital delivery training continues to increase: the Marine & Offshore division, for example, launched 27 new courses in 2019 as part of its surveyor qualification program. Having started in 2016, the Marine & Offshore online catalog now includes 54 courses and 94 modules with more than 1,000 people having been trained since the catalog's inception through the delivery of more than 13,000 training sessions.

Learning for all employees through the Group's digital learning platform: MyLearning

In 2019, the Group's digital learning platform, MyLearning, expanded its available learning catalog with a wider range of courses focusing on compliance, professional efficiency, leadership & management, and sales. To reflect the cultural diversity of Bureau Veritas' people, these courses are available in English, French, Spanish and Chinese.

At the same time, an enhanced central communications approach for all employees was launched in 2019 to highlight relevant courses and the improved learning experience. These changes are part of the ongoing promotion of "self-directed learning" whereby employees seek out relevant training learning based on their development objectives. Several global campaigns were also launched in 2019 to drive learning program completion, including:

- Safety, with a focus on traveling and driving (target: all employees);
- General Data Protection Regulation (GDPR) awareness (target: 16,200 employees in the relevant European countries);
- Performance Management Effectiveness for the Group's managers to build skills in creating and maintaining a high-performance culture (target: 2,000 employees).

These campaigns were complemented by local initiatives in line with specific needs and regulations.

In addition, a fast-track program was offered to high potential employees and to any new managers joining the Company in order to build critical leadership qualities such as problem solving, strategic thinking and innovation. This 120-minute program features more than 20 video clips and an assessment to validate learning, with the option of adding new subjects to the program. A total of 1,500 employees have completed the program.

Managing employee performance and development

In 2019, Bureau Veritas introduced two new approaches to managing employee performance and development that are supported through the SuccessFactors Human Resources information system: MyPerformance@BV and MyDevelopment@BV.

MyPerformance@BV provides a framework for optimizing employee and organizational performance by promoting and facilitating the following measures:

- setting individual goals aligned with those of the Group and that encourage individual career development;
- reviewing and re-setting goals as needed in order to remain agile to market conditions;
- evaluating performance through multiple sources of feedback;
- basing performance evaluations on (i) achieving objectives and (ii) how objectives were achieved relative to Bureau Veritas' Values and Leadership Expectations;
- learning how to set effective goals, and give and receive constructive feedback.

MyDevelopment@BV provides guidance, processes and expectations on the development of the Group's people. This includes the expectation that a competency and career development conversation is held at least once each year for every employee, along with a digital record of the development objectives agreed between managers and employees. The development objective(s) that are agreed are then used to inform the solutions, such as formal learning, employee experiences, etc., that employees may undertake to accelerate their development. An important avenue for people development is internal mobility, which is facilitated and promoted at Bureau Veritas through:

- structured questions in MyDevelopment@BV conversations and specific fields to complete in SuccessFactors on geographic and functional mobility preferences;
- sharing employee profiles as part of the Leadership Review process, which implements the Talent Strategy within and across the Group's divisions;
- recruitment: virtually all job offers are first advertised internally;
- internal communications: appointments to new positions and promotions are announced *via* the Group's "Connections" platform.

Measuring and increasing engagement

In December 2019, the Group partnered with an external provider to measure people engagement for the first time. A pilot program named "BVOCAL" was launched, surveying 5,500 employees, with a plan to widen the pilot to the broader workforce in 2020. Participation in the pilot was 59%, with an engagement score of 64%. Both the participation rate and engagement score will now be used as a benchmark to monitor trends in these metrics over time that will be recorded from future engagement surveys.

Bureau Veritas regards these results as an opportunity to improve its workplace culture further by refining and accelerating the implementation of its HR strategy, and by enhancing its local HR policies and practices. This will be undertaken through specific action plans built collaboratively between managers and people in their teams, based on communicating and discussing the engagement results of each team.

Overall, in 2020, the action plans will work to address three priority areas identified for the Group, namely communication, barriers to execution, and recognition/feedback. Given this action-oriented and transparent approach to sharing results and collectively planning for a better workplace, Bureau Veritas expects and is committed to achieving an upward trend over time in recorded engagement.

Workforce voluntary attrition is another important measure of an engaged workforce and this is monitored closely by Bureau Veritas. Based on the voluntary attrition rates shown below, the level is well within acceptable TIC industry standards. The slight increase from 2017 to 2019 is due to tightening labor market conditions in key markets where the Group operates.

	2019	2018	2017
Total voluntary attrition	11.6%	11.1%	10.7%

2.3.2.2 An inclusive culture and diverse workplace

Protecting and promoting an inclusive culture

A diverse workplace achieved through an inclusive culture is an integral part of Bureau Veritas' identity. The Group has developed organically and through many different acquisitions with a richness of capability from drawing together people of diverse gender, age, ethnicity, religion, sexual orientation, nationality, education, business background, etc. With operations in 140 countries, there are over 50 different languages spoken within the Group.

Promoting, enhancing and protecting Bureau Veritas' inclusive culture is one of the Group's main priorities as it grows and develops new businesses where remaining at the forefront of industrial innovation is essential for success. The Group monitors, encourages and reinforces diversity within its teams, which is considered a key component for innovation that is necessary for the deployment of the Group's strategy. Additionally, it is important for Bureau Veritas as a whole to reflect the diversity of the global markets in which it operates.

One of the four updated BV Values "Open & Inclusive" (see below) reinforces the Group's belief that employees can only reach their full potential if they are able to express themselves freely and openly and if the actions and behaviors of Bureau Veritas' employees encourage such expression.

VALUES	TAG LINE	DESCRIPTION	OBSERVABLE BEHAVIORS, EXAMPLES
Open & Inclusive	*We believe in the strength of diversity*	**Innovative** We strongly believe that new technologies and new ways of thinking are needed to succeed with new trends. **Respect** We respect and value differences; we recognize individual and collective achievements.	• Encourages diverse thinking to foster new perspectives. • Encourages and nurtures innovation. • Open to new technologies, new perspectives & new ways of working ; contributes actively to change and agile innovation. • Respects and values differences; applies others' diverse experiences, styles, backgrounds and perspectives to get results. • Recognizes others for their contributions, sharing recognition when a team effort.

LEADERSHIP EXPECTATIONS	OBSERVABLE BEHAVIORS, EXAMPLES
Leads through Bureau Veritas Absolutes and Values	• Is a Role Model for Bureau Veritas Absolutes and Values and expects same from his/her team. • Leads & inspires his/her team and those that he/she comes in contact with to behave in line with Bureau Veritas Absolutes and Values. • Takes immediate action when behaviour and actions not aligned.
Build engaged teams	• Attracts and selects diverse and high calibre talent to meet the Group's needs. • Translates the Bureau Veritas vision, purpose and strategy in a way that people can relate to. • Provides his/her team with guidance needed for individual and collective success, favouring open dialogue and collaboration spirit. • Creates an environment where safety, health and well-being of his/her team members is a priority.

Managers in the Group are further expected to protect and enhance this inclusive culture by leading through Bureau Veritas' Absolutes & Values, and building engaged teams. This means leading with words and actions that attract diverse talent, encourage open dialogue, and creating a safe workplace where team member well-being is a priority, such as being a role model for BV Absolutes & Values, and taking action when behavior is observed that is not aligned with the Group's Absolutes & Values.

The Group's leadership continued in 2019 to take action that makes Bureau Veritas an industry leader in strengthening its open and inclusive culture, and it is these actions (see below) that have contributed to Bureau Veritas' inclusion in the Financial Times' list of FT Diversity Leaders 2020:

- development and communication of the Group's Inclusion Policy in 2019, leveraging its Inclusion Statement from 2016. This policy is wide-reaching and applies to applicants, employees (in areas such as recruitment, talent management and compensation) and external partners/suppliers;
- refreshing the Group's performance management strategy to include an evaluation of BV Values and Leadership Expectations (for managers) when assigning performance ratings to all employees from 2020;

- launching a talent strategy whereby "everyone can be a talent", which includes an assessment of BV Values and Leadership Expectations;
- deploying the LEAVE YOUR MARK employer brand that can be applied to target diverse ages and backgrounds of potential applicants. Examples include social media campaigns targeting generations X, Y and Z, and armed forces recruitment campaigns aimed at supporting veterans to (re)join the workforce.

Achieving better gender balance

For Bureau Veritas, achieving gender balance is a driver of progress. Women remain insufficiently represented overall and particularly in senior management positions and governing bodies. Women represented 30% of the Group's worldwide headcount at the end of 2019.

As described above, the actions of the Group's leadership taken to protect and promote its inclusive culture and build diversity are key to the progress made in 2019 in achieving a better gender balance:

- the percentage of women in senior management roles has continually increased over the past four years and is consistent with the Group's ambitious goal (see table below). Women make up 23% of junior management positions, up 2% compared to 2018;

% women in senior management

End-2016	End-2017	End-2018	End-2019	End-2020 goal
12%	14.5%	16.5%	19.5%	25%

- achieving a more diverse Executive Committee: 50% of its members are non-French citizens, and 20% are women at December 31, 2019 (stable compared to December 31, 2018).

A wide variety of local initiatives are also in place to help achieve the Group's gender balance goals. These include:

- in Europe, the Group holds the GEEIS (Gender Equality European and International Standard) certification in three key countries (Spain, Italy and Poland) after criteria were examined including ensuring specific people policies and practices were in place. As part of GEEIS' standard procedure, this matter will be audited in 2020;
- in North America, Bureau Veritas offers parental (maternity) leave benefits providing two-thirds of the employee's basic salary for a period of up to 13 weeks;
- in Australia, paid parental leave is provided to an employee who is the primary caregiver of a newborn or recently adopted child, once he or she has 12 months' seniority. Paid leave is six weeks at the employee's basic rate of pay, with a further two weeks' pay if the employee returns to the business for at least one month. In addition, employees who are not the primary caregiver can use five days of accrued "personal leave" (sick and carer's leave) on the homecoming of their child;
- International Women's Day awareness initiatives were held in all Bureau Veritas' operating groups and geographic regions in 2019.

Supporting people with disabilities

The Group seeks to create favorable conditions that allow people with disabilities to have access to employment. Specific initiatives undertaken in various countries have included:

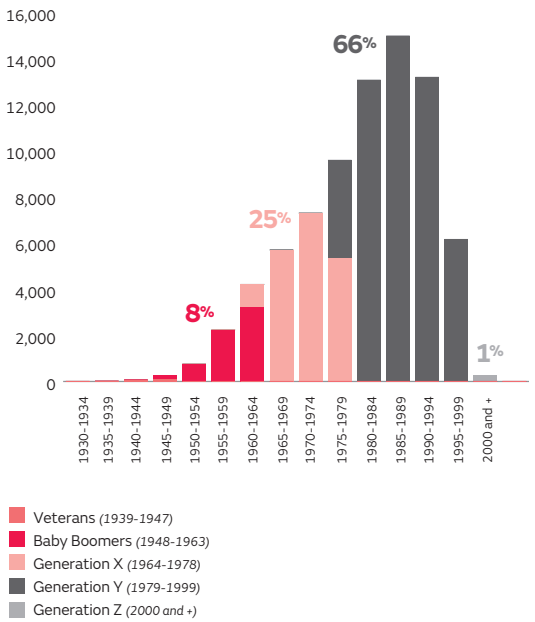
- in France, Bureau Veritas received accreditation from the DIRECCTE (Regional directorate for companies, competition, consumption, work and employment) for its agreement on the employment of persons with disabilities in 2014. Initiatives to develop awareness among employees in France to increase employment access to people with disabilities have included internal communication campaigns, collaboration with expert consultants, recruitment campaigns on specialized websites such as *Mission Handicap* and participation in employment fairs organized by TREMPLIN, a student federation for working and studying with disabilities. Learning programs were also organized by *Mission Handicap* to build employees' awareness by creating simulated disabled situations that were complemented by additional e-learning. Many employees in France also participated in the Stepstone Digital Challenge, which gathers together students and blue-chip companies for a large celebration focused on sport. The event works to promote the integration of people with disabilities, offering them an opportunity to meet with businesses and take part in sports events. In 2019, the (direct) employment rate for people with disabilities in France was 2.33%, based on the classification criteria of the DOETH (*Déclaration obligatoire d'emploi des travailleurs handicapés*) form.
- in South Africa in 2019, Bureau Veritas partnered with learning providers specializing in helping people living with disabilities to support their career development by funding their learning and providing exposure to meaningful work.
- Bureau Veritas participated every quarter of 2019 in Turkish Social Security's Careers without Barriers program. Career Days connected people with disabilities with companies, awareness-raising courses were held, and consulting sessions were provided for hiring managers to reduce bias and increase employment access.
- in Chile, an alliance was created with a specialist consulting firm to promote inclusion through awareness building initiatives and access programs, as a result of which 14 people with a disability were hired in 2019.
- thanks to a targeted recruitment campaign, the Group's CPS division had more than 150 people with disabilities at end-2019, with almost half of these people based in China. This initiative was complemented by disability awareness digital learning program for all of the division's employees, with a 94% completion rate.

Building a multi-generational workforce

At December 31, 2019, the average age of the Bureau Veritas workforce worldwide was 38. This figure applies to a zone covering 99.4% of the Group's workforce.

The Group is developing tomorrow's managers and leaders through its talent management strategy and its ongoing digital transformation. The talent management strategy focuses on the identification, assessment and development of talent across all generations. Attracting multiple generations to Bureau Veritas is also critical.

At the end of 2019, 66% of the Group's workforce was generation Y (up from 59% a year ago), and generation Z has entered the workforce, meaning five generations are now collaborating together (see below).



** Generation year range is based on the CIPD (Chartered Institute of Personnel and Development) definition.*

LEAVE YOUR MARK, the Group's compelling employer brand, is extremely well positioned to illustrate Bureau Veritas' employment value to multiple generations, through its unique linking of its employees' expertise with concrete benefits to society. In addition, the operating divisions are taking initiatives to promote age diversity in accordance with local conditions. These include:

- in France, recruitment teams strive to create pools of young talent on the brink of entering the workforce. In 2019, employees recruited on work-study contracts represented 12% of all new hires. Additionally, 44.5% of all new permanent recruits in 2019 were people aged under 30, a 1.1% increase in two years;
- effective veteran recruitment programs operated in the United Kingdom, as recognized by Bureau Veritas' Gold Award from the United Kingdom Armed Forces Covenant. In addition, Bureau Veritas offers veterans numerous options to organize their work by giving them a role as mentors or consultants, or by offering them part-time work solutions;
- also in the UK, the Marine & Offshore division collaborated with careerready.org.uk to offer internships to students from low income families who are in their last or second last year of secondary school. Assigning students a mentor and giving them support to do meaningful work gave them valuable skills and increased their chances of professional employment later in life;
- in Japan, in order to retain Bureau Veritas' older talent, the Group offers a continued employment program for those who have reached the local retirement age (63), which includes offering part-time work options.

Countering discrimination

Respect for all individuals is one of the Group's core values. Upon joining Bureau Veritas, all employees agree to respect differences, which excludes any form of discrimination based on ethnicity, visible differences, religion, gender, heritage, socioeconomic status, age, sexual orientation, marital status, medical condition, disability or political opinion.

In addition to the Inclusion policy issued in 2019, the Group published its Human Rights policy in 2018, which aims to eliminate all forms of discrimination and to promote, respect and protect human rights, regardless of the country in which the Group operates (see sub-section 2.3.2.3 – Respect for human rights).

As part of the Group Recruitment policy launched in 2016 and reissued in 2019, Bureau Veritas strives to guarantee equal opportunities in the workplace, along with fairness, diversity and objectivity in all of its recruitment processes.

Other Diversity policies at local level reinforce these Group policies and help take into account the specific characteristics of each culture. Employee handbooks describing anti-discrimination policies are distributed to employees in several countries in order to raise awareness.

Inclusive academic policy

Bureau Veritas seeks to recruit people who will live its Values and Leadership Expectations and who have the expertise to deliver excellence in the roles they will hold, regardless of whether they have a university background, or come from a prestigious graduate school. This inclusive academic policy gives the Group access to a wider, bolder, and more creative talent pool.

Promoting a high-quality working environment

The goal of Bureau Veritas' HR strategy is to achieve a performance- and feedback-driven, inclusive culture, in which highly engaged talent continuously learn and collaborate to realize the Group's vision. The Group recognizes that the following are important elements of this strategy:

- effective welfare protection;
- absenteeism management;
- safety and security;
- a modern workplace;
- effective labor relations (including reorganization policy);
- fair and competitive compensation.

Effective welfare protection

Welfare protection for employees is essential for employee well-being at work, itself a decisive factor in the success of any business. To this end, Bureau Veritas launched a global employee benefit partnership project in early 2018 aimed at leveraging economies of scale to purchase welfare benefits worldwide. The resulting cost savings are to be invested in well-being at work programs and in improving healthcare safety nets for all employees.

This initiative also allows the Group to manage these programs on a centralized basis, affording it greater visibility over local employee benefits, policy conditions and claims. In this way, Bureau Veritas aims to ensure that there are no gaps in coverage, and that its worldwide employee benefits are adequate and consistent in view of local situations.

The Group has set up an assessment phase at country and entity level in order to provide adequate support relative to needs that:

- ensures **optimized tariffs** at global, regional and country levels;
- takes a **country-specific approach** ensuring **compliance** with local regulations;
- has an **efficient benefit design** by targeting benefit coverage **in line with local market and best practices;**
- provides **minimum coverage** in medical programs and life insurance;
- promotes **well-being and awareness** programs consistent with Employers of Choice criteria.

In 2019, such support was provided for France, the United Kingdom, India, Colombia, Hong Kong, the United Arab Emirates, Taiwan and Vietnam, according to the needs of each location. This represents around 30% of the Group's workforce, with plans in place to progressively cover all employees in future years.

Managing absenteeism

Out of the Group's total headcount, the absenteeism rate for 2019 was 1.1%, an improvement on 2018 (1.2%). This rate reflects the total number of days of absence (due to illness, workplace accidents, or unauthorized absences). Bureau Veritas has set itself an annual absenteeism target of less than 2%, under which absenteeism is deemed not critical for the Group.

Absenteeism is monitored by local HR departments in accordance with local labor laws, and this is complemented by local employee wellness initiatives, an example being Bureau Veritas Turkey's Breast Cancer Awareness campaign as part of the WHO's October Breast Cancer Awareness month. This campaign included partnering with a local hospital to increase awareness, early detection and treatment.

Another example was the mental health awareness initiatives that were run across some of Bureau Veritas' larger European countries including the United Kingdom, Italy, Spain, the Netherlands and the Nordic countries. The initiative had visible executive sponsorship, with the objective of raising awareness among all employees about the importance of mental health and the options available to seek guidance and support when needed. A learning program was provided to managers, as well as within the HR community, with a view to identifying and supporting team members potentially suffering from mental health issues, and to taking effective steps toward addressing these issues. Similarly, in Australia and New Zealand, Bureau Veritas ran mental health awareness sessions in 2019 through the R U OK? initiative.

A modern and flexible workplace

The Group is continuously planning for the future workplace, including technology advancements and the changing nature of jobs, skills, and careers, but with people driving business outcomes remaining central to the Group's operation. This planning includes continuously improving and re-inventing the Bureau Veritas employee and applicant experiences, and thereby enhancing the external client experience through many initiatives.

These initiatives are very often enabled by technology and the Group-wide HR platform, SuccessFactors, which was initially rolled out in 2017 and serves as a foundation for HR transformation. In 2019, key enhancements that led to significant improvements to the workplace through technology included:

- PeopleDoc, which gives employees direct access to a database containing their personal HR documentation. Requests are handled and addressed centrally, enabling more efficient processing and faster response times. Employees also each have a digital vault storing all of their personal documents (pay slips, employment contract, etc.). The system is being rolled out across the Group's largest host countries, following France in 2019;
- the Recruiter Marketing module of SAP SuccessFactors, which was implemented in 2019. This included the launch of a more streamlined job search and application process with a new recruitment portal that was timed to coincide with the launch of the Group's new employer brand, LEAVE YOUR MARK. These and future changes are part of Bureau Veritas' commitment to continuously enhancing its applicant experience;
- improvements to the employee experience when using SuccessFactors through the technology enabling the delivery of key changes implemented in 2019, including MyPerformance@BV and MyDevelopment@BV.

Beyond technology, the Group is also implementing flexible working arrangements in parts of its business where practical, with Bureau Veritas Services putting in place a home office agreement on November 22, 2019. The Group will continue to explore options for flexible working arrangements for more of its employees, including leveraging technology to facilitate more modern working practices.

Effective labor relations (including reorganization policy)

The Group has set up a number of employee representative bodies and strives to ensure that they function effectively. Beyond these, Bureau Veritas also encourages communication, exchanges of ideas and opinion gathering, for example *via* notice boards, HR/people networks, suggestion boxes, exit interviews, ethics officers, accident prevention committees, monthly personnel meetings, and an open door policy.

The Group's local HR Directors are responsible for organizing working time in compliance with local regulations. Due to the diversity of the Group's businesses, a different work organization is adopted for each business sector, depending on whether its employees are sedentary (laboratory) or mobile (inspection). Working hours and flexibility options therefore vary depending on the host country and its applicable laws. For example, 510 Group employees in France worked part-time in 2019, representing 6.5% of its workforce in the country.

Employee representative bodies	Employee representative bodies exist in most of Bureau Veritas' key countries, including Australia, Belgium, Canada, China, the Czech Republic, France, Germany, India, Italy, Japan, the Netherlands, Malaysia, Russia, Singapore, Spain, Thailand, Ukraine and most African countries (Angola, Benin, Congo, Côte d'Ivoire, Gabon, Mali, Senegal, Togo and South Africa). They take various forms depending on local legislation and the size of the workforce. They are generally made up of employee delegates, works councils, health and safety and working conditions committees (CHSCTs in France), union representatives, etc.
Committees	Employee committees have been set up in Singapore, Vietnam, Germany, Spain, France, Belgium, the United Kingdom and Canada. In China, a discussion meeting open to all personnel is held each year to establish a dialogue with employees on subjects such as learning and career development; in 2019 more e-channels were opened for employee input, including Have Your Say, for providing comments/suggestions *via* a QR code linking to the application WeChat.
European Works Council	The European Works Council facilitates information and consultation with employees on transnational issues and represents a strong channel for constructive labor relations. The terms of office were renewed in early 2017. The Council currently has 29 representatives from European countries. It is kept informed of the Group's economic and financial situation and the likely trends in its businesses and divestments. It is also consulted on the employment situation and trends, investments, significant changes in organization, the introduction of new working methods or new production processes, mergers or discontinued operations, and large-scale redundancies.
Collective agreements	Collective agreements covering key HR topics (organization of working hours, compensation policy, working conditions, etc.) have been signed in many of Bureau Veritas' main markets: Argentina, Australia, Brazil, Canada, Chile, France, India, Italy, Mexico, the Netherlands, Peru, Russia, Singapore, Spain, Ukraine and Vietnam.

Bureau Veritas aims to inform employees and/or their representatives as early as possible of any reorganizations. In addition, agreements are signed in some situations with employee representatives in order to support the development of competencies. For example, in France an annual negotiation on the *Gestion des Emplois et Parcours professionel* is planned for 2020 in order to reach an agreement with employee representatives on competency development. This proactive approach to employee development is reinforced by assessing employees each year through MyPerformance@BV and MyDevelopment@BV. It involves understanding the skills needed for current and future business requirements and developing plans to develop them.

Bureau Veritas endeavors to comply with and promote the fundamental conventions of the International Labour Organization (ILO) in all the countries in which it operates. The ILO's fundamental conventions cover various topics, including respect for freedom of association and collective bargaining, the elimination of discrimination in respect of employment and occupation, the abolition of forced labor, and the abolition of child labor.

Fair and competitive compensation

Compensation surveys are carried out regularly by the Group to ensure that Bureau Veritas continues to be competitively positioned, enabling it to both attract the right applicants and to compensate employees according to their level of performance for the roles they hold.

Managers have the opportunity to be rewarded by participation in bonus schemes that take into account their individual performance and the performance of the Group as a whole.

Bureau Veritas also promotes long-term performance among some of its managers through a system of stock options and/or performance shares as part of a long-term incentive plan. The stock option and performance share plans implemented by the Company are detailed in sections 3.7.3 and 3.7.4 of the 2019 Universal Registration Document.

Information relating to personnel costs can be found in Note 8 to the consolidated financial statements – Operating income and expense, included in section 6.6 of the 2019 Universal Registration Document.

Bureau Veritas also has profit-sharing agreements and Group savings plans in place, including the plan described below for Bureau Veritas SA (France):

A triennial profit-sharing agreement was signed on December 22, 2016 covering 2017, 2018 and 2019 for the six subsidiaries resulting from the legal reorganization carried out in France on December 31, 2016.

Statutory profit-sharing

Regardless of seniority, all employees of the six subsidiaries in France are entitled to participate in a special reserve calculated pursuant to the statutory method set forth in article L. 3324-1 of the French Labor Code *(Code du travail)*. In 2019, statutory profit-sharing represented €9,904,730 for a total of 8,428 beneficiaries.

Contractual profit-sharing

The employees of the Company's six subsidiaries in France who have worked for the Group for more than three months are entitled to contractual profit-sharing proportional to their seniority.

	2019	2018	2017
Number of beneficiaries	8,428	7,458	7,458
Total contractual profit-sharing *(in €)*	6,391,171	5,067,554	7,024,162

Group savings plan

An agreement to convert the Company savings plan into a Group savings plan was signed with the Works Council on July 19, 2007, enabling all Group companies that are related companies within the meaning of article L. 3332-15, paragraph 2, of the French Labor Code to join the Group savings plan. The Group savings plan comprises seven mutual funds in which €169,015,848 was invested as of December 31, 2019. Bureau Veritas contributes to the savings of its employees by paying a top-up contribution into the Group savings plan up to a maximum of €1,525 per employee per calendar year.

2.3.2.3 Respect for human rights

Background

Respect for human rights underpins Bureau Veritas' core values.

Besides its own commitments, Bureau Veritas also applies internationally recognized principles of human rights, set out in the following documents (together referred to as "Standards on Human Rights"):

- the UN Universal Declaration of Human Rights;
- the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and its Core Conventions;
- the UN Convention on the Rights of the Child;
- the UN Guiding Principles on Business and Human Rights.

The main risk identified by Bureau Veritas is failure to comply with the Group's Human Rights policy, particularly as regards the elimination of discrimination and lack of support for diversity and inclusiveness. These issues are at the heart of the Group's Human Resources policy. This risk is also significant for Bureau Veritas partners (see sub-section 2.3.1.3 – Supply chain management and section 2.4 – Duty of care plan).

Policy

Bureau Veritas is committed to maintaining and improving systems and processes that help identify, prevent and mitigate any human rights violation.

The Group strives to promote and respect human rights, regardless of the countries in which it operates or the business in which it is engaged. It has published a Human Rights policy based on international standards and recommendations, covering the following topics:

- freedom of association;
- fight against human trafficking and forced labor;
- prevention of child labor;
- elimination of discrimination;
- support for diversity and inclusiveness;
- safety at work;
- protection of privacy.

The Human Rights policy should be considered in conjunction with the Code of Ethics and the four core values of Bureau Veritas, namely: Trusted, Responsible, Ambitious & Humble, and Open & Inclusive. The policy has been translated into five languages and applies to all employees and partners – subcontractors, suppliers, sales agents and co-contractors. It has been circulated among all employees through the Group's intranet sites and a specific information briefing organized in each country. All Bureau Veritas partners signing contracts with the Group since July 1, 2019 have also received a copy. These contracts include new general terms and conditions of purchase systematically specifying acceptance of the Business Partner Code of Conduct.

Bureau Veritas has a whistleblowing mechanism in place with a specific hotline number and email address. This is available to both its employees and business partners.

Action plan

Bureau Veritas assesses the human rights risks related to its operations, subsidiaries, subcontractors and suppliers, and draws up a duty of care plan aimed at preventing and mitigating these risks.

Self-assessments looking at the application of the Human Rights policy in all of Group's operational and support functions were conducted by each Executive Vice-President in 2019. Three avenues for improvement were identified:

- eliminating all forms of discrimination;
- promoting diversity and inclusiveness;
- protecting privacy.

The following measures were taken in order to mitigate these risks:

- including the Human Rights policy in the induction package for new recruits;
- accelerating the integration program for women in France and Africa;
- reviewing pay increases for female employees in France after their return from maternity leave;
- supporting initiatives promoting diversity in Southern and Western Europe;
- enhancing data protection and privacy in Southern and Western Europe.

Indicators

At the end of May 2019, based on self-assessments of each operating group, the percentage of employees working in entities respecting the criteria set out by the Human Rights policy was as follows:

- respect for human rights: 100%;
- freedom of association and the right to collective bargaining: 100%;

- fight against human trafficking and forced labor: 100%;
- prevention of child labor: 100%;
- elimination of all forms of discrimination: 85%;
- promotion of diversity and inclusiveness: 91%;
- providing a safe and secure working environment: 100%;
- protecting privacy: 91%.

2.3.2.4 Health and safety

Background

Occupational health and safety risk is unique at Bureau Veritas insofar as most of the Group's inspection services are conducted at the premises of its clients or their suppliers, at sites that Bureau Veritas does not necessarily know and which are not always free from risk. This increases the risks to which the Group's employees are exposed, particularly when the sites in question do not have their own safety/security plans.

A high degree of risk also exists in specific situations such as assignments carried out in confined spaces, situations with exposure to ionizing radiation, and assignments at sea on ships or offshore rigs.

Policy

The Group's HSSE (Health & Safety, Security and Environment) policies have been defined in light of the following challenges:

- successful integration of a large number of new employees each year into a growing Group;
- harmonization of local HSSE practices across an international network of 140 countries;
- performance of a wide range of activities that carry different HSSE risks;
- missions on client sites in working environments that the Group cannot control;
- protection of Group employees against risks to their health and/or safety; and
- protection against the risk of road accidents during work-related travel.

Some 20 or so safety policies have been included in the Group's management system.

These are reviewed at least each year based on an analysis of safety indicators, qualitative data and changes in businesses and risks.

Action plan

For Bureau Veritas, safety is an "absolute", a non-negotiable priority without which the business could not continue.

The CSR risk map has highlighted a health and safety risk for all Bureau Veritas employees. The action plan to manage this risk is included within the "Safety is our responsibility" project.

A project targeting continuous improvement in health and safety was set up as part of Bureau Veritas' 2020 strategic plan. The Group's strategy is clear and it strives to improve its performance on three key indicators year after year as part of its "Safety is our responsibility" project:

- total accident rate (with and without lost time), or Total Accident Rate (TAR);
- frequency of lost time accidents, or Lost Time Rate (LTR);
- severity of accidents, or Accident Severity Rate (ASR);

The Group's aim is to halve these accident rates by 2020 (TAR and LTR based on consolidated results at end-2014).

In light of its goal to become a zero-accident company, establishing a safety culture is a key focus for the Group. The expansion into new countries and industrial sectors gives rise to many challenges. These challenges have been addressed by Bureau Veritas thanks to the unwavering commitment of its management and the expertise of its Health & Safety, Security and Environment (HSSE) managers. Since 2015, when the Group's first series of reliable indicators were established, the number of accidents has fallen sharply.

In a risk analysis approach, initiatives are prioritized and rolled out with the support of each operating group. The analysis carried out at the end of 2019 showed that accidents are primarily caused by a lack of attention or inappropriate behavior. Accidents that occur in performing operational tasks are minimal.

The two main types of accidents are:

- road accidents;
- same-level falls.

Safety is our responsibility

2019 saw work on the "Safety is our responsibility" project continue, aimed at improving the quality of Group health and safety reporting, reducing risk in the Group's operations, reducing the accident rate, securing continued management involvement in the safety policy and also training employees in day-to-day health and safety issues.

"Safety is our responsibility" is based on six key areas:

A local and global HSSE organization

Bureau Veritas has put in place the following HSSE organization in order to provide effective management at Group level and consistent local implementation of objectives, programs and practices.

The strength of this organization lies in the balance between its network and the importance of its activities.

Position	Role and responsibilities
Chief Executive Officer	Responsible for safety and security for the entire Bureau Veritas Group.
Executive Vice-President, Corporate and External Affairs	Responsible for defining the QHSSE (Quality, Health & Safety, Security and Environment) strategy, reporting to the Chief Executive Officer and the Executive Committee.
QHSSE Director	Recommends and rolls out the QHSSE strategy.
HSSE Steering Committee	Helps to define the Group's HSSE strategy, and more specifically to select prevention campaigns. Monitors performance and progress on objectives defined in the 2020 strategic plan.
HSSE managers	Implement HSSE policies; factor in the local constraints associated with the Group's various businesses, languages, cultures and regulatory environments.
HSSE network	Reviews HSSE performance during quarterly steering committees in order to set clear directions for HSSE objectives and programs; participates in the development and implementation of new tools in order to share best practices.
Ionizing Radiation Safety Committee	Ensures that all activities using ionizing radiation equipment under Bureau Veritas' responsibility deliver their services safely.

Commitment

Strong and unwavering commitment of the Group's Executive Management

Each Executive Committee meeting and operating review start with a follow-up of the safety and security performance of the scope concerned. The Group's performance is monitored each year in light of the 2020 strategic plan by the QHSSE department in order to set objectives for the coming year. The three key indicators for the Group's leadership are:

- "safety walks" carried out by managers;
- organization of safety briefings;
- review of each serious accident by the person responsible for the scope concerned and the Group Executive Vice-President in charge of QHSSE.

More than 1,674 safety walks in 2019 by managers in France

To complement this initiative, certain scopes have defined individual safety targets as part of managers' annual bonuses.

In 2019, Bureau Veritas rolled out a new module to record all safety walks on its QESIS (Quality, Environment, Health & Safety System) app for mobiles.

In 2020, it will continue to invest in this project in order to facilitate information flows as well as more easily monitor the safety scorecard put in place in 2019 for each operating group. This scorecard provides management with a tool for tracking leading/lagging indicators and therefore helps define the actions needed in order to continually improve safety.

In signing an HSSE statement, the Group's Executive Management has undertaken to enshrine safety at work, along with health and environmental issues, within the core values of the corporate culture. This clear undertaking reflects the Group's long-term commitment to continuously improve its HSSE performance.

This statement includes the following commitments:

1. provide a safe workplace and safe working methods to prevent accidents and injuries to Group employees;
2. prevent pollution, minimize energy consumption and waste and protect biodiversity;
3. increase Bureau Veritas employees' HSE awareness and safe behavior;
4. comply with all relevant HSSE requirements (regulations, internal policies, client requirements, and other applicable requirements).

These commitments are also reflected in the active participation of the Group's Executive Management in the analysis of serious accidents, in the conduct of specific HSSE reviews, the setting of HSSE certification objectives and the quarterly monitoring of performance indicators and action plans.

A video outlining this commitment was made and circulated among all employees. In it, Bureau Veritas' Chief Executive Officer sets out his vision, commitment and expectations in terms of safety and security. This video is an integral part of the welcome kit given to each new employee when joining Bureau Veritas and is available in the seven most commonly used languages within the Group.

In 2019, numerous safety workshops were piloted by the managers of local entities so that avenues for improving safety management could be identified together with the management team and operating staff. These workshops also provide Executive Management with a perfect opportunity to reiterate its commitment to safety, one of Bureau Veritas' "absolutes".

Following the risk analysis, Group management reviewed its "defensive driving and mobility" policy in order to enhance the measures in place to manage risk and thereby protect all employees in their daily commute or during work-related travel.

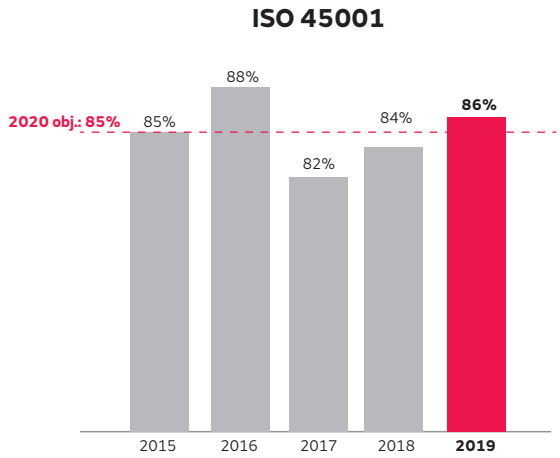
In 2019, 63 accidents were reviewed. In compliance with the Group's HSSE reporting policy, three fatal accidents were reviewed in the presence of the Group's Chief Executive Officer.

As indicated above, in 2020 the Group will particularly focus on the notion of a safety culture and the impact of behavioral/human factors. The first campaign will be designed for management to obtain a decisive insight into the employees who live out Executive Management's commitments on a daily basis.

Management system

In 2018, a project was carried out to improve the management system and incorporate ISO 45001. More than 25 working groups enabled Bureau Veritas to strengthen its processes while retaining its focus on reducing and managing risk.

Bureau Veritas is seeking to obtain certification for its management system in all entities with more than 200 employees. Group entities under this threshold are nevertheless required to comply with specific Bureau Veritas standards even though certification is not the goal.



These figures present Group certifications outside the Certification business, which receives specific accreditations, and excluding companies acquired in 2018, which have one year within which to roll out the Group's management system and be covered by Bureau Veritas certification. Some acquired companies have their own certification.

In 2019, the Group's internal auditors verified compliance by local entities with the new ISO 45001 standard. In 2020, internal and external safety audits will be based solely on ISO 45001.

Training

Training in health and safety, security and environmental issues is a top priority at Bureau Veritas. A training catalogue has been developed allowing each employee to source information and be trained to manage HSSE issues. These training courses take the form of e-learning sessions, talks or classroom-based training.

In light of Bureau Veritas' growth and its training needs, in mid-2018 the Group HR department set up a mandatory training process to be completed by all new recruits during their induction phase. Since September 2018, all new Group employees therefore receive the "Welcome On-Boarding Package", which includes:

- a video featuring the Chief Executive Officer's presentation of safety and security challenges at Bureau Veritas;
- the e-learning module explaining the Cardinal Safety Rules.

This induction training is supplemented with specific modules that are defined by each country based on the risks employees may be exposed to when performing their duties and in accordance with regulatory requirements. Training is provided with respect to the entry into confined spaces, working at heights, first aid, use of firefighting equipment, handling of pressurized devices and preventive action, as well as many other topics. Training leading to a certification is also provided for the members of the HSSE network on HSSE management systems, applicable standards, internal audits and accident investigations.

1,100 days of classroom-based safety and security training given in France in 2019

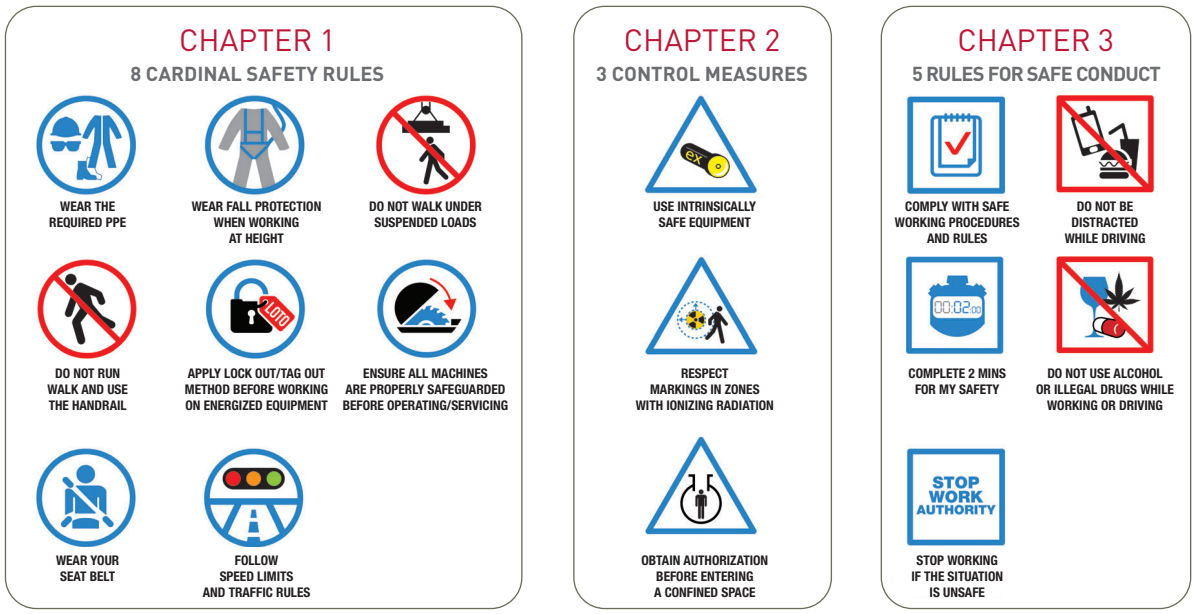
2,600 training sessions taken on root cause analysis since 2016

Cardinal Safety Rules

The Cardinal Safety Rules define the fundamental safety rules at Bureau Veritas. They were enhanced in 2017 to make them more specific and clearer for all of the Group's employees. An e-learning module was designed to support the implementation of these changes and must be completed by each new employee during the induction process. To help everyone understand these rules, they have been translated into 13 languages.

More than 10,000 employees were trained in the Cardinal Safety Rules in 2019.

At present, the Cardinal Safety Rules cover three major areas, as shown below.



E-learning platform: My Learning

Substantial resources were allocated by HSSE teams so that all training courses available at Group level could be incorporated into the My Learning global platform. A total of 15 modules were configured in several languages, some 200 local administrators identified and trained, automatic reports created, and best practices exchanged with other Group entities using this platform. As a result, more than 30 HSSE courses have been posted online since 2015.

Available to all the Group's employees, this platform offers multilingual training modules on health, safety and environmental issues such as the Cardinal Safety Rules, the handling of chemical products, working at heights, defensive driving for two and four-wheeled vehicles, eco-driving, and the handling of pressurized devices. Specifically designed modules are also made available to managers and concern measures managers must take with respect to personal protection equipment, ionizing radiation, working at heights and the entry into confined spaces.

100,000 HSSE e-learning sessions taken in 2019

81,000 e-learning training hours followed in 2019

In 2020, new sessions will be added to the HSSE training catalogue in order to address risk analysis issues within the Group as well as the expectations of Bureau Veritas employees. The following topics will be covered in the next few months:

- work environment (brightness, noise, air quality, humidity, temperature, teleworking and well-being at work);
- "Managing Safely": leadership and safety for managers;
- improving training regarding the prevention of same-level falls.

As part of the Integrated Management System continuous improvement project and in line with changes in standards, the Group established an HSSE training and skills management policy in late 2018. This policy defines the mandatory and recommended training to be followed by each employee population.

All HSSE managers received ISO 45001 training in 2019

Health

The network of HSSE (Health, Safety, Security and Environment) officers are responsible for monitoring health risks that could affect employees.

Identifying and monitoring health risks at Bureau Veritas is a two-step process:

1. on the ground: thanks to the network of HSSE officers on the ground, emerging risks and changes in those risks can be observed, along with the local measures put in place by public authorities to prevent them. HSSE officers notify the Group of any escalation in the level of risk;
2. in Paris: the Group HSSE department monitors health risks on an ongoing basis together with International SOS, the Ministry of Foreign Affairs and the Chief Health and Safety Officers of major companies.

In the event of a health crisis, a Crisis Committee is formed, comprising the HSSE officers, the Group HSSE department and all relevant support functions. The role of this Committee is to assess the level of risk and draw up an action plan, sharing information collected by the operating groups on the ground and information obtained by the Group HSSE department.

Where appropriate, this plan of action can encompass various protective (e.g., wearing protective gear) and preventive (e.g., working from home, admission to hospital, etc.) measures, including quarantine.

Depending on the type of action plan, the Crisis Committee issues health warnings to management and employees locally and/or at Group level. These warnings detail the recommendations and instructions to be applied by each unit.

The Committee also monitors developments in the situation and may issue revised health warnings depending on how the matter evolves. It regularly briefs the Group Executive Committee and Executive Management.

This system was activated in late 2019/early 2020 in the context of the Covid-19 outbreak.

The Executive Vice-Presidents in charge of the operating groups in China and Hong Kong (Commodities, Industry & Facilities, Consumer Products and Marine & Offshore) closely monitored developments and took the necessary preventive measures. They also issued health warnings to their teams.

An HSSE Crisis Committee was formed at the same time, comprising the HSSE Directors of the relevant operating groups, the Group HSSE Director and the Executive Vice-President, Corporate and External Affairs.

The Committee held regular meetings to monitor developments and issue global health and safety warnings.

The preventive measures taken included:

- a ban on all travel to and from countries/regions affected by the virus;
- quarantine for people having recently spent time in those countries/regions;
- working from home for office or laboratory staff whose presence on site is not critical;
- the supply of masks, gloves and disinfectant.

The Executive Committee and Chief Executive Officer were kept informed of the situation on a daily basis. The Crisis Committee met regularly to monitor the implementation and effectiveness of the preventive measures and the measures taken to adapt the Group's operating activities.

Driving and mobility

Driving is one of the most common causes of accidents and death at Bureau Veritas, and, with this in mind, Executive Management decided to revise the Driving and Mobility policy.

New compliance requirements have been introduced in terms of:

- the Company car fleet;
- training for employees who need to drive for work;
- bespoke training for employees considered to spend most time at the wheel;
- initiatives aimed at increasing employees' sense of responsibility towards their Bureau Veritas vehicle;
- a penalties policy;
- use of mobile telephones, GPS, etc.;
- two-wheeler safety equipment;
- rules to be respected by passengers;
- installation of fleet tracking devices. It is the responsibility of the operating groups to decide whether this last recommendation is appropriate in light of local rules and regulations as well as differences in culture and technology.

Training is a vital component of safety risk management. Bureau Veritas developed and rolled out a policy in this area in 2019. Compliance with QHSSE training policy is verified during QHSSE internal audits. This is a basic requirement and helps create a shared culture, enhanced by training adapted to each employee's role and the local context.

Communication

Each year, Bureau Veritas runs two safety and security campaigns to raise employee awareness of these issues as well as other specific topics. These campaigns are rolled out locally by QHSSE departments to achieve 100% employee coverage. In 2019, the two campaigns focused on:

- business travel and safety/security;
- driving and mobility.

Safety alerts

In addition to these worldwide campaigns, a host of other initiatives are carried out locally or at Group level. In this respect, there were over 30 security alerts within the Group in 2019, following analyses of the root causes of serious accidents. These alerts are designed to remind all employees of the rules to follow and the best practices to adopt.

Visual communication

In 2019, safety campaigns and also certain specific messages were shared and circulated to employees using different media. Posters about driving and mobility were displayed in Bureau Veritas offices and sites across the globe. Booklets and flyers were also designed and included in the induction pack for new recruits to inform them about key safety issues.

Countries, regions and/or operating groups have used videos, screensavers and other visual media to circulate important safety messages.

Safety briefings

Safety briefings are a key preventive measure for accidents and are part of the Group's internal processes.

These Management-led discussions help remind employees of the importance of safety in their day-to-day work, highlight areas of business requiring particular vigilance, and help develop an open dialogue about these issues with employees. For employees, the safety briefings are an opportunity to share any doubts or suggestions for improvement they may have and are an important link in the knowledge chain.

In 2018 and 2019, the Group set the goal of ensuring that each employee participated in at least six safety briefings per year. This goal was achieved to differing degrees across the Group, depending on the maturity of the entity in question. In 2020, Bureau Veritas will endeavor to improve its reporting on safety briefings in connection with safety scorecards.

Nearly 2,300 QHSSE briefings were conducted in France in 2019

Audits

In addition to the external audits conducted by the Group's clients or by an independent third party enabling Bureau Veritas to be certified to ISO 9001, OHSAS 18001, ISO 45001, ISO 14001, ISO 17020 and ISO 17025, the QHSSE department also establishes a three-yearly Internal Audit program. More than 23 audits were conducted in 2019 by the Group's pool of internal auditors.

Besides the Group's QHSSE department, other departments carry out audits to ensure that processes are duly applied. In all, almost 1,200 audits (excluding financial audits) were carried out internally.

These internal audits verify compliance with Bureau Veritas processes and also help promote best practices.

In 2019, the QESIS app was rolled out worldwide. The app provides audit program traceability and makes a record of all incidents along with an analysis of their causes and the corresponding action plans.

60 days of QHSSE audits completed by the 17 QHSSE auditors

1,190 audits in 2019

Non-compliance cases following a certification audit reduced by 274%

Continuous improvement

The strategy of ongoing improvement is defined at all levels of the Group. Headed up by the QHSSE departments, this strategy is paying off and is enabling Bureau Veritas to deliver a positive performance along with ambitious but realistic safety and security goals.

Digitalization

Feedback from the ground is critical in aligning the management system with the Group's operating needs. This is why Bureau Veritas rolled out its mobile app in 17 languages in 2018, allowing employees to:

- report a dangerous situation or near-accident;
- analyze risks before carrying out their assignment "2 mins for my safety";
- analyze risks before undertaking any business travel "2 mins for my security";
- analyze driving risks "2 mins for my safe driving";
- analyze risks relating to riding two-wheelers "2 mins for my safe riding";
- record any safety walks completed;
- trace any safety/security inspections.

Analyzing the root causes of an accident

Analyzing the root causes of an accident is an essential factor of improvement and prevention. The internal accident investigation procedure was changed in 2015 to incorporate more effective tools for the identification of root causes and the determination of appropriate long-term corrective and preventive measures. An e-learning module has also been developed to support this change and was rolled out in the second quarter of 2017 to all the relevant people who perform accident analyses.

The causes of the most serious accidents, 63 in 2019, were analyzed by the management of the concerned entities, together with the Group QHSSE department and Executive Management in order to raise managers' awareness of this approach. The three main types of accidents are slips and falls, accidents with handling equipment, and road accidents. These three categories represented 60% of accidents within the Group in 2019. The two main causes of accidents are a lack of attention and inappropriate behavior. These causes accounted for over half of accidents.

Safety and security surveys

Various Group entities ask their employees to identify avenues for improvement in terms of safety and security risk management.

For example, in addition to Company initiatives launched several years ago to improve employee safety and security, in 2018 the Marine & Offshore division took measures aimed at assessing the safety culture and the view of its operations experts on the conditions in which the corresponding rules were implemented. These measures were based on a survey conducted by a specialist organization adapted to the businesses concerned.

Responses were collected from 71% of the employees concerned, confirming their deep-seated commitment to the measures taken, demonstrating their keen interest in issues regarding their safety and working conditions. The response rate also corroborates the findings of the survey.

The survey also made it possible to benchmark the Company's performance against the average for the industry, covering 245 companies and 160,000 employees. In each of the areas looked at, the survey found that the Group's Marine & Offshore division performed better than the industry average.

Responses supplied by the participating employees helped identify avenues for improvement, which are subsequently taken up in action plans following in-house consultation. These action plans are currently being rolled out.

In light of the interest expressed in the survey and its findings, a similar exercise will be carried out at regular intervals within the scope of the ongoing improvement in the Group's safety culture and its implementation throughout the Marine & Offshore division.

Carried out according to the "behavior-based safety" method, these surveys are the starting point for a structured approach to safety. In 2019, Group Executive Management therefore decided to require these surveys to be conducted in the ten countries in which it does the most business. At the end of 2019, the surveys were rolled out to several scopes including France, Africa, and the Marine & Offshore and Consumer Products divisions. They will be introduced in Latin America and North America by the end of first-quarter 2020.

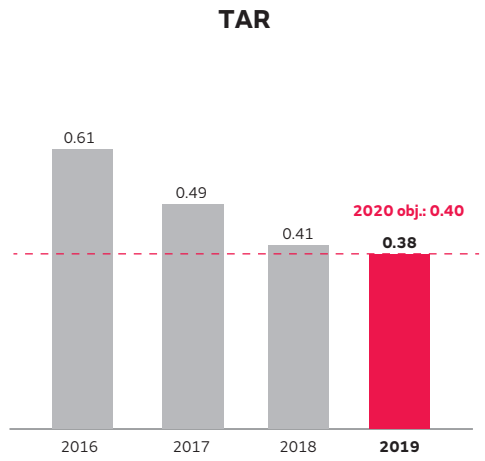
To allow it to more closely monitor key performance indicators in terms of safety and security, Bureau Veritas has improved the corresponding IT systems. The QESIS and Business Intelligence tools were linked up in 2018, allowing the Group's key performance indicators to be updated on a daily basis. These statistics are closely analyzed and presented in each of the monthly safety reports provided to members of the Group's Executive Committee.

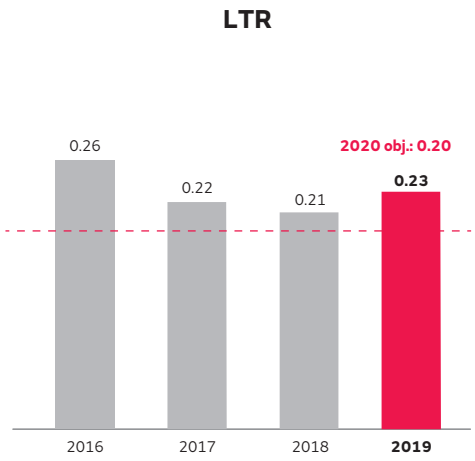
To constantly improve training, processes and the safety organization, and thereby reduce the risk of accidents, the ability to compile information about dangerous situations and near-accidents within the Group's operations is critical.

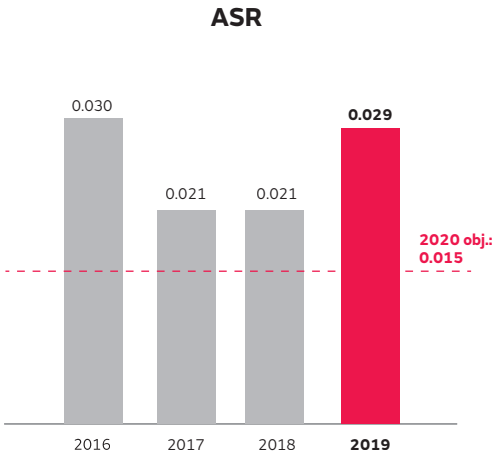
More than 5,000 near-accidents reported in 2019: a 24% decrease on 2018

More than 10,000 unsafe conditions reported in 2019: up 100% on 2018

Indicators







TAR (Total Accident Rate): Number of accidents with and without lost time x 200,000/Number of hours worked.

LTR (Lost Time Rate): Number of accidents with lost time x 200,000/Number of hours worked.

ASR (Accident Severity Rate): Number of days lost x 1,000/Number of hours worked.

Since 2014, the Total Accident Rate (TAR) has fallen by 51% and the Lost Time Rate (LTR) by 47%, while the Accident Severity Rate (ASR) has been reduced by 6%. Nevertheless, three fatal accidents occurred in 2019, all of which were road accidents.

Since the implementation of its 2020 strategy and its "Safety is our responsibility" project, the Group has continued to make overall progress. This is also thanks to the programs put in place to improve the analysis of root causes and the effectiveness of the measures adopted, as well as the day-to-day input of line management. In 2019, all accidents categorized as "serious" according to the Group's own criteria were closely monitored: the analysis of the accidents and the related action plans were reviewed by the HSSE department and then presented by line management to their superiors at a specific meeting. This information is also provided to the Bureau Veritas' Chief Executive Officer during quarterly operating reviews. All Bureau Veritas managers were given a safety management guide by their line managers or their HSSE organization at their annual evaluations or during a meeting on these issues. This guide constitutes the basis for understanding the role of management in deploying the safety culture.

In 2020, the QHSSE department and its internal partners will define the new QHSSE plan in line with the Group's next strategic plan.

2.3.2.5 Support for local communities and outreach

Background

The Group's highly decentralized organization favors local hiring in the nearly 140 countries in which it does business. In this way, Bureau Veritas helps further socio-economic development in its host countries.

The Group takes care to ensure that each of its 1,560 offices and laboratories across the globe develops local skills and expertise in partnership with the authorities and the stakeholders concerned.

Policy

Bureau Veritas has launched ***Be part of it,*** a community-minded initiative in which it acts alongside its employees in providing help to the most disadvantaged. "Be part of it" is one of the components of the Group's new community support policy. It encompasses a broad range of local initiatives, including, for example, food collection, environmental protection, support for women on the street and tree planting.

In late 2019, Bureau Veritas developed a policy aimed at aligning the philanthropic initiatives launched by its operating entities. Three priority themes were identified (health, education and environment), and should cover over 80% of local initiatives.

Philanthropic initiatives can take the form of donations or skills sponsorship.

Action plan

The community initiatives rolled out by Bureau Veritas are decided locally in each of the countries in which the Group does business.

More than 170 local initiatives were carried out in 2019, several of which are listed below:

Healthcare:

- collection of sanitary and beauty products for women on the street (France);
- donation to help put people with disabilities into contact with volunteers with 3D printers to model missing fingers or hands (France);
- donation to help autistic children (North America);
- donation to child and adult cancer research (Australia, North America, Europe).

Education:

- donation and sponsorship aimed at promoting education in rural areas together with the *Chemins d'Avenirs* association (France);
- help for disadvantaged young people through scholarships or education programs (Europe, Africa);
- practical support for disadvantaged young girls (South Africa);
- donation to support child education, the provision of school materials and the renovation of schools (North America, Philippines, Brazil, Germany).

Environment:

- planting of seeds and trees in various countries (Lebanon, Sumatra, Malaysia, Abu Dhabi, Pakistan, Czech Republic, etc.);
- collection of waste to mark World Cleanup Day (Indonesia, Malaysia, Russia, Italy, Latin America, etc.);
- campaign to reduce paper consumption (10 sites in Russia, Egypt);
- campaign to abolish the use of plastic and prepare for new legislation (Europe, CIF APM sites).

Indicators

In 2019, Bureau Veritas donated a total of €620,000 and carried out 44 skills sponsorship initiatives, an increase of 18% and 22%, respectively, compared to 2018.

BREAKDOWN OF DONATIONS BY CATEGORY

Donations by category	Amount *(in euros)*	%	No. of donations	%
Education	250,000	40%	59	35%
Environment	8,000	1%	26	15%
Health	211,000	34%	71	41%
Art & Culture	151,000	25%	16	9%
TOTAL	**620,000**	**100%**	**172**	**100%**

BREAKDOWN OF SPONSORSHIP INITIATIVES BY CATEGORY

Sponsorship by category	No. of initiatives	%	No. of hours	%
Education	7	16%	242	11%
Environment	21	48%	953	42%
Health	14	32%	1,058	46%
Other	2	4%	24	1%
TOTAL	**44**	**100%**	**2,277**	**100%**

2.3.3 Environmental protection

2.3.3.1 Combating climate change and adapting to its consequences

Background

Climate change can lead to more frequent extreme weather such as flooding, fires or excessive temperatures, which could impact the continuity of the Group's businesses and those of its clients, which could in turn impact the Group's own operations.

In this context, Bureau Veritas has developed an approach aimed at reducing its CO_2 emissions and adapting to the consequences of climate change.

Its environmental footprint mainly reflects electricity consumption in its laboratories and work-related travel. It has developed internal programs to reduce the impact of the Company's carbon footprint.

Bureau Veritas has signed up to the fight against climate change, joining the French Business Climate Pledge launched by MEDEF, France's largest employer federation.

Policy

Bureau Veritas' environmental policy applies to all its activities. The Group sets annual targets for reducing the environmental impact and implements specific programs to reduce its most significant environmental impacts.

Bureau Veritas has put in place an environmental management system certified to ISO 14001. In 2019, this system covered 76% of the Group's workforce

The Group published a policy on operational eco-efficiency in 2019, which defines the rules for protecting the environment and reducing carbon emissions. The policy is part of the Group's management system, and its application will be verified by internal and external auditors. It is designed to step up the carbon emissions reduction program and to define measures for each of the areas in which Bureau Veritas has an impact.

Action plan

Work-related travel was the main source of CO_2 emissions for inspection and office activities, for example, while energy consumption was the main source of CO_2 emissions for laboratories. Based on the above, three sources of emissions were identified:

- energy consumed by work-related travel;
- energy consumed by the Group's offices;
- energy consumed by laboratories.

The action plan to reduce CO_2 emissions therefore has several components:

- Reducing work-related travel

The Group's policy seeks to limit travel and encourage "low-carbon" trips. A new video conferencing system facilitates remote communication and helps reduce travel. The Group's work-related travel policy was updated in late 2019.

Various technological solutions have been put in place allowing for a richer video and telephone conference experience. Three main tools were used in this respect: Polycom, Zoom and GoTomeeting.

In 2019, the focus shifted, with all employees offered a single global platform designed to forge stronger links across the work environment.

- Using cars with low carbon emissions

The Bureau Veritas fleet includes some 9,000 vehicles. In order to reduce their CO_2 emissions, local initiatives have been put in place, mainly in Europe, Australia and Latin America.

Car fleet management policies have been rolled out encouraging the use of energy efficient cars. Hybrid and electric vehicles are also included in vehicle catalogues. The car fleet management policy and the catalogue were updated in late 2019.

Car fleet policies for company vehicles are regularly reviewed in order to reduce emissions per km. In France, for example, vehicles that are more than three years old are replaced with more fuel-efficient vehicles in order to reduce average fuel consumption and thus the emissions resulting from work-related travel. At December 31, 2019, these emissions represented less than 100 g of CO_2 per km.

Raising employee awareness through training is also an integral part of the Group's program to reduce emissions resulting from work-related travel. The Group has designed an e-learning training module on the topic of eco-driving. This module recalls driving techniques that help decrease fuel consumption as well as reduce stress at the wheel and hence the risk of accidents. In 2019, employees took 47,000 e-learning sessions.

- Improving the energy performance of office buildings and laboratories

Bureau Veritas encourages its subsidiaries to use green energy in order to reduce CO_2 emissions, and to opt for low-energy buildings. Bureau Veritas recommends choosing energy-efficient buildings whenever leases are up for renewal. At the end of 2019, 12 of Bureau Veritas' buildings had obtained LEED certification, mainly in Asia. Bureau Veritas also recommends the use of LED lighting. The introduction of LED lighting in 20% of the laboratories of Bureau Veritas' Consumer Products division has increased energy efficiency by 55%.

The Group also recommends using green energy wherever possible. In Italy, all electricity consumed is from green power sources.

Machinery and equipment in Bureau Veritas laboratories are big consumers of energy. Meticulous management of this machinery and equipment can help reduce energy consumption. The Group has identified machines and equipment that can be switched off during the night in order to avoid waste.

- Using suitable IT equipment

This represents another potential area in which Bureau Veritas can reduce its environmental impact. The Group's priorities are to use more eco-friendly equipment and encourage widespread use of the cloud to store data. In France, for example, using virtual servers has reduced the number of physical servers by 1,300, helping to save 353 tons of CO_2 in 2018. Similar projects have also been undertaken in the United States.

For the past few years, the Group IT department has focused on three major areas to reduce its environmental impact:

- reducing energy used by data centers;
- reducing energy used by computing equipment;
- devising innovative solutions for reducing work-related travel.

Adapting to the consequences of climate change

Climate change can have many different consequences for Bureau Veritas' operations. In addition to measures taken to reduce the Group's impact on climate change, Bureau Veritas decided to identify areas of risk across the globe. Climate change can lead to more frequent extreme weather such as flooding, fires or excessive temperatures, which can impact the continuity of the Group's businesses. To address this risk, certain entities located in high-risk areas have put in place business continuity plans. Some of these plans were tested in 2018 and 2019.

The due diligence process for acquisitions now includes questions regarding the acquired company's exposure to the impact of climate change. This allows an action plan to be drawn up when the company is absorbed into the Group. Bureau Veritas has identified the main areas of its business impacting climate change and aims to eliminate non-essential emissions and reduce the emissions needed for the Group's development.

Indicators

The reporting and consolidation process is improving each year and in 2019 was enhanced by a dedicated team tasked with verifying each report submitted by local entities.

As part of the 2020 strategic plan, the environmental policy identified three key objectives (compared to the 2015 consolidated results):

Reduce CO_2 emissions by 10% per full-time equivalent employee by 2020	Increase the use of renewable energies by 10%	Have 75% of Group businesses certified to ISO 14001

The following emission scopes are taken into account:

- Scope 1 – Direct emissions: sum of direct emissions resulting from burning fossil fuels such as oil and gas or from resources owned or controlled by the Group (including service vehicles);
- Scope 2 – Indirect emissions: sum of indirect emissions arising from the purchase or production of electricity;
- Scope 3 – Other emissions: sum of all other indirect emissions including work-related travel (by air, train, rental car, and personal car). Emissions relating to commuting and computers are not taken into account.

The data presented below in this chapter cover:

Tons of CO_2 equivalent	Scope 1	Scope 2	Scope 3
2018[(a)]	39,323	61,689	77,948
2019[(b)]	66,700	63,315	49,682

(a) In 2018, the scope covered 148 operating entities and 84% of employees in the year.
(b) In 2019, the scope covers 157 operating entities and 81% of employees in the year.

The 2019 scope includes two new Maxxam laboratories, which are heavy consumers of gas. Taking these two laboratories into account, Maxxam accounted for 53% of CO_2 emissions in 2019, compared to only 32% in 2018. The two laboratories had not been consolidated in 2018 due to a lack of available data. This explains the sharp increase in Scope 1 CO_2 emissions (see above), energy consumption, and CO_2 emissions for laboratories (see below).

Scope 3 includes a broader range of emissions, with the main contributors being commuting, IT equipment and energy-related activities (excluding Scope 1 and Scope 2 emissions). On this basis, Scope 3 emissions fell from 173,534 tons of CO_2 equivalent in 2018 to 159,007 tons in 2019.

Bureau Veritas laboratories

For laboratory activities in 2019, reliable data for electricity consumption were measured for 81% of the staff in Group laboratories and 57% of Group laboratories.

For several years now, data have shown that 80% of the total volume of electricity consumed by the Group is attributable to the laboratories, and the remaining 20% attributable to offices.

The following energy-related data consolidate the data on electricity and gas consumption.

The table below shows electricity consumption for the Group's laboratories per person and per year for the past five years:

Energy in MWh/person/year	2019	2018	2017	2016	2015
Laboratories	16.2	10	9	6.9	6.5

The table below shows the gross electricity consumption for Group laboratories between 2015 and 2019:

Energy in MWh	2019	2018	2017	2016	2015
Laboratories	259,125	190,360	175,172	121,789	112,996

GROUP CO_2 EMISSIONS ARISING FROM ENERGY CONSUMPTION

Energy	2019 coverage rate	Tons of CO_2/person 2019	Tons of CO_2/person 2018	Tons of CO_2/person 2017	Tons of CO_2/person 2016	Tons of CO_2/person 2015
Laboratories	62%	4.97	3.14	3.48	3.10	3.07
Laboratories and Offices	48%	2.46	2.04			

GROUP CO_2 EMISSIONS ARISING FROM WORK-RELATED TRAVEL – OFFICES

Work-related travel	2019 coverage rate	Tons of CO_2/person 2019	Tons of CO_2/person 2018	Tons of CO_2/person 2017	Tons of CO_2/person 2016	Tons of CO_2/person 2015
Offices	78%	1.69	1.94	2.09	2.35	2.46
Offices and Laboratories	78%	1.40	1.60			

Data related to work-related travel shown above include data linked to the use of cars (corporate, rental and leased vehicles), two-wheelers, flights (short, medium and long-haul) and train travel. Commuting is not included.

The 2020 target is to reduce transportation-related CO_2 emissions by 20% per capita.

2.3.3.2 Reducing environmental impact and protecting diversity

Background

Although it does not generate substantial waste, Bureau Veritas looks to reduce its environmental impact and is committed to protecting biodiversity through the Act4Nature initiative.

Policy

Bureau Veritas has put in place an environmental management system certified to ISO 14001. Several policies have been rolled out to reduce and sort waste, limit paper consumption, and reduce water consumption.

Action plan

Waste and paper management

- waste management: the waste management policy is rolled down through two initiatives:
  - all hazardous waste generated by laboratories is subject to a specific collection process;
  - recycling of office waste is encouraged.
- the Group's laboratory activities are particularly water-intensive.

Potential pollution resulting from the Group's office, inspection and laboratory activities is described in the table below. Compliance with requirements in terms of pollution is verified by local authorities and by ISO 14001 certification bodies.

Business	Potential pollution	Examples of action plans carried out
Offices and inspections	Air conditioning equipment in offices, which may provoke refrigerant gas leaks	Appropriate maintenance contracts
	Use of cars to travel to client premises	Recent vehicle fleet with low CO_2 emissions and training in eco-driving
Laboratories	Air conditioning equipment in laboratories, which may provoke refrigerant gas leaks	Appropriate maintenance contracts
	Testing equipment that may generate polluting atmospheric emissions	Technical equipment to monitor emissions and procurement of necessary permits, regular emissions checks
	Use of cars to travel to client premises	Recent vehicle fleet and training in eco-driving
	Storage of chemical products and hazardous waste	Dedicated storage areas equipped with appropriate retention tanks and necessary control procedures

The nature of Bureau Veritas' activities means that its main waste product in terms of volume is paper. In order to limit its consumption and reduce the waste generated, several initiatives have been set up within various Group entities regarding the generation of electronic reports, as well as electronic printing and archiving when permitted by clients and applicable regulations. Bureau Veritas is working towards its paperless goal for the Consumer Products Services business (reduction of paper consumption, storage and shipment).

Other types of waste such as cardboard, plastic, glass, batteries, light bulbs, as well as waste resulting from electrical and electronic equipment, chemicals and mineral samples arising from laboratory tests carried out by the Group, are measured and managed in accordance with local regulations requiring that they be disposed of by specialized companies.

Due to the growing importance of the Group's laboratory activities, waste reporting has been improved in order to better measure the information reported and ensure its reliability. This reporting concerns virtually all Group entities (93%). However, Bureau Veritas did not previously require specific reporting on recyclable waste, and the tool was therefore enhanced in 2019 to allow more detailed waste reporting.

Water

Water is a multi-faceted challenge for the Group. The aim is to be able to collect reliable information on water consumption covering all entities concerned. Water consumption decreased by 20% in the year (1.118 cu.hm in 2018 compared to 0.936 cu.hm in 2019).

Environment days

Since 2009, Bureau Veritas has celebrated World Environment Day every June 5 around the theme announced by the United Nations (UN). For this event, the Group's QHSSE department asks employees to organize initiatives to reduce their environmental impact. The involvement of all employees in this ongoing effort to improve environmental protection is celebrated with an in-house competition. A selection committee meets to examine and evaluate each project submitted.

For the last few years, more than 100 action programs have been implemented, with an ever greater number of participants. An average of 43,000 employees have taken part in 350 action programs since 2015.

The best action programs receive a trophy.

In 2019, four trophies were awarded in the following categories: Creativity, Education and Social Media, in addition to the year's theme "Connecting People to Nature".

Bureau Veritas India, whose Mumbai office is home to some 800 employees, chose to support the cause by taking part in the Dadar Beach Clean-Up Drive in association with the Jay Foundation, organized on June 3 in connection with World Environment Day. In all, 35 employees volunteered for the beach clean-up:

- in the "Road Clean Up Drive" organized on June 5 by 45 employees at 72 Business Park, Andheri, employees helped to collect plastic in the city over a week-long period. The event also gave rise to a best photo competition aimed at raising awareness among the widest possible population.

Action for biodiversity

act4nature
Les entreprises pour la biodiversité

Alongside the French government and companies taking part in the Act4nature initiative, Bureau Veritas confirmed its commitment to protecting biodiversity by signing Act4Nature's 10 commitments and publishing its action plan in May 2018.

Bureau Veritas has also committed to other initiatives, illustrating its desire to act effectively with its employees, suppliers and clients to reduce the impact on biodiversity.

Protecting the environment and biodiversity are key concerns for Bureau Veritas.

In 2019, the Group set up a global reforestation project in response to the key environmental challenges it identified, which include protecting biodiversity, creating strong local roots, and reducing its environmental footprint with the ultimate aim of being a carbon-neutral business. Bureau Veritas allowed its employees to participate directly in this initiative, and planted one tree for every tree planted by an employee.

Illustrating this commitment, a variety of projects have been launched within Bureau Veritas. In Brazil, 35 Group employees took part in a reforestation project, planting 2,500 trees in the Pinhais region. Many different tree species were planted, including *Eugenia aggregata, Handroanthus albus, Eugenia uniflora, Plinia cauliflora* and *Psidium cattleianum*. A campaign was run at the same time to raise awareness among Bureau Veritas Brazil employees.

Other projects were also undertaken in 2019 covering reforestation, participation in World Clean-Up Day and awareness-raising initiatives for the protection of biodiversity.

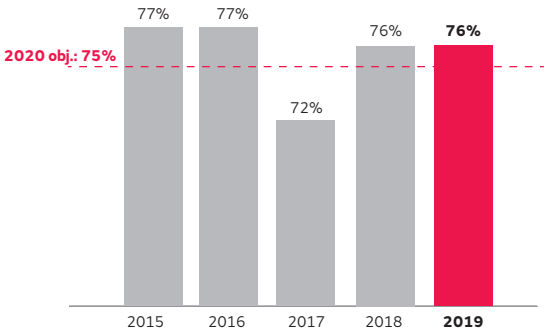
At the end of the year, the Group and its stakeholders had planted 7,111 trees in nine different plantations. Together with the Reforestaction initiative, each plantation is monitored and controlled to ensure greater project transparency. The initiative is equivalent to 1,066 tons of stored CO_2.

In 2020, Bureau Veritas will continue to expand its plantations and make a positive contribution to biodiversity.

Indicators

Lastly, ISO 14001 certification guarantees good management of the environment and of the waste produced by Bureau Veritas' business activities. Accordingly, the Group has set itself the goal to having 75% of its business activities certified to ISO 14001 by 2020.

ISO 14001



2.4 Duty of care plan

Bureau Veritas has put in place a duty of care plan in compliance with French Law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and subcontracting companies.

The existing duty of care plan covers all of Bureau Veritas' businesses and all of its subsidiaries, as well as those of its subcontractors and suppliers with which it has long-standing business relationships.

The plan includes measures to identify and prevent risks of serious infringements in the following five areas:

- ethics and the fight against corruption;
- human rights and fundamental freedoms;
- health and safety of persons;
- protecting the environment and biodiversity;
- personal data protection.

2.4.1 Governance and policies

The CSR Steering Committee helps draft the duty of care plan and monitor its application.

Applicable policies under the duty of care plan are:

- the Business Partner Code of Conduct (BPCC), for suppliers, subcontractors, sales agents and co-contractors.

  The Code covers requirements in terms of ethical conduct, human rights, safety and security, environment, and data protection. At all levels of its organization, and for all of its operations and host countries, Bureau Veritas seeks to be a responsible corporate citizen and endeavors to act in accordance with the principles of human and labor rights, health and safety at work, environmental protection and anti-corruption.

  The BPCC derives from Bureau Veritas' Code of Ethics and Human Rights policy. It defines the requirements for all of the Group's business partners, which apply in addition to:

  - the relevant local, national and international standards and regulations;
  - the Bureau Veritas Code of Ethics;
  - contractual provisions.

  General terms and conditions of purchase as well as standard contracts have been revised in order to reference BPCC requirements.
- Group policies, for Bureau Veritas and its subsidiaries.

  These policies include the Code of Ethics, the Human Rights policy, Health, Safety and Security policies and procedures, the Environmental policy and the Personal Data Protection policy.

2.4.2 Risk mapping

The risks presented below relate to supply chain management risk as described in sub-section 2.3.1.3 – Supply chain management. To improve compliance with legal requirements relating to the duty of care, the risks are also detailed in this chapter.

The Group's main risks were identified using a three-phase approach:

- a risk map of the areas covered by the duty of care plan was drawn up by the Group in 2017 and revised in 2018;
- a specific analysis was performed in-house to assess the most significant risks for the Group:
  - major human rights risks were identified using the UN's Human Development Index published in March 2018 and taking into account the map on children's rights worldwide published by Humanium. For suppliers, this approach was supplemented by a detailed analysis of risk for each category of purchases,
  - major environmental risks were identified based on an environmental impact assessment of the business activities carried out by the Group and its subcontractors. Owing to the low environmental risk associated with most of its businesses, the major risks only concern laboratories for their treatment of waste,
  - major safety and security risks were identified in all countries reporting a significant number of serious accidents in 2018, both within Bureau Veritas and at its subcontractors;
- an external review was performed by a specialist independent firm to identify priority issues. This review was carried out through audits, reviews of documentation, interviews with the departments concerned and cross-checks with external statistical databases, including the Social Hotspots DataBase (SHDB).

The table below shows the map of the most significant risks.

	SIGNIFICANT RISKS	BUREAU VERITAS	JV PARTNERS	SUBCONTRACTORS	SUPPLIERS	INTERMEDIARIES
HUMAN RIGHTS	*FREEDOM OF ASSOCIATION*	Asia - USA Middle East		UAE China - USA	China - USA Office services	
	WORKING HOURS			China - South Korea Japan UK - UAE	China Office services	
	SOCIAL BENEFITS			USA	USA Office services	
ENVIRONMENT	*WASTE MANAGEMENT* *SOIL POLLUTION*	Laboratories		Laboratories	Chemicals	
HEALTH & SAFETY	*WORK ACCIDENTS*	India - Vietnam Brazil - Argentina France	China	France - Brazil	Brazil - France Office services	

RISK LEVELS:
Low risk | Moderate risk | Medium risk | High risk

Source: Social Hotspot Data Base.

The SHDB grades risks on a scale of 1 to 4. The average risk score was calculated for each category and only risks graded 3 or higher with associated purchase volumes of over €10 million in 2018 are shown.

The most critical topics for the Group's subcontractors are Ethics and Health, Safety and Security.

2.4.3 Action plans

The action plans are divided into two parts, the first of which is applicable to Bureau Veritas and its subsidiaries, and the second to its partners (suppliers, subcontractors, sales agents and co-contractors).

Action plan for Bureau Veritas and its subsidiaries

The action plan for Bureau Veritas and its subsidiaries is described in the relevant sub-sections (Human rights, Safety and security, and Environment) of section 2.3 – Roadmap for shaping a world of trust of this Non-Financial Statement.

Action plan for subcontractors and suppliers

In 2014, Bureau Veritas launched a continuous purchasing improvement program from a CSR perspective. The actions undertaken in this area, including the work carried out with Ecovadis, are detailed in sub-section 2.3.1.3 – Supply chain management.

The action plan for Bureau Veritas partners is essentially based on the deployment of the Business Partner Code of Conduct (BPCC) and covers four phases:

- 1. Circulation of the BPCC to all partners signing new contracts with Bureau Veritas, irrespective of their size, business and place of work;
- 2. Signature by each partner of the BPCC, confirming their agreement;
- 3. Monitoring of partner compliance with the BPCC. Bureau Veritas ordering parties are responsible for these monitoring arrangements;
- 4. Evaluation of partners representing a significant BPCC non-compliance risk.

Particular attention is paid to safety and security issues. The Group ensures that subcontractors comply with its health and safety rules and has set up an action plan in this respect. This plan includes the following initiatives:

- subcontractors are systematically informed of applicable safety and security requirements for all Group assignments, including when these incorporate additional requirements imposed by the client or site of work;
- all serious accidents with subcontractors involved in Bureau Veritas assignments are reported and followed up through a root cause analysis;
- safety and security instructions and safety campaigns prepared by Bureau Veritas for its employees are communicated to the subcontractors concerned.

Concerning the environment, subcontractors operating in environmental analysis laboratories will be closely monitored in terms of waste treatment, airborne emissions and liquid discharge. Suppliers of chemical products for the Group's laboratories and waste collection companies will be especially monitored.

Concerning human rights, the risk analysis identified cleaning, maintenance and security service providers as a priority focus. Targeted initiatives have been launched to provide the relevant service providers with the Bureau Veritas Business Partner Code of Conduct.

Concerning ethical conduct, all partners are closely monitored and are required to sign the Group's Code of Ethics indicating their agreement, before any dealings with the Group.

2.4.4 Indicators and results

Indicators are detailed in each of the corresponding sections of the Non-Financial Statement (NFS) concerning Safety and Security (sub-section 2.3.2.4 – Health and safety), the Environment (section 2.3.3 – Environmental protection) and Human Rights (sub-section 2.3.2.3 – Respect for human rights).

The main indicator and the results for 2018 and 2019 applicable to each topic are outlined in the table below:

	Bureau Veritas			Suppliers and subcontractors		
Topic	**KPI**	**2019 results**	**2018 results**	**KPI**	**2019 goals**	**2018 results**
Safety and Security	TAR	0.38	0.41	New stakeholders having received the BPCC	50%	N/A
Environment	Transportation-related CO_2 emissions *(t/person)*	2.91	3.09	New stakeholders having received the BPCC	50%	N/A
Human Rights	New stakeholders having received the policy	100%	81%	New stakeholders having received the BPCC	50%	N/A

In 2019, Bureau Veritas launched an assessment into the deployment of its Business Partner Code of Conduct by the partners of each of its operating entities and support functions. This self-assessment also allows it to identify those partners for which a risk of non-compliance with the BPCC exists. Given the scale of work involved, the assessment is scheduled for completion in April 2020.

At the end of 2019, no non-compliance risks with the BPCC had been identified.

2.4.5 Whistleblowing mechanism

Bureau Veritas' policy is to encourage its employees and business partners to "speak out" if they are witnesses to an event occurring in the course of business that they consider in breach of the Business Partner Code of Conduct.

The whistleblowing mechanism set up as part of the Group's Compliance Program has been gradually extended to all of the areas covered by duty of care legislation in France and now also encompasses suppliers and subcontractors.

2.5 Information compilation methodology

Labor-related information

The information published in this document is mainly taken from the Group's HR reporting system. It is published and submitted on a monthly basis to Executive Committee members and to the HR departments of the various operating groups. Within the Group HR department, a reporting team is in charge of verifying and publishing these data in conjunction with the local managers.

An annual survey is also conducted among the HR Directors of the operating groups to compile the relevant qualitative information presented in section 2.3.2 – Human capital of this Non-Financial Statement.

Scope of consolidation

The HR data are continuously updated in the Group HR information system (HRIS), except for the training indicators, which are updated by the local teams and are reported on a quarterly basis.

Workforce data are provided on a Group-scope basis.

Training data and data on absenteeism cover 100% of the Group's workforce.

The data on profit-sharing agreements extend beyond Bureau Veritas SA and cover the Company's six French subsidiaries: Bureau Veritas Services, Bureau Veritas Services France, Bureau Veritas Exploitation, Bureau Veritas Construction, Bureau Veritas GSIT and Bureau Veritas Marine & Offshore.

Documentation and training for users

Detailed, regularly updated documentation is available in the Group's IT systems. Each new user and/or contributor to HR reporting must complete training on how to collect and enter data, as well as on the online consultation of indicators. This training is provided by the Group HR department.

Health & Safety, Security and Environment (HSSE)

In the absence of recognized public standards for inspection operations, Bureau Veritas has defined its own set of HSSE indicators including specific definitions, scopes and methods of consolidation, responsibilities, and information verification.

These indicators are described in the manuals for the areas in question (HSSE). They are regularly updated in order to take into account the introduction of additional programs and any changes in the scope (program extended to existing entities, integration of new acquisitions).

Information gathering

HSSE indicators fall under the responsibility of the HSSE department, which relies on the data provided by the network and the IT systems.

The indicators are input by Group entities using an online tool.

Data on accidents are registered in real time. Details about the registration methodology can be found in sub-section 2.3.2.4 – Health and safety of this Non-Financial Statement.

Environmental indicators are input through a single reporting process known as "Environmental and Carbon Reporting" (see below for more details).

Scope and methods of consolidation

HSSE indicators are consolidated at Group level or within specific programs. The indicated exclusions concern entities for which data for the previous year are not available or are not reliable, as well as entities acquired in the previous year. Moreover, to ensure that the data collected are consistent, the indicators are only consolidated from the second year of data reporting.

Energy consumption includes the consumption of electricity used in buildings and processes.

The number of employees used in the calculation of health, safety and environment indicators is based on the quarterly average number of employees.

By default, the number of hours used to calculate frequency and severity rates is set at 160 per month and per employee.

Since 2014, in order to facilitate and improve reporting on the main environmental impacts and CO_2 emissions, Bureau Veritas has used a single tool called "Environmental and Carbon Reporting". A note on methodology has also been prepared to serve as guidance for persons reporting information.

Each entity must report annually on energy, paper and water consumption, waste generation and work-related travel and every other year on ozone-depleting substances. Exceptions are provided for in the reporting procedure in the following cases:

- data cannot be obtained because they are included in the overall rental charge, there is no meter installed, and it would be too costly to put one in place;
- newly acquired entities have two years to improve their data reporting, so that they can begin with pilot sites and then roll out the reporting process to the entire entity.

In order to ensure that data reported by newly acquired entities are consistent with the Group's processes, the first reporting year is documented but the data are not included in the Group's consolidated results.

In this report:

- the health and safety data cover 2019 in its entirety (from January 1 to December 31, 2019). The number of employees used in the calculation of health and safety indicators is based on employees in November 2019;
- the environmental data are those for the year 2019 (from October 1, 2018 to September 30, 2019);
- the quality data are those for the year 2019 (from January 1 to December 31, 2019).

Any entity whose annual data cannot be reliably verified is excluded from the Group's consolidated results in accordance with the internal control process.

Indicators that are not relevant to Bureau Veritas' businesses

Bureau Veritas' operations are not affected by the adaptation to the consequences of climate change and measures for protecting or increasing biodiversity, and are carried out in compliance with the relevant local regulations. With respect to the Group's portfolio of services, these areas have business potential. For example, the Group has carried out a project to define a framework for preparing business continuity plans in accordance with ISO 22301, as required by regulations in certain countries.

The business activities of Bureau Veritas do not involve the use of soil or land, apart from the use of buildings, which are usually leased. No raw materials are consumed except fuel, more details of which are provided in sub-section 2.3.3.1 – Combating climate change and adapting to its consequences along with the measures taken to improve fuel efficiency.

The Group's business activities do not involve the use of water, except water consumed by employees and during certain testing processes in laboratories. Its business activities are carried out in compliance with the relevant local standards and regulations on water consumption and discharge. As part of ISO 14001 certification, water consumption is monitored in those businesses in which it is considered significant, and measures are adopted to reduce and optimize consumption.

Lastly, the Group's business activities do not generate any significant food waste.

2.6 Indicators and cross-references

2.6.1 Non-financial indicators

The indicators below concern the Group's reporting scope, unless otherwise specified, and were provided by Bureau Veritas offices and laboratories.

	2018	2019	Target for 2020
Labor-related impacts			
Employees	75,428	78,395	
New hires	13,330	14,954	
Acquisitions	286	1,541	
Voluntary departures	8,709	9,368	
Layoffs	4,468	3,369	
Attrition rate	17.0%	15.8%	
Voluntary attrition rate	11.1%	11.6%	<15.0%
Absenteeism rate	1.2%	1.1%	<2.0%
Breakdown of employees by geographical region			
Europe	17,630	17,783	
Africa and Middle East	6,378	7,373	
Americas	21,131	22,655	
Asia Pacific	30,289	30,584	
Breakdown of employees by major country			
China	15,582	16,461	
France	7,757	7,870	
India	5,184	5,371	
Brazil	5,324	5,316	
United States	3,718	4,246	
Breakdown of employees by gender			
Men	69%	70%	
Women	31%	30%	
Breakdown of employees by age			
18-25	11%	11%	
26-30	18%	18%	
31-35	19%	19%	
36-40	16%	16%	
41-45	12%	12%	
46-50	9%	9%	
51-55	7%	7%	
56-60	5%	5%	
60+	4%	4%	
Average age	36	38	
Breakdown of employees by seniority			
Less than 5 years	62.2%	63.0%	
5 to 14 years	29.2%	28.2%	
15 to 24 years	6.5%	6.8%	
25 to 34 years	1.8%	1.7%	
Over 34 years	0.4%	0.3%	

	2018	2019	Target for 2020
Breakdown of employees by function			
Marketing & sales	4.2%	4.1%	
Production	78.3%	80.1%	
Management	8.4%	7.4%	
Support	9.1%	8.4%	
Training			
Number of people trained	100%	100%	100%
Number of training hours	1,273,381	1,477,602	
Number of training hours per employee	16.8	19.0	
Gender balance			
Total employees	31%	30%	
Junior female managers	21.0%	22.7%	
Senior female managers (EC-III)	16.5%	19.5%	25%
Women on the Executive Committee	20%	20%	
Women on the Board of Directors	42%	42%	
Absenteeism	1.20%	1.20%	
Number of management succession plans		122	
Number of high-performing employees identified		64	
Safety indicators			
Number of accidents	287	278	
Number of accidents without lost time	144	110	
Number of lost time accidents	143	168	
Number of fatal accidents	3	3	0
Number of accidents at subcontractors		10	
Number of fatal accidents at subcontractors		-	0
Number of days lost	2,925	4,372	
Total Accident Rate (TAR) – (Number of accidents with and without lost time x 200,000/Number of hours worked)	0.41	0.38	0.40
Lost Time Rate (LTR) – (Number of accidents with lost time x 200,000/Number of hours worked)	0.21	0.23	0.20
Accident Severity Rate (ASR) – (Number of days lost x 1,000/Number of hours worked)	0.021	0.029	0.015
Number of days lost	3,051	4,378	
Change in TAR vs. 2014	(47)%	(51)%	(50)%
Change in LTR vs. 2014	(51)%	(47)%	(50)%
Change in ASR vs. 2014	(32)%	(6)%	
% businesses certified to ISO 45001 (excluding Certification)	87%	85%	85%
Environment indicators			
Number of participating sites	148	157	
Number of employees at participating sites	63,195	62,949	
Rate of coverage	84%	81%	
% businesses certified to ISO 14001 (excluding Certification)	76%	75%	75%
Energy consumption			
Total energy consumed *(MWh)*	223,780	293,219	
Energy consumed by laboratories *(%)*	85%	88%	
Energy consumed by offices *(%)*	15%	12%	
Green energy consumed (MWh)	352	4,726	
Green energy as a proportion of total energy consumed *(%)*	0.2%	1.6%	
Increase in the use of renewable energies (vs. 2015)	(91)%	24%	10%
Energy consumed/person *(MWh)*	5.44	7.85	

	2018	2019	Target for 2020
CO_2 emissions			
CO_2 emissions *(t)*	178,960	179,697	
CO_2 emissions/person *(t)*	2.83	2.85	
Decrease in CO_2 emissions per FTE employee (*vs.* 2015)	12%	11%	10%
CO_2 emissions – Scope 1 *(t)*	39,323	66,700	
CO_2 emissions – Scope 2 *(t)*	61,689	63,315	
CO_2 emissions – Scope 3 *(t)*	77,948	49,682	
Net CO_2 emissions	178,101	178,622	
Water consumed *(cu.hm)*	1.118	0.936	
Laboratories			
Energy consumption *(MWh)*	190,360	259,215	
Energy consumed/person *(MWh)*	10.0	16.2	
Total CO_2 emissions *(t)*	84,850	100,933	
Total CO_2 emissions/person *(t)*	3.81	4.80	
Water consumed *(cu.m)*	880,497	778,772	
Water consumed/person *(cu.m)*	47	51	
Offices			
Energy consumed *(MWh)*	96,250	43,823	
Energy consumed/person *(MWh)*	4.22	1.97	
Total CO_2 emissions *(t)*	120,485	82,016	
Total CO_2 emissions/person *(t)*	2.90	1.97	
Water consumed *(cu.m)*	295,110	159,753	
Water consumed/person *(cu.m)*	17	13	
Operating indicators			
Revenue *(€ millions)*	4,795.5	5,099.7	
Quality indicators			
Businesses certified to ISO 9001	87%	87%	85%
Client satisfaction rate	86%	95%	
Client loyalty rate (NPS)	N/A	N/A	45
Philanthropy indicators			
Donations – Total *(€)*	527,000	620,000	
Donations – Education *(€)*	135,000	250,000	
Donations – Environmental protection *(€)*	30,000	8,000	
Donations – Healthcare *(€)*	281,000	211,000	
Other donations *(€)*	81,000	151,000	
Number of voluntary action projects	36	44	
CSR services indicators			
Revenue generated by CSR services *(€ thousands)*	21,700	25,300	
Revenue growth of CSR services	5%	15%	10%
CSR as a % of Certification	6%	7%	
Ethics indicators			
Employees having signed the Code of Ethics	100%	100%	100%
Entities compliant with the Human Rights policy	81%	100%	100%

2.6.2 Applicable laws and regulations

The laws and regulations taken into account in preparing this chapter include:

- European Directive 2014/95/EU of October 22, 2014 as regards the disclosure of non-financial information;
- the implementing decree transposing European Directive no. 2017-1265 of August 9, 2017 into French law;
- French Law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and subcontracting companies;
- the French Law on transparency, the fight against corruption and the modernization of the economy ("Sapin II");
- French law no. 2018-898 of October 23, 2018 (anti-fraud law);
- French law no. 2018-938 of October 30, 2018 on the fight against food insecurity.

The requirements of articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code (*Code de Commerce*) implementing the European Directive on the disclosure of non-financial information into French law and forming the basis of the Company's Non-Financial Statement are addressed in the following chapters:

- the business model is presented in the introduction (pages 2 *et seq.*) and in sections 1.1 to 1.8 of this Non-Financial Statement;
- the analysis of major risks facing the Group is included in chapter 3 – Risk factors, while section 2.2 describes risks and opportunities of a non-financial nature;
- the policies, action plans and follow-up indicators are presented in the sub-sections discussing non-financial risks:
  - Ethics (sub-section 2.3.1.1),
  - Client relations (sub-section 2.3.1.2),
  - Supply chain management (sub-section 2.3.1.3),
  - Cybersecurity and data protection (sub-section 2.3.1.4),
  - Innovation (sub-section 2.3.1.5),
  - CSR services (sub-section 2.3.1.6),
  - Talent management (sub-section 2.3.2.1),
  - Inclusiveness and diversity (sub-section 2.3.2.2),
  - Human rights (sub-section 2.3.2.3),
  - Health and safety (sub-section 2.3.2.4),
  - Support for local communities (sub-section 2.3.2.5),
  - Climate (sub-section 2.3.3.1),
  - Environment (sub-section 2.3.3.2).

2.6.3 Cross-reference table for information contained in the Non-Financial Statement

To facilitate the reading of this Non-Financial Statement, the cross-reference tables below identify information contained in the Non-Financial Statement pursuant to articles L. 225-102-1, R. 225-104 *et seq.* and R. 225-105 of the French Commercial Code:

Cross-reference table for the Non-Financial Statement (NFS) – Articles L. 225-102-1, R. 225-104 *et seq.* and R. 225-105 of the French Commercial Code	Section(s)/ Sub-section(s)	Page(s)
I. Business model	**Introduction, 1.1 to 1.8**	**2-15, 18-64**
II. Risk analysis	**2.2, 3.1 to 3.3**	**77-78, 136-143**
III. Statement of relevant information regarding major risks/measures mentioned in II		
1. Labor-related information		
a) Employees		
• *Total headcount and breakdown of employees by gender, age and geographic area*	*2.3.2.1, 2.3.2.2*	93, 99-100
• *Hirings and layoffs*	*2.3.2.1*	91
• *Remuneration and changes in remuneration*	*2.3.2.2*	102-103
b) Work organization		
• *Organization of working time*	*2.3.2.2*	101
• *Absenteeism*	*2.3.2.2*	101
c) Health and safety		
• *Health and safety conditions in the workplace*	*2.3.2.4*	104-112
• *Accidents at work, in particular, their frequency and severity, and work-related illnesses*	*2.3.2.4*	104-112
d) Labor relations		
• *The organization of labor relations, notably procedures for informing, consulting and negotiating with employees*	*2.3.2.2*	101-102
• *The status of collective agreements, particularly as regards health and safety in the workplace*	*2.3.2.2*	102

Cross-reference table for the Non-Financial Statement (NFS) – Articles L. 225-102-1, R. 225-104 et seq. and R. 225-105 of the French Commercial Code	Section(s)/ Sub-section(s)	Page(s)
e) Training		
• *Training policies put in place, particularly in terms of environmental protection*	*2.3.2.1, 2.3.2.4, 2.3.3*	91-97, 107-109, 113-118
• *Total number of training hours*	*2.3.2.1*	96
f) Equal treatment		
• *Measures to promote gender equality*	*2.3.2.2*	99
• *Measures to promote the employment and inclusion of people with disabilities*	*2.3.2.2*	99
• *Anti-discrimination policy*	*2.3.2.2*	100
2. Environmental information		
a) General environment policy		
• *Organization of the Company to take into account environmental issues, and if applicable, environmental assessment or certification approaches*	*2.3.3*	113-118
• *Resources allocated to the prevention of environmental risks and pollution*	*2.3.2.4, 2.3.3*	108, 113-118
• *Provisions and guarantees for environmental risks, provided that this information does not cause serious harm to the Company in an ongoing dispute*	*2.3.3*	113-118
b) Pollution		
• *Measures to prevent, reduce or address air, water or soil pollution having a serious impact on the environment*	*2.3.3.2*	116-118
• *Consideration of all forms of pollution specific to an activity, particularly noise and light pollution*	*2.3.3*	113-118
c) Circular economy		
i) Waste management and prevention		
• *Measures to prevent, recycle, reuse, recover and remove waste*	*2.3.3.2*	116-118
• *Measures to fight against food waste*	N/A	N/A
ii) Sustainable use of resources		
• *Water consumption and water supply in accordance with local restrictions*	*2.3.3.2*	116-118
• *Consumption of commodities and measures taken to use them more efficiently*	N/A	N/A
• *Consumption of energy and measures taken to improve energy efficiency and increase the use of renewable energies*	*2.3.3*	113-118
• *Use of soil*	N/A	N/A
d) Climate change		
• *Material sources of greenhouse gas emissions generated by the Company's operations and notably by the use of goods and services produced by the Company*	*2.3.3.1*	113-116
• *Measures taken to adapt to the consequences of climate change*	*2.3.3.1*	115
• *Voluntary mid- and long-term reduction targets set to cut greenhouse gas emissions and the resources put in place to achieve this*	*2.3.3.1*	113-116
e) Protection of biodiversity		
• *Measures taken to preserve or develop biodiversity*	*2.3.3.2*	116-118
3. Societal information		
a) Corporate social commitments for sustainable development		
• *Impact of the Company's business in terms of employment and regional development*	*2.1*	66-76
• *Impact of the Company's business in terms of local or neighboring communities*	*2.1, 2.3.1.6, 2.3.2.2, 2.3.2.5*	66-76, 87-90, 97-101,112-113
• *Relations with Company stakeholders and conditions for dialogue with these persons/organizations*	*2.1.4, 2.3.2.5*	70-71, 112-113
• *Partnership or sponsorship initiatives*	*2.3.2.5*	112-113
b) Subcontractors and suppliers		
• *The inclusion of social and environmental issues in purchasing policies*	*2.3.1.3, 2.4*	83-85, 119-121
• *The inclusion of corporate social and environmental responsibility in dealings with suppliers and subcontractors*	*2.3.1.3, 2.4*	83-85, 119-121

Cross-reference table for the Non-Financial Statement (NFS) – Articles L. 225-102-1, R. 225-104 et seq. and R. 225-105 of the French Commercial Code	Section(s)/ Sub-section(s)	Page(s)
c) Fair practices: measures to protect the health and safety of consumers		
1. Information on the fight against corruption: measures taken to prevent corruption	*2.3.1.1*	79-81
2. Information on human rights initiatives		
a) Promotion and compliance with the fundamental conventions of the International Labor Organization in relation to:		
• *Respect for freedom of association and the right to collective bargaining*	*2.3.2.2, 2.3.2.3*	102, 103-104
• *Elimination of discrimination in respect of employment and occupation*	*2.3.2.2, 2.3.2.3*	102, 103-104
• *Elimination of forced labor*	*2.3.2.2, 2.3.2.3*	102, 103-104
• *Abolition of child labor*	*2.3.2.2, 2.3.2.3*	102, 103-104
b) Other measures implemented in respect of human rights	*2.3.2.2, 2.3.2.3*	102, 103-104

2.6.4 Cross-reference table for the UN's Sustainable Development Goals

Through its direct actions and the services it provides, Bureau Veritas is active in all areas covered by the UN's Sustainable Development Goals, as can be seen below:

★ Priority SDG for Bureau Veritas

BE PART OF IT Sponsorship or donation in favor of SDG

Priorities		Goals	Sponsorship and/or donation	Main CSR services
1 NO POVERTY		End poverty in all its forms everywhere.	BE PART OF IT	NGO certification. Social audits. Inspection of agricultural crops.
2 ZERO HUNGER		End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	BE PART OF IT	Food certification and tests. System certification. Product origin and traceability.
3 GOOD HEALTH AND WELL-BEING	★	Ensure healthy lives and promote well-being for all at all ages.	BE PART OF IT	All Testing, Inspection and Certification of quality, health and safety.
4 QUALITY EDUCATION		Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	BE PART OF IT	Health and safety training. Environment training.
5 GENDER EQUALITY		Achieve gender equality and empower all women and girls.	BE PART OF IT	Gender equality certification. Diversity certification.
6 CLEAN WATER AND SANITATION		Ensure availability and sustainable management of water and sanitation for all.	BE PART OF IT	Water sanitation plant inspections. Water supply network inspections. Sustainable plastics certification. HSSE impact assessments.
7 AFFORDABLE AND CLEAN ENERGY	★	Ensure access to affordable reliable, sustainable and modern energy for all.	BE PART OF IT	CO_2 emissions certification. Certification of solar and wind farms. Certification of energy performance.

Priorities	Goals	Sponsorship and/or donation	Main CSR services
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.		Social audits. HSSE audits and certifications. Business continuity.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.		Industry and Buildings & Infrastructure businesses.
	Reduce inequality within and among countries.		Gender equality certification. Diversity certification.
★	Make cities and human settlements inclusive, safe, resilient and sustainable.		Buildings & Infrastructure business.
★	Ensure sustainable consumption and production patterns.		Consumer Products and Agri-Food & Commodities businesses.
★	Take urgent action to combat climate change and its impacts.	BE PART OF IT	Certification business.
	Conserve and sustainably use oceans, seas and marine resources for sustainable development.		Sea water quality certification. Responsible fishing certification. Ship certification. Control of effluent.
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.		Timber certification. Biodiversity impact assessments. Agricultural product testing. Control of airborne emissions. Control of waste management. GHG certification. Carbon footprint certification.
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.		Social audits. CSR management certification. CSR reporting verification.
	Strengthen the means of implementation and revitalize the global sustainable partnership for sustainable development.		Responsible supplier program. CSR management certification. CSR reporting verification.

2.7 Opinion of the independent third party

Independent third party's report on the Non-Financial Statement provided in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31, 2019

To the General Assembly,

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on December 31, 2019 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available on request from the entity's head office).

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[(1)]:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (example: ethics, cybersecurity, personal data protection, human rights), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities: CIF USA, CIF South Africa, CPS China and Marine & Offshore Division;
- we verified that the Statement covers the scope of consolidation, i.e., all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 17% and 28% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of six people and took place between September 2019 and March 2020 on a total duration of intervention of about 12 weeks.

We conducted seven interviews with the persons responsible for the preparation of the Statement including the Human Resources, Health and Safety, Environment, Purchasing, Data Protection and Legal Affairs departments.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, March 13, 2020

Independant third party

ERNST & YOUNG et Associés

French original signed by:

Éric Duvaud
Partner, Sustainable Development

Jean-François Bélorgey
Partner

APPENDIX 1: THE MOST IMPORTANT INFORMATION

Social Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Total headcount and gender distribution Global attrition rate (%) Voluntary attrition rate (%) Hirings, lay-offs and voluntary leave Share of women in the Group's Senior Management team (%) Number of management succession plans Number of identified talents	HR local policies' results Recruitment module deployment Actions in favor of inclusion and diversity Talent management policy's results
Health and Safety and Environmental Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
LTR: Lost time Rate (frequency of lost time work accidents) ASR: Accident Severity Rate TAR: Total Accident Rate % of businesses certified ISO 14001 (excluding CER businesses) Total CO_2 emissions per FTE (resulting from building energy consumption and business travel) Scope 1 CO_2 emissions Scope 2 CO_2 emissions	Health and Safety action plan deployment Work accidents identification and reporting process CO_2 emissions reporting process
Societal Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Client satisfaction index (%)	Governance and local measures to evaluate client satisfaction Organization of information systems security Actions related to personal data protection Compliance program Purchasing governance "Flex" purchasing tool deployment Human rights related actions

RISK FACTORS

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Legal risks related to changing regulations 137

Risks related to the non-renewal, suspension or loss of certain authorizations 138

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Risks related to the production of forged certificates 140

Risks related to litigation or pre-litigation proceedings to which the Group is a party 141

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3.3 Risks related to acquisitions 143

Risk of impairment of intangible assets resulting from acquisitions 143

3 Risk factors

Investors are advised to carefully read the financial and non-financial risks described in this chapter, as well as the other information contained in the 2019 Universal Registration Document, before taking any investment decisions. In accordance with Regulation (EU) no. 2017/1129 ("Prospectus III"), which entered into force on July 21, 2019, and in compliance with the ESMA Guidelines applicable to France as from December 4, 2019, at the date the 2019 Universal Registration Document was filed, the risks presented below are the main risks considered specific to the Bureau Veritas Group and/or to its securities that Bureau Veritas believes could have a significant net impact on the Group, its businesses, its financial position, its earnings and/or its outlook should they materialize. The occurrence of one or more of these risks could result in a decrease in the value of the Company's shares, and investors could lose all or part of their investment.

The Group's various operating departments, as well as support functions both in and outside France, identify and assess risk along with the related risk management procedures on an ongoing basis. Reports are regularly submitted to the Executive Committee and to the Board of Directors' Audit & Risk Committee. They help to prepare and update the risk map described in section 4.2 of the 2019 Universal Registration Document.

The Group has also taken out various insurance policies, as described in further detail in section 4.3 – Insurance of the 2019 Universal Registration Document. The Group's insurance strategy is to best protect the Group's employees and assets against the occurrence of identified major insurable risks that may affect it.

In any event, other risks that Bureau Veritas does not consider to be specific to its businesses as they generally also concern other issuers in varying degrees, regardless of their activities, such as risks related to cybersecurity, international economic sanctions or exchange rate fluctuations, could also have an adverse impact on the Group, its businesses, its financial position, its earnings and/or its outlook. Other risks may exist or may come to exist that are not known by Bureau Veritas at the date of the 2019 Universal Registration Document or that are presented in other sections of the Universal Registration Document and considered at that date unlikely to have a significant adverse impact on the Group, its businesses, its financial position, its earnings and/or its outlook should they materialize.

The risk factors shown are sorted into the following three risk categories:

- risks related to the Group's operations and activities;
- risks related to human capital;
- risks related to acquisitions.

Risks are classified within their respective category in decreasing order of importance as determined by the Company based on the probability that the risks will materialize and the estimated extent of their impact on the Group, its businesses, its financial position, its earnings and/or its outlook, and after applying any risk mitigation measures. The order of importance as determined by Bureau Veritas could change at any time, in light of new external facts or circumstances, developments in the Group's businesses, or changes in the impact of measures to manage and mitigate risks.

For certain risks, references are made to specific chapters or sections of this Non-Financial Statement or the 2019 Universal Registration Document in which they are discussed in more detail. Internal control and risk management procedures in place within the Group are described in section 4.2 of the 2019 Universal Registration Document.

Risk factors are assessed in terms of (i) frequency or probability of occurrence, and (ii) gross impact, taking into account (iii) the level of control. The table below shows the results of this **net impact** risk assessment. Each of the risk factors shown is ranked "low", "medium", or "high" on the risk scale.

		Low	Medium	High
	Net impact	●	●●	●●●

3	Risk factors	Net impact
3.1	**Risks related to the Group's operations and activities**	
	Legal risks related to changing regulations	●●
	Risks related to the non-renewal, suspension or loss of certain authorizations	●●
	Ethics risks	●●
	Risks related to the production of forged certificates	●
	Risks related to litigation or pre-litigation proceedings to which the Group is a party	●
3.2	**Human risks**	
	Risks related to human capital	●●
3.3	**Risks related to acquisitions**	
	Risk of impairment of intangible assets resulting from acquisitions	●

3.1 Risks related to the Group's operations and activities

Legal risks related to changing regulations

Description

The Group conducts its business in a heavily regulated environment, with regulations sometimes differing widely from one country to the next. Many of the Group's business activities involve inspecting, testing and certifying client compliance with all types of standards and regulations, and this often requires it to obtain the necessary licenses and authorizations from the relevant public bodies. These regulatory frameworks are therefore at the heart of most of the Group's operating activities and directly determine its capacity to exercise its TIC activities as well as the operating conditions in which it conducts them.

Certain countries may also choose not to allow private or foreign firms to engage in the local TIC market or may decide to change the rules for exercising business such that the Group can no longer do business in those countries.

Risk control and mitigation measures

The Group endeavors to monitor all of these changes through its regulatory intelligence in order to anticipate, monitor and give its input to the competent authorities when new regulations are being drafted.

As a member of national and international associations of the TIC profession, including the TIC Council (formerly known as the IFIA) and the International Association of Classification Societies (IACS), Bureau Veritas is able to keep informed of any such regulatory changes.

Potential impacts on the Group

It follows that changes in regulations applicable to the Group's businesses may be either favorable or unfavorable. Stricter regulations or stricter enforcement of existing regulations, while creating new business opportunities in some cases, may also result in new conditions for the Group's activities that increase its operating costs, limit the scope of its businesses (for example, in connection with real or perceived conflicts of interest) or more generally slow the Group's development.

In particular, important changes in regulations or legislation applicable to the Group's businesses in the principal countries where it operates may lead to frequent, or even systematic, claims against the professional liability of employees, the Company or its subsidiaries. The Group could face multiple lawsuits and may be ordered to pay substantial damages, despite the fact its services were provided in the jurisdiction prior to any regulatory changes. In extreme cases, such changes in the regulatory environment could lead the Group to exit certain markets where it considers the level of regulation to be overly restrictive.

Changes in the risk in 2019

This type of risk is inherent to the Group's TIC activities and there were consequently no changes to the risk in 2019.

Risks related to the non-renewal, suspension or loss of certain authorizations

Description

Much of the Group's business requires it to obtain and maintain accreditations, approvals, permits, delegations of authority, official recognition and authorizations more generally (hereafter referred to as "Authorizations") at local, regional or global level, issued by public authorities or by professional organizations following long and often complex review procedures.

Most Authorizations are granted for limited periods of time and are subject to periodic renewal by the authority concerned. For some of its businesses (in particular Government services in the Agri-Food & Commodities business and Marine & Offshore), the Group (or division concerned) must be an active member of certain professional organizations in order to be eligible for select projects.

Although the Group closely monitors the quality of services provided under these Authorizations, as well as the renewal and stability of its Authorizations portfolio, any failure to meet its professional obligations or conflicts of interest (real or perceived as such), could cause the Group to lose one or more of its Authorizations either temporarily or on a permanent basis. A public authority or professional organization which has granted one or more Authorizations to the Group could also unilaterally decide to withdraw such Authorizations.

Government services (included within the Agri-Food & Commodities business), and in particular Pre-Shipment Inspection (PSI), Verification of Conformity (VOC) and Single Window (SW) solutions, involve a relatively limited number of programs, contracts and accreditations (hereafter referred to as "Contracts") signed with or granted by governments or public authorities.

Risk control and mitigation measures

For each of its businesses, Bureau Veritas has put in place a specific organization for managing and monitoring Authorizations.

The management of Authorizations used in several countries was reinforced in 2017, particularly in the Agri-Food & Commodities, Certification, Industry and Marine & Offshore businesses, through optimum organization and implementation of control tools (especially employee qualification management and supervision, Internal Audit management, shared service centers to monitor execution, and Commitment Committees to analyze and prevent conflicts of interest). These tools and systems are regularly reviewed and enhanced by the Group.

Centralized management of international Authorizations has been stepped up and their geographic footprint streamlined in order to limit the Group's exposure to the risk of losses. Internal initiatives aimed at raising awareness of potential conflicts of interest and accreditation requirements have also been rolled out so that the risks associated with Authorizations can be better understood and addressed.
To reduce its exposure, the Group endeavors to diversify the geographic footprint of its portfolio of Government services businesses and to structure its programs so that services are paid for by the operators and not by the relevant governments. By engaging in ongoing intensive diplomatic and commercial efforts, the Group is also better able to anticipate crises and manage such risks if they were to arise.

Lastly, Bureau Veritas seeks to secure its contracts as far as possible with the help of its internal and external counsel. Additional information on these Authorizations and their management is provided in section 1.6 – Accreditations, approvals and authorizations of this Non-Financial Statement and section 4.2 – Internal control and risk management procedures of the 2019 Universal Registration Document.

Potential impacts on the Group

The non-renewal, suspension or loss of any of these Authorizations, or of its position as member of certain professional organizations, could have a significant adverse effect on the Group's business, financial position, earnings or outlook.

For example, in Government services, the Group has around 50 Contracts of the type described above, most of which involve services for countries in Africa, the Middle East and Asia. These Contracts, which represent aggregate revenue of around €100 million, are generally for a period of one to three years (or ten years for Single Window). Many of them are subject to local administrative law and may be unilaterally terminated at short notice at the discretion of the government or authority concerned. They are also subject to the uncertainties inherent in conducting business in emerging countries, some of which have been or could be subject to political or economic instability, sudden and frequent changes in regulations, civil war, violent conflict, social unrest or actions of terrorist groups. The suspension, cancellation or non-renewal of even a small number of these Contracts could have a significant adverse effect on the Group's business, financial position, earnings or outlook.

In addition, in executing the Contracts entered into with governments or public authorities, the Group may face difficulties in collecting amounts receivable, and the collection process could prove long and complex. The non-payment or late or partial payment of substantial sums owed under these Contracts could also have a significant adverse effect on the Group's business, financial position, earnings or outlook.

Changes in the risk in 2019

Risks related to the non-renewal, suspension or loss of certain Authorizations are declining overall thanks to prevention measures rolled out by the Group.

Ethics risks

Description

Our brand is that of a recognized world leader operating with unparalleled know-how, independence, objectivity and integrity for almost two centuries. Trust is therefore at the heart of Bureau Veritas' relations with its clients and the Group's communications are a tangible illustration of its ability and commitment to "shaping a world of trust".
Ethics is therefore an "absolute" for Bureau Veritas, which strives to enforce strict ethical values and principles in conducting its business (Code of Ethics, principles of transparency, honesty and integrity, compliance with applicable laws and regulations across the globe, fight against corruption, etc.).
However, the risk of isolated acts in breach of these values and principles by Group employees, agents or partners as a means to maintain business relationships, avoid or settle disputes or fast track administrative decisions cannot be excluded (acts of corruption, fraud, conflicts of interest, anti-competitive practices, violation of international economic sanctions, etc.).

Risk control and mitigation measures

Thanks to the deep-seated, broadly publicized commitment of its Executive Management team, the Group has set up a Compliance Program. This includes a Code of Ethics and a manual of internal rules and procedures applicable to all employees, a dedicated organization and training course, a map of ethics risks, and a risk management framework under the responsibility of the Group's Ethics Committee. Any incidents of identified non-compliance with the Group's ethical standards are subject to disciplinary measures.

In 2019 for example, the Ethics Committee ordered the immediate departure of an executive manager for a Code of Ethics violation. The Group's Compliance Program is described in further detail in section 4.2 – Internal control and risk management procedures of the 2019 Universal Registration Document and in section 2.3.1.1 – Ethics, an "absolute" of this Non-Financial Statement.

Potential impacts on the Group

Group employees, executives or companies may be held liable for any failure to comply with ethical principles and standards. This risk is heightened by the number and variety of the commercial partners working with the Group (intermediaries, partners and subcontractors) and by the fact that the Group does business in certain countries that are particularly at risk of corruption.
This situation could therefore lead to penalties – particularly financial penalties – and/or affect the Group's reputation and image, and adversely impact its businesses, financial position, earnings and/or outlook.

Changes in the risk in 2019

Ethics risks remain intrinsically the same from one year to the next. However, the degree of management can be considered to improve as ever stricter procedures are put in place.

Risks related to the production of forged certificates

Description

The Group's main missions include ensuring that products, assets and systems comply with a given framework (mainly standards and regulations in terms of quality, safety, environmental protection and social responsibility). Bureau Veritas acts as an independent body and issues reports and certificates stating that products, assets and systems conform to applicable standards and regulations. Certification enables companies to conduct their business activities (e.g., place products on the market), access new markets or strengthen their reputation.

Since obtaining certification is often vital for companies, Bureau Veritas is exposed to the risk that its reports or certificates are falsified or tampered with, or that counterfeit reports or certificates are issued, infringing Bureau Veritas' trademarks and/or copyright. The production of forged or counterfeit reports can result from employee conduct or, more commonly, external sources (fraudulent behavior by a client or third party in order to meet regulatory requirements). Fraudulent behavior outside the Group was recently identified in Latin America and involved unlawful use of a certificate issuance tool.

Risk control and mitigation measures

A policy aimed at preventing counterfeit certificates and reports has been in place in the Group since 2015. Whenever there is a suspected case of forged or counterfeit certificates, the Group conducts an investigation to rapidly identify the source and authors of the forgeries/counterfeits. Where applicable, it informs clients, accreditation bodies and, if necessary, government and customs authorities in accordance with applicable legal and regulatory requirements. Legal and criminal proceedings are also initiated to put a stop to the fraud and seek damages for the harm suffered by the Group. Penalties may be adopted against those responsible.

For example, an employee was suspended and subsequently dismissed after it was discovered he had tampered with the results of analyses. Clients and the relevant legal authorities were immediately notified of the discovery.

The Group's Compliance Program, described in further detail in section 4.2 – Internal control and risk management procedures of the 2019 Universal Registration Document and in section 2.3.1.1 – Ethics, an "absolute" of this Non-Financial Statement, helps to prevent and where necessary, detect, any fraud resulting from inappropriate employee conduct.

To address external counterfeit risks, the Group has developed technologies using timestamping, electronic signatures and QR codes for certificates or reports in a bid to reduce the risk of forged or counterfeit certificates and improve the traceability of the reports and certificates issued by the Group.

Potential impacts on the Group

This situation could lead to legal proceedings (civil and criminal), jeopardize the Group's ability to maintain or renew the Authorizations it needs to pursue certain activities, result in the withdrawal of certain products from the market and/or damage the reputation of the Group and the TIC industry in general. It could also adversely and significantly impact the Group's businesses, reputation, image, financial position, earnings and/or outlook.

Changes in the risk in 2019

The risk of forged certificates or reports remains stable, even though developments in information technologies could make such counterfeits either easier to produce and/or harder to detect or identify.

Accordingly, the Group has decided to step up the deployment of technologies aimed at protecting against counterfeits and improving the traceability of reports and certificates in order to provide protection for all of its businesses. These technologies notably allow end users to verify document authenticity and content accuracy online.

Risks related to litigation or pre-litigation proceedings to which the Group is a party

Description

As for any TIC company, the nature of Bureau Veritas' testing, inspection and certification activities is such that there is an inherent risk of the quality and pertinence of its work and findings being called into question in the event that flaws are subsequently identified or should major incidents occur.

What makes these types of claims different is that inspection companies can be held liable for sums that are often disproportionate in light of the amounts actually paid for the services provided.

In the normal course of business, the Group is therefore involved in a large number of litigation or pre-litigation proceedings seeking to establish its professional liability on a contractual or extra-contractual basis in connection with services provided.

Bureau Veritas is particularly exposed in terms of (i) frequency of occurrence: due to France's Spinetta Law of January 4, 1978, which establishes a presumption of joint and several liability for technical inspectors, the Group's Construction business in France sees significant, recurring claims and the Group's creditworthiness could also encourage third parties to make claims against it; (ii) timing: there may be a substantial delay between the date services are provided and the date a legal claim is filed or a legal decision is handed down (certain proceedings can last between 10 and 20 years); and (iii) financial penalties: services provided for hundreds or thousands of euros can give rise to claims seeking several millions of euros in damages.

To put pressure on the Group, as well as litigation, some claimants readily bring administrative or even criminal proceedings that are unfounded but can harm the Group's image, for example proceedings seeking to call into question licenses granted to the Group.

Accordingly, we cannot rule out that new claims may be made against a Group company in the future leading to substantial liability for the Group and thus having a significant adverse effect on the Group's business, financial position, earnings or outlook. A detailed description of major legal proceedings to which the Group is a party is provided in section 4.4 – Legal, administrative and arbitration procedures and investigations of the 2019 Universal Registration Document.

Risk control and mitigation measures

Bureau Veritas has implemented procedures aimed at preventing, monitoring and managing litigation. These procedures are described in section 4.2 – Internal control and risk management procedures of the 2019 Universal Registration Document.

The Group's legal experts work closely alongside its lawyers across the globe to manage these risks as effectively as possible. The Group also seeks to significantly insure itself against all financial consequences of claims asserting professional liability.

Provisions may be set aside to cover expenses resulting from such proceedings. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Details of total provisions for contract-related disputes are provided in section 6.6 – Notes to the consolidated financial statements, Note 27 – Provisions for liabilities and charges of the 2019 Universal Registration Document.

Potential impacts on the Group

Substantial fines or damages handed down by a court in respect of an incident not insured by a pertinent insurance policy and not adequately provisioned could have a significant adverse impact on the Group's consolidated financial statements.

Moreover, multiple awards leading to substantial payouts from insurers under the Group's insurance policies could result in a sharp rise in insurance premiums on account of the negative claims history.

Changes in the risk in 2019

The Group's efforts to manage these risks as effectively as possible by fine-tuning internal processes and extending insurance coverage are paying off. The Group's civil liability claims history has improved, although there is no guarantee this trend will continue, owing to the global commercial, political and legal environment in which the Group operates.

3.2 Human risks

Risks related to human capital

Description

The Group employs over 78,000 people across the globe. Employee expertise, quality and commitment is vital for the success of a service provider like Bureau Veritas.

Accordingly, risks related to human capital concern the Group's ability to attract, retain, develop and motivate its staff, and particularly its high-performing employees.

The main human capital risks for Bureau Veritas are:
- a weak employer image which limits the Group's ability to attract talented prospective employees;
- a high attrition rate, which would jeopardize the quality of its services;
- inadequate diversity of current and prospective employees, given the existing male dominance of the profession (mostly requiring an engineering or expert profile);
- as yet unknown employee engagement levels.

Risk control and mitigation measures

Bureau Veritas has formally set down an HR strategy and policy in the form of an "HR Compass". This focuses efforts on attracting, engaging and developing employees. Its initiatives offer employees rewarding career and development opportunities. Bureau Veritas looks to foster employee loyalty as part of an inclusive development and performance-driven culture. This culture is also designed to reward and recognize employees' contributions in a fair and transparent manner.

Maintaining and developing pertinent technical skills among all employees in a learning corporate environment is another critical component of the Bureau Veritas "HR Compass". This is in addition to the Group's investment in developing managerial and leadership skills.

An annual review process is also in place to identify high-potential employees among the Group's managers with the ability to move into leadership and/or executive management positions in the relatively medium term. The Group also prepares succession plans and specifically monitors career transitions. Bureau Veritas has implemented a number of specific programs in this respect:
- Employer brand: development and roll-out of the new employer brand "LEAVE YOUR MARK", along with development and roll-out of an enhanced corporate culture program, including "BV Values and Leadership Expectations";
- Attrition: roll-out of new development and performance management approaches: "MyPerformance" and "MyDevelopment";
- Diversity: development and roll-out of an inclusion policy for the Group, in addition to the Group's enhanced corporate culture program;
- Engagement: the "BVocal" pilot project rolled out in 2019 to gage employee engagement will be deployed across the Group in 2020; enhanced corporate culture, development and performance management projects will also be rolled out. Talent management, inclusiveness and diversity are discussed in further detail, in section 2.3.2 – Human capital of this Non-Financial Statement.

Potential impacts on the Group

An under-developed employer brand could limit the Group's ability to attract the talented employees it needs to successfully pursue its strategy.

A very high attrition rate could jeopardize the quality of the Group's services and affect its ability to meet client expectations.

Insufficient diversity among employees and prospective employees could impact the Group's ability to give tangible form to its values and affect the added value that diversity brings to its strategy, which is itself based on diverse employee profiles.

Inadequate or unknown employee engagement levels could prevent the Group from achieving a satisfactory and sustainable level of productivity or from developing a targeted strategy to improve it.

Changes in the risk in 2019

The risk related to the launch of the employer brand is mitigated following the positive initial response to the new branding on social media in 2019.

Given the Group's stable attribution rate over the last few years along with the cultural, development and performance management projects launched in 2019, the Group considers that the risk of a higher attrition rate is low.

The risk related to insufficient employee diversity is seen as a moderate risk with a more significant impact on the long-term execution of the Group's strategy. This risk diminishes over time, as the Group's four values – including "open-mindedness and inclusion" – are promoted and put into practice.

Based on the results of a pilot project carried out in 2019 to determine the degree of engagement among certain employee groups, the risk related to unknown employee engagement levels remains moderate.

3.3 Risks related to acquisitions

Risk of impairment of intangible assets resulting from acquisitions

Description

A significant proportion of the assets recorded on the Company's statement of financial position corresponds to intangible assets resulting from business combinations. Goodwill as reported in the statement of financial position at December 31, 2019 amounts to €2,075.1 million, or 29.4% of total assets (€7,049.1 million).

Risk control and mitigation measures

In accordance with current IFRS standards, the Group tests the fair value of its indefinite-lived intangible assets each year, based on which it decides whether or not to recognize impairment against these assets.

The testing approach used is detailed in section 6.6 – Notes to the consolidated financial statements, Note 3 – Summary of significant accounting policies of the 2019 Universal Registration Document.

Potential impacts on the Group

The value of intangible assets depends on the future operating profit of the companies acquired and the discount rates used, which themselves are dependent on the current and future economic and financial environment.

Changes in the assumptions underpinning their valuation can lead the Group to write down certain intangible assets. In accordance with current IFRS standards, impairment taken against certain intangible assets cannot be reversed.

Any such impairment would reduce attributable net profit and equity. However, there would be no impact on cash flow for the period.

Changes in the risk in 2019

No significant changes in 2019.

BUREAU VERITAS
Joint stock company (*société anonyme*)
with registered capital of €54 264 483,84
Registered with the Nanterre Trade and Companies Registry
(*Registre du commerce et des sociétés*)
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Designed **&** published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

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