BekaertDeslee sustainability report 2022

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BekaertDeslee

SUSTAINABILITY REPORT 2022





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About this report

Our bi-annual sustainability report 2022 aims to provide transparency to our stakeholders about our sustainable business practices. This report has been prepared consistent with the GRI Standards. No external assurance was provided. No information with regard to previous reporting period has been restated.

DATE OF PUBLISHING

June, 30th, 2023

We welcome your feedback, your interaction on the content of this report and on our ESG policies.

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OWNERSHIP AND LEGAL FORM

BekaertDeslee Holding is a Belgian limited liability company whose registered office is located at Deerlijkseweg 22, 8790 Waregem, Belgium. BekaertDeslee Holding is registered in the Register of Legal Persons of Kortrijk under the number 0628953443. The company has operations in 16 countries: Belgium, Romania, Turkey, Poland, Estonia, Czech Republic, Spain, USA, Canada, China, Indonesia, Australia, Mexico, Brazil, Argentina and South Africa.

ENTITIES INCLUDED IN THIS REPORT

BekaertDeslee Holding NV BekaertDeslee Innovation byba BekaertDeslee NV DW Holding NV Bekaert Textiles Holding BV BekaertDeslee Spain S.L. Bekaert Textiles France S.A.S. Bekaert Textiles C7 s.r.o. Bekaert Tekstil Sanayi ve Ticaret A.S. Bekaert Tekstil Pazarlama Dağıtım ve Ticaret LTD. STI. DesleeClama Eastern Europe S.R.L. DesleeClama Solutions S.R.L. Deslee Baltic OÜ DesleeClama Poland Sp.z.o.o. BekaertDeslee USA Inc. Politel S.A. de C.V.

Bekaert Textiles Mexico S. de R.L. de CV

Progresive Products de Mexico S. de R.L. de CV (PPM) Bekaert Textiles Argentina S.A. BekaertDeslee Brazil Indústria e comércio de artigos têxteis Ltda. Bekaert Têxteis do Brasil Ltd Bekaert Textiles (Wuxi) Co. Ltd PT Clama Indonesia BekaertDeslee Colombia S.A.S. Deslee Mattex Ltd. Bekaert Deslee (Aust) Pty Ltd Les Tricots Maxime Inc. Maxime Knitting Mexico SA de CV Maxime Knitting USA Corp 9459-4322 Québec Inc. 9459-4355 Québec Inc. 9459-4371 Québec Inc.



"We are notably actively working to develop a closed loop recycling system, starting with our own generated waste with the aim of achieving a cradle-tocradle competitive solution."

Interview with our CEO

DEAR READER,

This is our sixth sustainability report.

You will find in this report quantitative and qualitative data which hopefully will convince you about BekaertDeslee's sincerity when it comes to coping with the sustainability challenge at large.

We have had in the recent past a few successes, such as with safety where for the first time in our history, our incident rate went below 1, an achievement that shows how the teams at BekaertDeslee have embraced the topic with energy and conviction.

When it comes to climate change and carbon footprint; we have to recognize that the challenge is immense. Indeed, less than 10% of our carbon footprint is with our Scope 1 and Scope 2, and we have made some significant progress here. But the bulk of our challenge lies with our Scope 3, and we need here, more than ever, the full support of our

suppliers and customers to breakthrough. We are notably actively working to develop a closed loop recycling system, starting with our own generated waste with the aim of achieving a cradle-to-cradle competitive solution. Meeting this condition is essential for us to sustain our industry leadership in the future.

But many more initiatives are actively ongoing, and hopefully reading through this document will help you understand the direction BekaertDeslee is taking to build a sustainable business model: Close to You.

I wish you a pleasant reading and your feedback is more than welcome if you would like to contribute to our sustainability journey.

Frédéric Beucher

CEO

Introduction by CMO

DEAR READER,

At BekaertDeslee, sustainability is part of our corporate strategy where we aim to integrate it into every aspect of our operational innovations and solutions. This report offers a transparent view of our performance in key areas, including environmental stewardship, social responsibility, and corporate governance.

Throughout 2022, we focused on addressing the most pressing sustainability issues facing our industry. We took significant steps towards reducing our carbon footprint, promoting responsible sourcing, enhancing diversity and inclusion within our workforce, and fostering meaningful relationships with our customers and suppliers. By aligning our actions with global sustainability goals and leveraging the best practices, we aim to be a catalyst for positive change within our industry and beyond.

To achieve our vision for a better tomorrow, we have developed innovative solutions and technologies that showcase our commitment to sustainability. Our SmartSleeve® technology is designed to be recycled, reducing waste, and promoting a circular economy. Through our partnership with Resortecs, we introduce Smart Stitch™, a revolutionary solution for cover recycling. We have also developed products that are made from recycled yarns from our own post-production waste. By eliminating the metal zipper, we make our products more recyclable. These are just a few examples of our innovation efforts to contribute to a circular economy and to a lower carbon footprint.

This report not only showcases our accomplishments but also identifies areas where we can further enhance our performance and make a bigger impact. We remain committed to pushing the boundaries of what is possible, and we are resolute in our pursuit of a more sustainable and equitable future.

We would like to express our gratitude to all our business partners for their support and collaboration. Together, we can drive positive change, create shared value, and build a more resilient textile industry.

Thank you for joining us in this journey.

Demet Tunç

Executive Vice President and Chief Marketing Officer



"We remain committed to pushing the boundaries of what is possible, and we are resolute in our pursuit of a more sustainable and equitable future."

Our sustainability strategy

Our sustainability roadmap focuses on 3 materiality topics: sustainable products, climate and circular economy.

- 1. **SUSTAINABLE PRODUCTS:** our product innovation roadmap is based on various sustainability criteria, from biodiversity to circularity. With the product rating tool we have developed, we assess the sustainability of our products. We aim to grow the share of sustainable products in our revenue.
- 2. CLIMATE: climate change is fast becoming a major global threat to social and economic growth. An increasing amount of legislation drives companies to convert to low carbon solutions. At BekaertDeslee, we are taking specific actions to assess and reduce our carbon footprint. We are implementing a corporate footprint strategy that will also create measurable business success.
- 3. CIRCULAR ECONOMY: we have initiated several projects and actions to become a relevant player in the circular economy. We are developing circular strategies in our business model and investing in platforms to facilitate the transition. This will allow us to keep growing without increasing our virgin material consumption. Furthermore, it will aid us and other stakeholders to transition from a linear to a circular industry.

These three materiality topics are shaping our short-term roadmap. In the meantime, we continue working on a holistic overall sustainability strategy, covering topics like safety, health, well-being, diversity, employee engagement, supplier sustainability, ethics, compliance and customer experience.

Overall sustainability management

BEKAERTDESLEE'S SUSTAINABILITY SCOPE

CORE TOPICS SUSTAINABLE CLIMATE PRODUCTS EMPLOYEE SAFETY, **SUPPLIER HEALTH & WELL-SUSTAINABILITY** BEING **ETHICS &** DIVERSITY, **INCLUSION &** COMPLIANCE EQUALITY CIRCULAR ECONOMY **EMPLOYEE CUSTOMER DEVELOPMENT &** WELFARE & ENGAGEMENT ENGAGEMENT

GOVERNANCE STRUCTURE

COMMUNICATION & PEOPLE MANAGEMENT

REPORTING & FOLLOW-UP





Our purpose

BekaertDeslee wants to improve the lives of many, for generations, thus enabling the planet to sleep better.

Our operations

BekaertDeslee is the world's leading specialist in the development and manufacturing of woven and knitted mattress textiles, and in cutting and sewing mattress covers. We cover an estimated 150,000 mattresses with fabrics every day, from Vancouver to Sydney and from Helsinki to Cape Town. We are a truly multinational company with 26 business locations in 18 countries. We pride ourselves on our expertise in knitted and woven fabrics, fabric finishing and mattress cover production.

Our products combine a good performance with an attractive look and feel. In order to stay innovative and on trend, our headquarters in Waregem (Belgium) are home to the BekaertDeslee Innovation & Design Center, where new materials and relevant technologies are used to design tomorrow's products.

Key figures

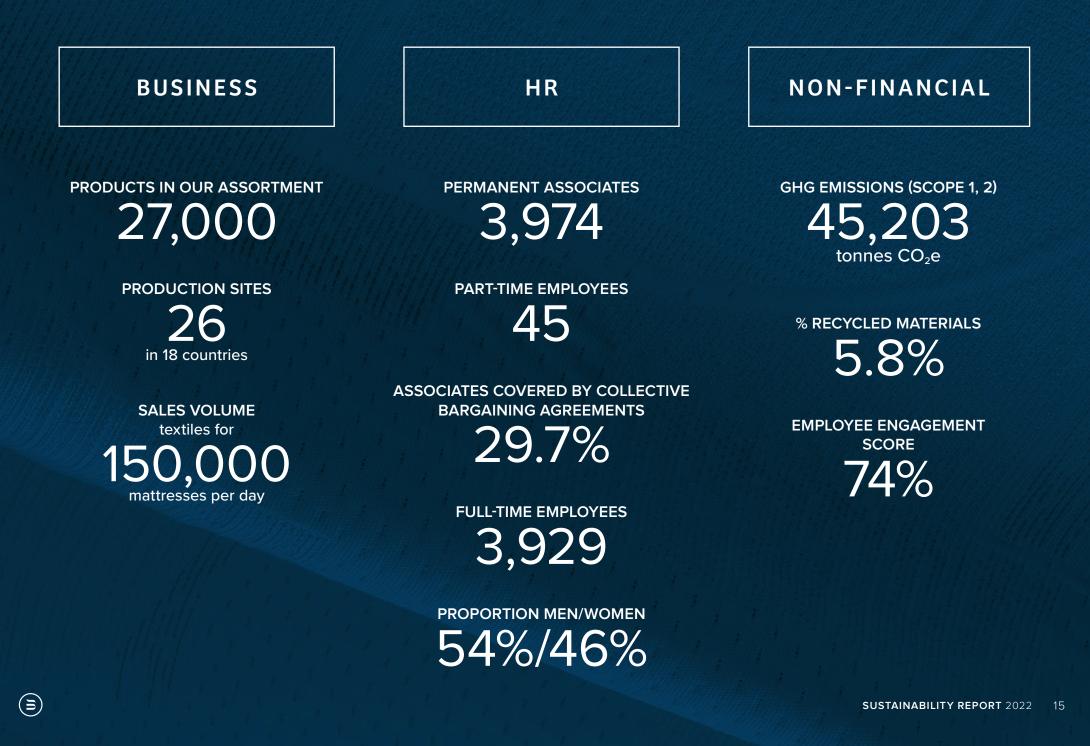


FINANCE

TURNOVER 402 million euros

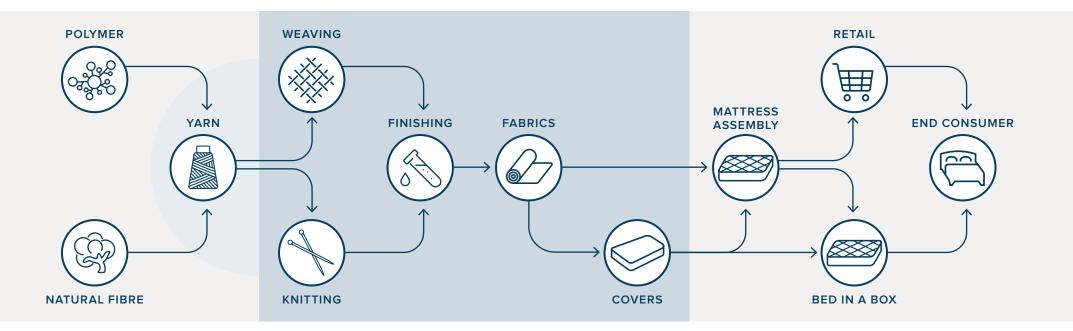
REVENUE SHARE OF SUSTAINABLE PRODUCTS:

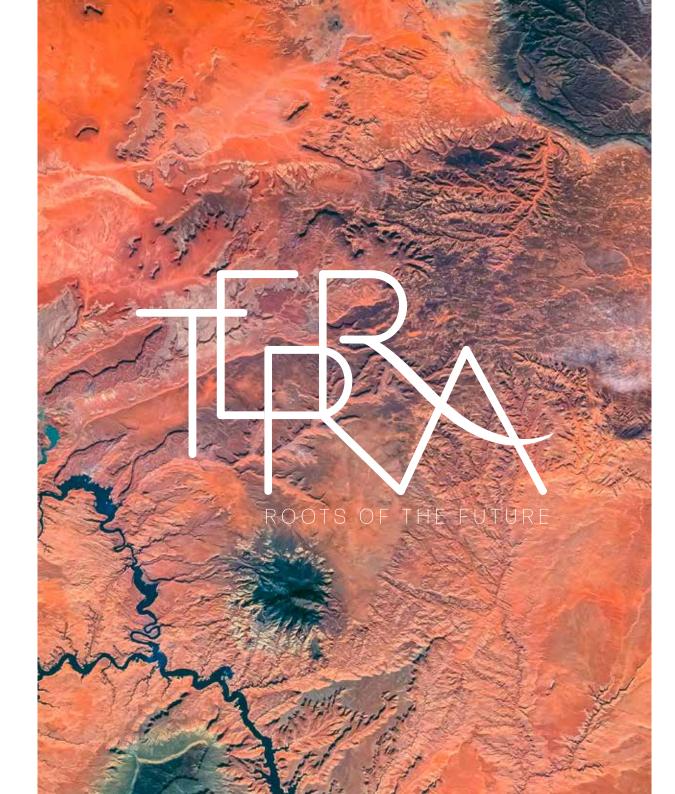
> 50 million euros



Our value chain

Our value chain starts with the sourcing of raw materials: natural fibres, man-made cellulosic fibres or synthetic fibres. The fibre materials are converted into a yarn, of which all our products are made. We purchase most of the yarns from our global supplier base. Our diversified and broad geographical reach permits us to source a big variety of materials on the market. This allows us to be on top of innovation and to differentiate our products. We even create our own specialty yarns, starting from polymer pellets. Once we have our yarns, we weave or knit them into fabrics. The properties of those fabrics can be enhanced or modified through a finishing step. This consists of adding a specific coating to the fabric, making it e.g. moisture repellent, fire-retardant, anti-bacterial ... The majority of the resulting fabrics are sold to mattress assemblers. We also cut and sew some of our fabrics into finalized mattress covers, which we then sell to mattress assemblers or bed-in-a-box companies. These players put the finalized products on the consumer market. We use our global reach to bring these products to our customers, as our operations are positioned close to important consumer markets.





TERRA: ROOTS OF THE FUTURE

BekaertDeslee's new TERRA collection revolves around caring for mother earth.

It is inspired by our past, present and glances at what the future may bring.

Earth and the cultures existing on the planet often show a lot of contrast, yet TERRA unites these contrasts in its many designs. Humanity has a strong cultural heritage, and TERRA shows this by expressing tribal arts and crafts into a modern way.

We draw inspiration from these strong, healthy roots and look at how they form a sustainable future for coming generations.

Each style focuses on a different link with mother earth, be it historical periods or revival or modern ways of expressing our cultural roots.

TERRA is not just a story; it is our story. The story of earth, and the people living on it. Our mission is to be "Close To You". This tagline is aspirational and layered.

Our mission, vision and values

MISSION – CLOSE TO YOU

ALWAYS AROUND THE CORNER

Our global presence allows us to always be close to you. We work at 26 locations in 18 different countries. Together, our teams become one virtual company. BekaertDeslee at your service!

THE POWER OF TOGETHER

We celebrate the power of diversity. Our people are our greatest asset. We pride ourselves on their expert skills, creativity and knowledge. Tap into the richness of this great cultural mix!

WE TOUCH 600,000,000 SLEEPERS EVERY NIGHT

Our textiles create the ideal sleep surface for a blissful night's rest. We spend months of research and years of development to improve the sleep quality of all those who sleep on our textiles.

TEAM UP WITH BEKAERTDESLEE

A deep understanding of our customer's needs is what keeps us awake at night. We think big but act small to inspire, serve and help our customers in the best way possible.

VISION - 5 CORE BEHAVIOURS

To fulfill our vision of becoming your trusted partner, passionate in providing sustainable textile solutions close to you, we put forward five core behaviours. These core behaviours define and explain what we expect from every BekaertDeslee employee in their daily work routine. They drive the changes in our corporate culture, lead to outperformance and guide us in regular performance evaluation, recognition and placement decisions.

THINK CUSTOMER FIRST

We are easy to do business with. Our customers are at the centre of everything we do. We align our processes and product offering with real customer needs. We seek to understand our end markets, our customers and their businesses. We want to do more than meet customer expectations: we search for the plus and want to delight.

EMPOWER OTHERS

We engage our employees through open feedback, collaboration, transparency and teamwork. We never work in silos but share relevant information transparently with all stakeholders across divisions, units and functions. We trust our colleagues and rely on their capabilities, skills and networks. We create a diverse and inclusive workplace, where everyone's opinion is valued.

COMPETE FOR SUCCESS

We are determined to win and we possess a clear drive to reach our goals. We have the courage to make decisions in an increasingly uncertain and volatile environment. We show backbone when things get difficult. We foster an environment where performance is valued and rewarded.

IMPROVE EVERY DAY

We challenge the status quo and quickly embrace change. We keep it simple and impactful. We are curious, eager to learn and promote learning from day one. By minimizing complexity, we aim to be more efficient. We take the time to simplify. We never wait for the 100% solution: we start now and get better every day.

TAKE OWNERSHIP

We take responsibility for our actions and our targets, and we keep our commitments. We live what we say.

VALUES

At BekaertDeslee, we sincerely believe our employees are our number one asset. Our success is based on our core values: these represent our highest priorities. They are at the heart of the BekaertDeslee culture and inspire our employees to take action. The five selected values are deeply rooted in the history and DNA of BekaertDeslee.





COLLABORATION

We rise by lifting others, we join efforts and we share knowledge & best practices.

ACCOUNTABILITY

We take ownership, we value feedback and we care about all stakeholders.

RESPECT

We show respect, we foster diversity and we treat everyone with dignity.



INITIATIVE

We make it happen, we actively build our future and we push ourselves and others to the next level.



HONESTY

We communicate in a transparent way, we act with integrity and we treat people fairly.





TERRA CLASSIC

Over certain periods in time, humankind has known dark periods. The strength of humanity lies, however, in showing resilience after these chapters. We have also known beautiful periods of revival. Now, we are experiencing a stage like that, after the world came to a standstill not even five years ago.

TERRA CLASSIC took lessons from history and draws inspiration from a time when we showed ourselves equally resilient, the roaring twenties. It was a time when humanity dared to dream big again, following the most devastating period in all of our history. Now, in the CLASSIC style, we allow our collection to do the same, and show off. The touches of refreshing purple and the sparkle of silver lurex create opulent, luxurious designs. We take note from history, to show we can all dream of a brighter future again!

Our products and services

BekaertDeslee is the world's leading specialist in the development and manufacturing of woven and knitted mattress textiles, and in cutting and sewing mattress covers. Our products combine outstanding technical properties with attractive designs. To make it easier to discuss our customers' needs and provide service and advice, we have defined 20 technological product lines. Those product lines classify our products by their distinguishing features, like health promotion, hygienic materials, temperature regulating technologies or renewable and/or recyclable materials. Twice a year we launch a new collection to highlight our newest developments and introduce new and refreshing designs. We attach great importance to those designs: they show the quality and value of our products to the end consumers.

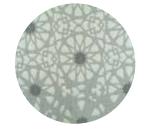




In terms of innovation, BekaertDeslee aims to be an industry leader. Our major 2022 innovations include:









GQ FABRIC

A mono-material which consists of a knitted fabric with significant natural stretch properties. Thanks to this innovation, we can avoid using elastane to create polyester blends, thus enhancing our recycling options.

BIOLOGICAL FINISHES

We increasingly replace existing finishing components with biobased alternatives.

RECYCLED POLYESTER YARNS IN VARIOUS COLORS

Until recently, recycled yarns were only available in a limited color assortment, limiting their popularity. Due to more color variety, the uptake of these yarns has increased.

ENERGY AND WATER-SAVING FINISHING

Instead of immersing fibres completely in a treatment bath, we coat them by applying a foam with the active component. This allows for a maximum material transfer with a minimum addition of humidity, thus saving energy and water consumption in the drying process.

sustainability priorities



Stakeholder involvement and materiality analysis

BekaertDeslee underpins its sustainability strategy and reporting efforts with a materiality analysis. The Global Reporting Initiative (GRI) defines materiality as "topics that represent the organization's most significant impacts on the economy, environment, and people, including impacts on their human rights". In the GRI Standards, unless otherwise stated, 'impact' refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. It does not refer to an effect upon an organization, such as a change to its reputation.

The aim of the materiality exercise is to discover and identify less visible issues that, in the long term, may need actions or have critical consequences, including financial ones. BekaertDeslee has translated the definition of materiality into a practical approach to assess sustainability aspects along two dimensions:

- ORGANIZATIONAL IMPACT: the significance of the organization's economic, environmental, and social impacts – that is, their significance for the economy, environment or society, as per the definition of 'impact'.
- STAKEHOLDER RELEVANCE: their influence on the assessments and decisions of stakeholders.



In the course of 2021, BekaertDeslee performed a substantial exercise to identify topics and assess them according to these dimensions. We undertook the following steps:

- 1. We started off with a standardized list of possible topics of impact, as suggested by the SASB Universe of sustainable issues;
- 2. We relied on third party and sectoral assessments (GRI, SASB Materiality Map, Textiles Exchange) to estimate the impact of sustainability topics on the mattress and textiles industry;
- 3. We used the Trensition data platform to acquire more insight into the strength and acceleration of key sustainability trends in the mattress and textiles industry;
- 4. We conducted our own assessment to find out which sustainability topics are most important to our key stakeholders (focus: downstream customers, employees, investors). To consult our stakeholders, we used questionnaires, focus interviews, in-depth interviews, workshops and market research. The selection of stakeholders and the depth of interaction was decided by our third party, based on the magnitude of impact of each stakeholder group;
- 5. We continually engaged with our shareholder Haniel Group to collect and analyse the most important factors determining shareholder and stakeholder value;
- 6. We invested in value chain benchmarking in order to assess what topics are being prioritized by our most prominent downstream customers (integrators, retailers) and our peers in the industry;
- /. Together with a diverse group of key BekaertDeslee employees (senior leadership, middle management), we surveyed the impact and stakeholder relevance of key topics.

Based on all this information, we have selected a number of material topics (cf. analysis below):

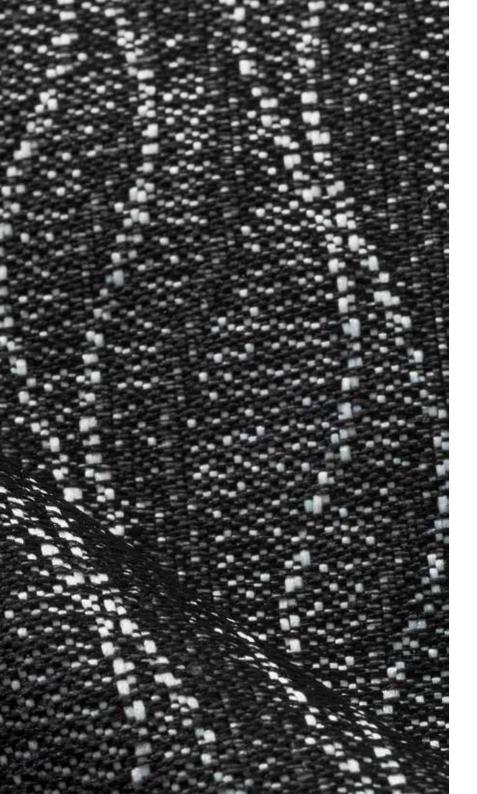
HIGH PRIORITY MATERIAL TOPICS:

Sustainable products, Climate, Circular economy

OTHER MATERIAL TOPICS:

Health and safety, Energy, Waste, Diversity and equal opportunities (incl. non-discrimination), Training and education, Employee engagement, Supplier sustainability, Compliance and anti-corruption, Consumer health





For every material topic we selected, we monitor one or more KPIs. The following table contains the corresponding data for 2021 and 2022.

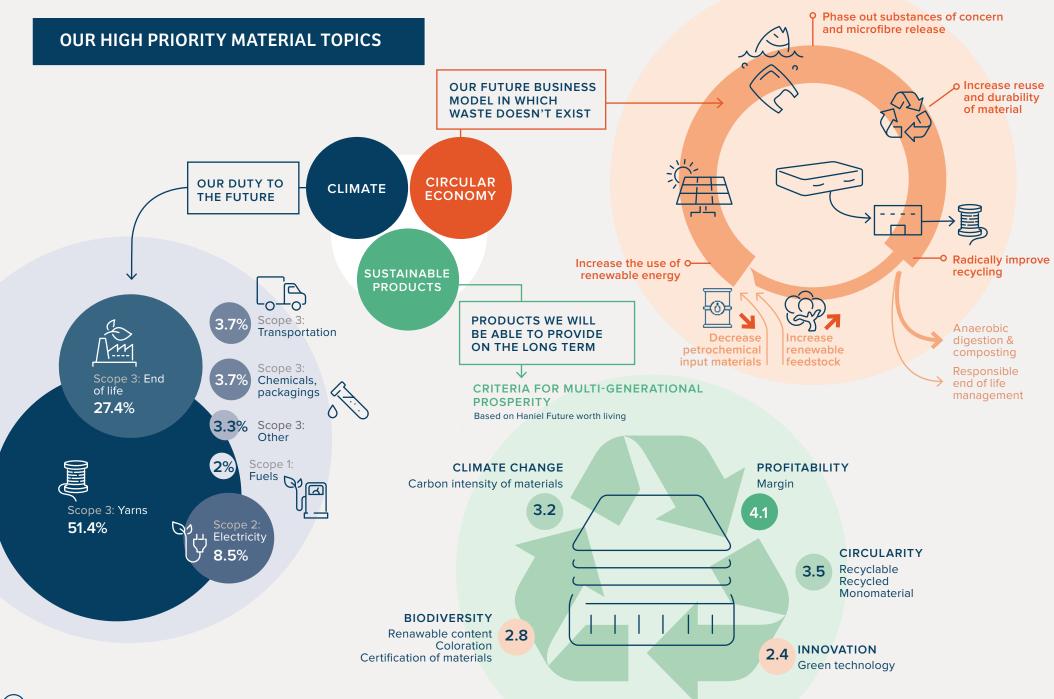
BD DESCRIPTION	КРІ	2021	2022	Δ%
SUSTAINABLE PRODUCTS (ENKELFÄHIG, LCA)	Revenue of Enkelfähig products	6%	12,85%	114%
CIRCULAR ECONOMY	% Renewable	18.0%	18.4%	2%
	% Recycled	5.3%	5.8%	9%
EMISSIONS (CLIMATE)	GHG emission intensity (kg CO2e/€ revenu)	0.142	0.110	-24%
HEALTH AND SAFETY	Near miss incident rate	25.1	41.6	71.4%
	Lost work incident rate	1.43	0.96	-2.0%
	% actions complete	83%	88%	12%
EMPLOYEE ENGAGEMENT	Voluntary leaves	16.5%	20.5%	24.2%
	Employee engagement score	74%	74%	0.0%
	eNPS	NA	20%	NA
ENERGY	Electricity intensity (kWh/€ revenu)	0.243	0.175	-28.0%
WASTE	waste % fabric	5.4%	5.4%	0%
	waste % cover	27.8%	19.5%	-29.8%

BD DESCRIPTION	КРІ	2021	2022	Δ%
BUSINESS ETHICS	% employees trained	>95%	>95%	0%
	Confirmed incidents of corruption	1	0	-100%
DIVERSITY & EQUAL	% female in Executive committee	30%	30%	0%
OPPORTUNITY	% female white collar	51%	51%	0%
	% female blue collar	45%	45%	0%
	Remuneration ratio women to men white collar	85%	85%	0%
	Remuneration ratio women to men blue collar	100%	100%	0%
	Confirmed incidents of discrimination	0	0	0%
TRAINING AND EDUCATION	Percentage of blue-collar employees audited (A%)	94%	94%	0.0%
	Percentage of blue-collar employees audited successfully (A+%)	90%	89%	-1.1%
	Percentage of white-collar employees participating in performance management system	82%	93%	13.6%
CONSUMER HEALTH AND SAFETY THROUGH THE VALUE	% of fabrics certified	28.4%	40.1%	41%
CHAIN	% of covers certified	89.8%	86.7%	-3.4%

High priority material to dics



Although we care about all aspects of a sustainable society, our priorities are Sustainable Products, Climate and Circular Economy. These represent our most important impacts on the economy, the environment and the people we share this world with.



Sustainable products

WHY WE CARE

BekaertDeslee helps to provide a growing number of people with a good night's sleep. As the climate is changing and resources are becoming increasingly scarce, we aim to manufacture sustainable products. Our goal is to outperform the current status quo and create real added value for our children and grandchildren. We wish to participate in a healthy economy that meets the needs of the present and the future, without passing on our sustainability problems to the next generation.

HOW WE ENHANCE SUSTAINABILITY

- All our products and manufacturing processes must FOLLOW THE PRINCIPLES OF THE UN GLOBAL COMPACT. We assess our products in terms of circularity, biodiversity, impact on climate change, innovation and profitability. This allows us to improve our products and make them more sustainable. Products that continue to perform badly may be phased out. Our product roadmaps reflect our strategy towards more sustainable products.
- 2. Assessing all the potential impacts of a product is a difficult task for our customers. We aim to provide all our products with a **TRANSPARENT SUSTAINABILITY SCORE**, to enable our customers to make the right decisions. Key to this process is the transparency and credibility of our internal rating system.
- 3. Our R&D and Product Management departments have been collaborating to **DEVELOP A RELIABLE SUSTAINABILITY RATING TOOL** for our products. The tool includes Planet, People and Profit criteria. We are now using the tool to score our existing products and to develop a roadmap for new products. This will allow us to guide our customers towards more sustainable choices while continuing to build trust.

ACHIEVEMENTS 2021-2022

In 2021, we focused on establishing our sustainability baseline and creating a reliable calculating method for our sustainability rating tool. Approximately 50 million euros of our revenue came from products that reached a sustainability score of at least 3 out of 6 in 2022. One of the most important conclusions of our baseline is that it allows us to identify working points. It shows our potential for improvement in the short and longer term.

OUTLOOK 2023 AND BEYOND

Life-cycle assessments (LCAs) are globally accepted tools to assess the overall environmental impact of a product. By conducting more LCAs, we aim to improve the 'hotspots' in the environmental footprint of our products, and to further improve our product rating methodology. Our goal is to gradually increase the share of sustainable products in our revenue.

Our new sustainability rating tool will be subjected to peer review within the Haniel Group, the investment group that BekaertDeslee belongs to. Among other things, we will organize workshops to assess and challenge each other's rating methodologies.

Our KPIs

• Revenue share of sustainable products



12%

of our revenue comes from products that reach a sustainability score of at least 3

	2022	2023 (TARGET)
Revenue share of sustainable products	12%	20%

Climate

WHY WE CARE

The production of clothes, footwear and household textiles leads to water pollution, greenhouse gas emissions and landfill. In fact, the textile industry is among the top 5 most environmentally harmful industries globally. Even though BekaertDeslee is a relatively small player, we feel obliged to reduce our carbon footprint.

Our focus is primarily on reducing our greenhouse gas emissions, since climate change is one of the major challenges of our time. Not only does it have an impact on biodiversity and on human health and society, it also poses a risk to business growth and development. To reduce our carbon footprint, we are currently identifying and analyzing our scope 1, scope 2 and scope 3 emissions, as defined by the Greenhouse Gas Protocol.

HOW WE REDUCE OUR CARBON FOOTPRINT

- Scope 1 covers direct emissions from owned or controlled sources. To reduce our scope 1 emissions, we focus on ENERGY EFFICIENT HEATING SYSTEMS and on RENEWABLE ENERGY SOURCES.
- 2. Scope 2 covers indirect emissions, created in the generation of purchased electricity, heating and cooling. When it comes to reducing our carbon footprint, this is our main priority. We aim to collaborate with the right **PARTNERS WHO CAN PROVIDE CARBON NEUTRAL ELECTRICITY**. We are also investing in our own infrastructure to make it easier to incorporate energy from renewable sources.
- 3. Scope 3 includes all other indirect emissions that occur in our value chain. We are currently working on a **ROADMAP TO IDENTIFY OUR SCOPE 3 EMISSIONS** and define actions to reduce them. Some emissions might prove too difficult to reduce in the short term, therefore we consider compensating them through offsetting projects. This remains the least desired option, however. In this context, we prefer offsetting projects that permanently remove carbon emissions from the atmosphere. We are wary of projects whose impact is only temporary, and of projects that only restore carbon stocks that were historically removed.

In last 2 years, we invested in energy reduction measures and infrastructure for electric vehicles. We also implemented a monitoring system to track our scope 1 and 2 emissions. This will allow us to outline a strategic approach and to manage our emissions on a structural basis. Additionally, we conducted a first internal analysis of our scope 3 emissions, using the GHG Corporate Value Chain Accounting and Reporting Standard. Out of fifteen defined categories, we identified nine as being relevant to our business. The results of our analysis show that the majority of our scope 3 emissions occur in 4 categories. In 2022, we emitted approximately 0.11 kg CO₂e per \in revenue (scope 1 and 2). This figure decreased 22% in comparison to last year.

OUTLOOK 2023 AND BEYOND

In 2023, we will include scope 3 emissions in our periodical monitoring and increase the reliability of the reported figures. Once we fully understand our footprint, we will identify and prioritize actions to reduce it. We are already working on a roadmap to reduce our scope 1 and 2 emissions by 2025. At the same time, we are conducting life-cycle assessments (LCAs) to evaluate the potential environmental impacts of our products and processes. This should allow us to reduce our carbon footprint without harm to other environmental aspects.

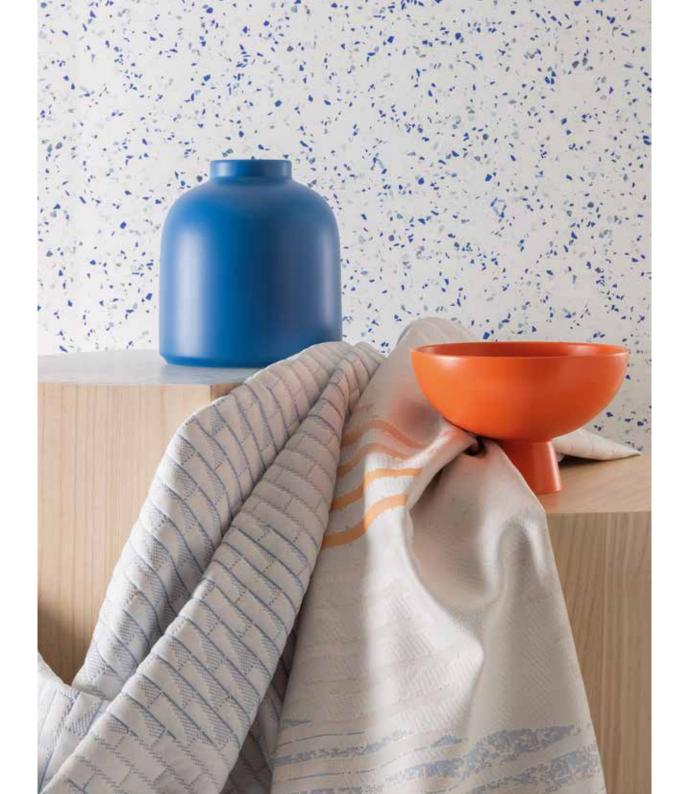
Our KPIs

- Tonnes of GHG emissions in scope 1, 2 and 3
- GHG emission intensity (kg CO₂e/€ revenue)

IN TONNES CO ₂ E	2021	2022	Δ%
Direct (Scope 1) GHG emissions (tonne CO_2)	10,367	8,491	-18.09%
Energy indirect (Scope 2) GHG emissions (tonne CO_2)	39,156	36,712	-6.24%
Other indirect (Scope 3) GHG emissions (tonne CO_2)	449,894	452,479	0.57%
Total GHG emissions (tonne CO ₂)	499,417	497,682	-0.35%
% scope 1	2%	2%	
% scope 2	8%	7%	
% scope 3	90%	91%	
GHG EMISSION INTENSITY (KG CO ₂ E/€ REVENUE)	0.142	0.111	-21.96%

*These numbers are based on our actual knowledge and used data sources. As this topic becomes more mature, overall figures might change.

KG CO₂E PER € REVENUE IN 2021 (SCOPE 1 AND 2)





TERRA FUSION

To only keep dwelling on the past itself is not always the right thing to do. Caring for the moment we are currently living in is equally important. Otherwise, we risk losing ourselves in the big stories of the past or in dreaming of a better future. TERRA FUSION focuses on the current moment, the moment in which past and future fuse together.

FUSION draws inspiration from what is moving in modern times and how the moment is literally built. Inspired by trends found in modern architecture, we link bold colors, such as orange and blue, to beautiful tones of white. It is only by honoring the past, as well as inspiring future generations, we can create a mix that teaches us to appreciate the moment we live in, on the planet we were born on.

Circular economy

WHY WE CARE

The majority of resources used today are nonrenewable and are set to become increasingly scarce. To become more sustainable, companies need to go from traditional, linear business models based on 'take, make and dispose' to circular business models based on resource efficiency, reuse and closed loops.

Traditionally, most BekaertDeslee products are best suited to a linear economy and are difficult to reuse. To become more sustainable, we have started working on various developments that will allow our products to be recycled or somehow incorporated into a new economic cycle. We are rethinking our designs and our materials choices to facilitate disassembly and to enhance the circular performance of our products. By creating more or less homogenous waste streams, more recycling options and technologies become available. We also provide our end users with enough information to allow them to sort, treat and recycle all waste components.

HOW WE ENHANCE RECYCLABILITY

- 1. Since 2021, we **RECOVER OUR OWN POST-PRODUCTION WASTE**. Through programming changes in our ERP systems, many of our plants are now able to sort their postproduction waste and save valuable materials from incineration. By creating homogenous waste streams, we facilitate recycling.
- 2. In coming years, we aim to optimize the recycling process by **REINCORPORATING OUR POST-PRODUCTION WASTE** into our raw materials. The focus is on polyester (PES), which represents above 80% of the materials we use. We are currently assessing the possibility to use thermogranulation – the melting of PES waste so it breaks down into tiny granules – to recycle our waste streams.
- 3. We strongly believe in the addition of a digital material passport to our products, so they can be recovered at end of life and they accompanied with the right information to be recycled. We are actively seeking customers are interested parties who would like to co-develop a closed loop system with us.



Scan the QR code to learn more about Transparent Circularity.

Last years, we investigated various strategies to enhance our circular potential. Our main focus is on circular design, the development of recycling technologies and investigate in a digital product passport for our covers. We are still gathering knowledge and building an external network to make this work for us.

In 2022 we used 18% renewable materials like natural fibres or agro-cellulose fibres in our products. This is a significant portion of what we source, but it still means that 82% of our materials were of non-renewable origin. The use of renewable materials relies mainly on availability and carrying capacity of the planet. Recycling renewable materials still happens very rarely.

To facilitate recycling, we have established a way of tracking our (sold) materials. This makes it possible to reclaim them once they reach end-of-life. However, we have not yet been able to actually reclaim our materials.

OUTLOOK 2023 AND BEYOND

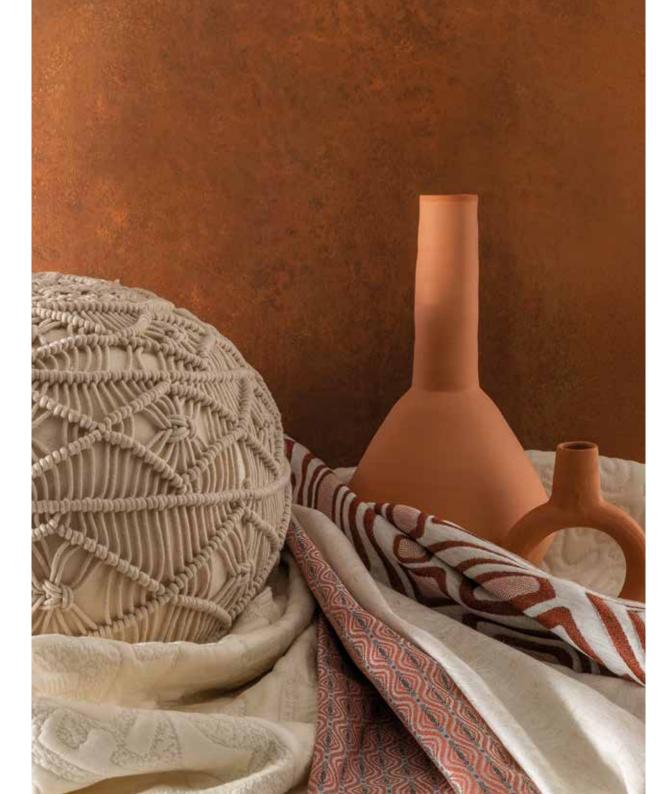
In coming years, digital product passports should become an enabler for us and our value chain partners to evolve towards a more circular economic model. Regarding recycling, all BekaertDeslee operations aim to sort their post-production waste. We are currently looking for new recycling partners who can process our waste directly into recycled materials. We are also investigating the feasibility of internal recycling.

Our KPIs

- % materials based on renewable resources
- % recycled materials
- Number of reclaimed mattress covers

	2021	2022
% materials based on renewable resources	18.0%	18.4%
% recycled materials	5.3%	5.8%

SUSTAINABILITY REPORT 2022 42

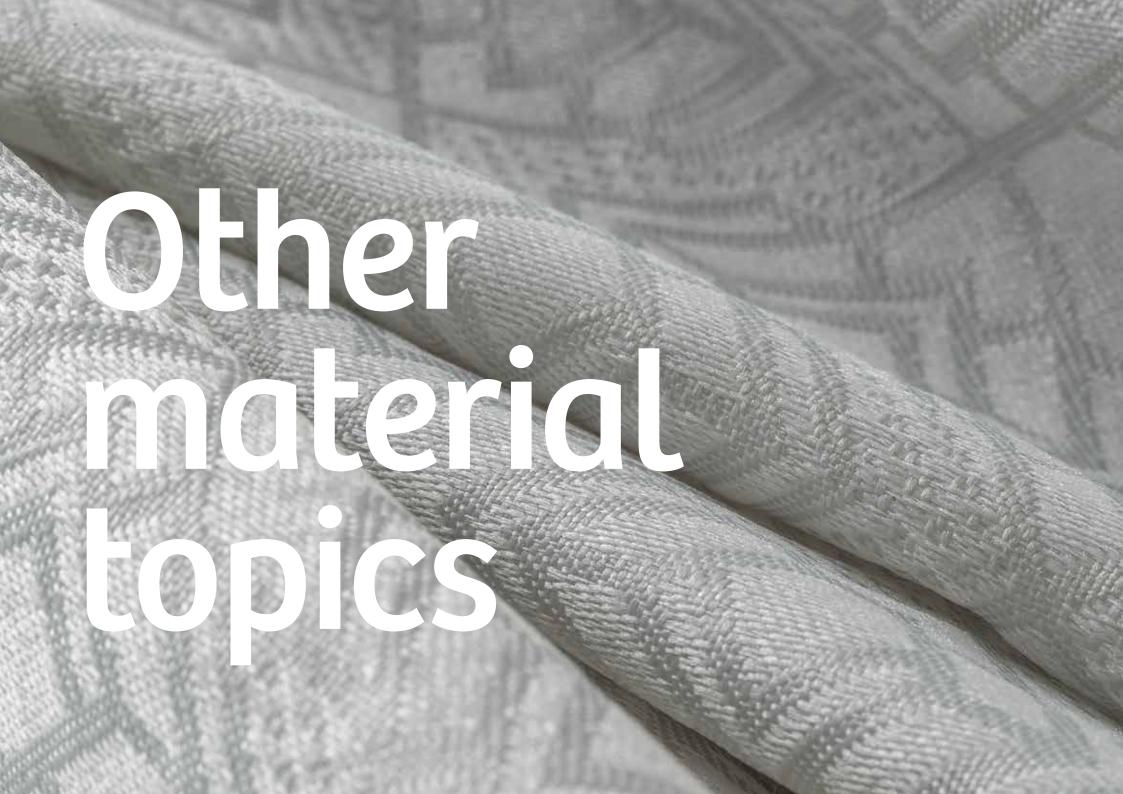


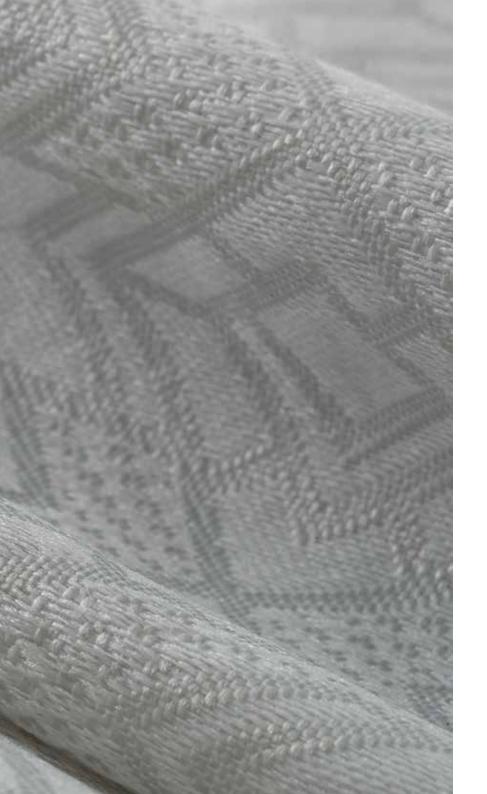


TERRA NUANCE

As opposed to modern times, traditional patterns were big, bold, and colorful. By using traditional patterns found all over the world, you clearly see the roots of humanity enclosed in the TERRA NUANCE designs. Marsala colors, along with dark brown, cream and accents of petrol generate a very strong, ancestral feeling. We combine these patterns with different types of fabric qualities, such as bamboo, linen, TENCEL[™] and organic cotton.

Don't be fooled, though: today, multiculturalism is more important than ever, if we are ever to unite as one planet. That is why NUANCE's patterns, adopted from different cultures, are united in one style. We are sure that working and growing together is what the future must look like.





In addition to our primary material topics, we also care about other aspects of a sustainable society. We pay special attention to Health and Safety, Energy, Waste, Diversity and Equal Opportunities, Training and Education, Employee Engagement, Compliance and Anti-corruption, Supplier Sustainability and Consumer Health.

Health and safety

WHY WE CARE

Workplace health and safety is all about sensibly managing risks to protect our workers, our partners and our company. At BekaertDeslee, we rely on an extensive management system for occupational health and safety. Our business units comply with local laws and regulations, and we are working on an overarching BekaertDeslee Health & Safety Standard.

HOW WE IMPROVE HEALTH & SAFETY

We take various measures to take health and safety to the next level.

- Our GLOBAL HEALTH & SAFETY TEAM supports our business units in carrying out their safety programs and consolidates all topics that affect health and safety in the workplace. We also appoint LOCAL HEALTH AND SAFETY EXPERTS to advise the on-site managers. Our plant managers are required to set yearly health and safety goals and to allocate the necessary budget for them.
- 2. To further promote health and safety, we rely on a **GLOBAL REPORTING SYSTEM** which covers leading and lagging KPIs. On a local level, we monitor and improve workplace safety through local health and safety committees. We perform internal risk assessments and follow up on reports of unsafe working conditions. Our key phrase is 'Safety first': a constant reminder that safety is everyone's responsibility, and that a proactive safety culture is the best way to protect our people.
- 3. We do our utmost to create a safe working environment. If something does go wrong, our employees can **REPORT** this to their supervisors or managers. This includes, for example, incidents, near misses or unsafe workplace conditions. Our business units each have their own ways to register and manage reports and complaints.

Our Health & Safety teams discuss health and safety topics with EVP Manufacturing & Engineering on a monthly basis. The CEO reviews the results of these meetings. Together, they define necessary actions and/or improvements. Local health and safety managers take part in our Health & Safety Community Calls, which take place every two months and provide an opportunity to discuss various initiatives. We have also implemented an incident reporting system, which requires all our units to report injuries - with our without lost time - within a week to the global EHS network. The system allows us to manage incidents, analyse them and take corrective measures.

Last years, our safety actions centered on Powered Industrial Trucks (PIT) and on protecting new employees. The use of PITs and the onboarding of new colleagues both entail higher safety risks and require special attention. We also strengthened our health and safety management system and focussed on health and safety training and a stronger reporting culture. We especially encouraged our employees to report near misses, even when they don't seem very important. Reports of near misses offer valuable information to prevent future incidents. We reached our targets regarding our near miss incident rate (NIR) and our lost work incident rate (LWIR). Our LWIR was 0.96 and our NIR was40 x LWIR, which clearly shows that most potential risks and hazards are reported and managed before they result in real accidents. As a result, we saw less incidents, both with and without lost time. The incidents that still occurred were much less severe, resulting in a significant drop in lost working days. Regarding our near miss actions and incident actions, we reached our targeted completion rate of 88%.



0.96 LOST WORK INCIDENT RATE

OUTLOOK 2023 AND BEYOND

Over the next few years, we want to maintain and improve our good performance regarding health and safety. We have set ambitious targets for 2022:

- Our near miss incident rate (NIR) should be 40 x LWIR = 40
- We aim for a lost work incident rate (LWIR) of 0.98
- Our completion rate should be 85% or more

To further promote health and safety, we are planning monthly 'Gemba' walks in our manufacturing facilities: workplace walkthroughs that aim to observe employees, ask about their tasks and identify safety and productivity gains. Prevention is key to a positive health and safety culture. We will also assist our plants in dealing with incident and near miss reports, and we will continue to organize specific campaigns on topics like 'working at height' and 'working in confined spaces'.

Our KPIs

Lagging KPIs:

- NIR (Near miss Incident Rate): number of all near misses per amount of total working hours (with multiplier 200,000)
- TIR (Total Incident Rate): number of all incidents weighed per amount of total working hours (with multiplier 200,000)
- LWIR (Lost Work Incident Rate): number of incidents with 1 or more day(s) lost work weighed per amount of total working hours (with multiplier 200,000)
- LWDR (Lost Working Days Rate): number of lost working days weighed per amount of total working hours (with multiplier 1,000)

Leading KPIs:

• Percentage of near miss incident actions completed



	2021	2022
NIR	25.05	41.64
TIR	1.70	1.04
LWIR	1.43	0.96
LWDR	0.08	0.05
% actions complete	83%	88%



Energy

WHY WE CARE

As a textile manufacturing company, Bekaert-Deslee needs quite a lot of energy. We use electricity to power our production facilities and to use specific utilities like lights and air compressors. Natural gas is used to heat our buildings and our furnaces and steam boilers.

Our energy consumption is not only expensive, it also affects the environment (air, water, soil) and the climate. We aim to use our energy more efficiently to reduce both our costs and our carbon emissions. Our indirect energy consumption, for example from commuting, will not be considered here because it is negligible compared to our direct energy needs.

HOW WE LOWER OUR ENERGY CONSUMPTION

We take various measures to improve our energy efficiency and to purchase less energy from non-renewable sources.

- 1. We improve the **ENERGY PERFOR-MANCE** of our existing facilities and develop new, more energy-efficient manufacturing processes and machines. Our purchase policy is strongly driven by energy performance and durability.
- 2. We **MONITOR** how much gas and electricity our various production units use and closely scrutinize the biggest consumers. They receive energy targets that match their real-life needs. In this way, we manage and prevent unnecessary energy use. We also build models that map out how much energy a production unit requires to manufacture a specific product quantity. These models then become benchmarks for all our units. We use them to discover best practices and to make maximum use of our knowledge.
- 3. We have investigated **SOLAR PANEL PROJECTS** and are planning more renewable energy projects in future. We aim to reduce our costs and our carbon footprint and to become less dependent on the volatile energy market.

ACHIEVEMENTS 2021-2022

Each month we check our energy consumption and discuss our options with EVP Manufacturing & Engineering and our manufacturing units. This results in clear goals and targets, which are monitored on an monthly basis. Our 2022 achievements include the installation of Variable Speed Drive (VSD) air compressors in our manufacturing facilities in Argentina, Turkey and Indonesia, and the use of ultrasonic leak detectors for compressed air and gases. We also replaced the traditional HID and fluorescent lights with more energy efficient high bay LED lights in our manufacturing facilities in Indonesia, Romania and the US. To further reduce our energy consumption, we launched heat recovery projects for compressors and furniture exhausts. From 2021, we have centralised fuel consumption figures from the different plants, to allow close follow-up.

To reduce our water consumption, we adapt our manufacturing processes to avoid or reduce the need for steaming.

In 2022 we faced strong inflation and shrinking market. This created challenges for production to run efficiently. Nonetheless, we decrease our energy consumption per unit of revenue significantly.

This is mainly due to our various energy saving projects. We have also used our most energy efficient machinery to manufacture the required products. In future, we will maintain that choice to the maximum, as long as external factors allow.

OUTLOOK 2023 AND BEYOND

In coming years, we want to build further upon the progress we've made. The management of fuels and pressurized air still offers various opportunities, as there are still some inefficiencies to be improved. We are also researching if we can digitally monitor the power consumption of individual machines.



	2021	2022
Electricity intensity (kWh/€ revenue)	0.243	0.175

Our KPIs

• Electricity intensity (kWh/€ revenue)



Waste

WHY WE CARE

Waste management is an important topic in the textile and mattress industry. It entails a cost and it can cause negative impacts when not dealt with properly. By manufacturing mattress textiles and mattress covers, BekaertDeslee generates both textile and non-textile waste.

Since waste generation is impossible to avoid for us, we focus on a responsible waste management. We monitor the amount of waste we generate, our waste disposal methods and the costs of our waste management and try to improve them.

HOW WE MANAGE WASTE

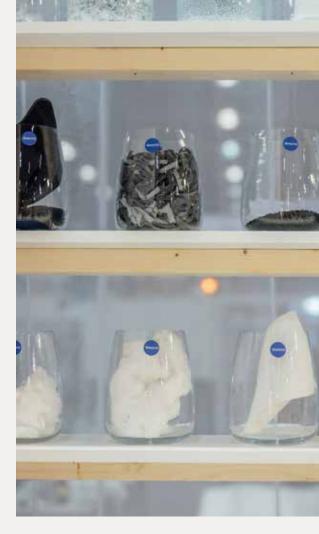
- We minimize waste generation by OPTI-MIZING OUR MANUFACTURING PROCESSES. Our improvement programs rely on thorough monitoring systems and standard reporting procedures across our group. To judge whether our waste generation at manufacturing level is too high, we compare our actual waste numbers with calculated coverages. Our performance and actions are discussed on a monthly basis during our production meetings.
- 2. Next to textile waste, BekaertDeslee also generates OTHER TYPES OF WASTE. These range from cardboard and plastic packaging materials to mechanical and electronic waste and are mostly nonhazardous. However, we also generate small amounts of hazardous waste, like wastewater, sewage sludge and finishing chemicals. Since we currently lack standardized reporting systems, it is hard to compare between locations and to develop a group-wide management approach. This should be remedied within the next five years. Once we have high-quality monitoring and reporting systems at our disposal, we will develop our baseline, identify our targets and create new action plans.

ACHIEVEMENTS 2021-2022

In 2019, we conducted a study to map **NON-TEXTILE WASTE** categories and to develop a waste inventory record keeping system. This has now been implemented in three BekaertDeslee pilot locations to allow for improvements. We have also undertaken 59 projects to reduce the amount of **TEXTILE / OPERATIONAL WASTE** that is generated during our manufacturing processes. 19 of those projects were completed over the last years and this generated considerable savings. The remaining 40 projects will be completed over the next few years.

OUTLOOK 2023 AND BEYOND

Actions to reduce our operational waste are incorporated into the improvement plans for our various locations. We are currently researching and initiating further actions. Every year, we determine new waste reduction targets. Over the next few years, we also expect more Bekaert-Deslee locations to implement our reporting system for non-operational waste, so we will have a complete set of figures by 2028.



20212022Total textile
waste (tonnes)2,8252,772

Our KPIs

• Total textile waste (tonnes)

Diversity and equal opportunities

WHY WE CARE

BekaertDeslee believes that respectful and professional conduct supports our company's mission, promotes productivity and improves our reputation. We do not tolerate discrimination based on ethnicity, gender, religious beliefs, special needs, age, sexual identity, social status or political opinions. Our ambition is to build and foster a diverse and inclusive workplace culture where everyone feels they are truly welcome, empowered and free to be themselves.

Diverse and inclusive teams tend to be more creative and to drive necessary changes. This makes us a better employer and brings us closer to our customers. Diversity enables us to approach problems with an open mind and to find more sustainable business solutions. As an equal opportunity employer, we take active steps to build and foster a diverse and inclusive culture that treats everyone with dignity and respect and offers equal employment and promotion opportunities.

HOW WE PROMOTE DIVERSITY, EQUALITY AND INCLUSION

We take steps to create a diverse and inclusive workplace and to promote equality in the workplace.

- We observe the principles of the UNIVERSAL DECLARATION OF HUMAN RIGHTS. We strongly condemn child labour and comply with local laws regarding the minimum age for employment and other workplace conditions. We also respect people's rights to Freedom of Association, including the right to form or join trade unions.
- 2. RESPECT is one of our values. It lies at the heart of our organization and enables our employees to work together in a positive way. We do not allow any kind of physical violence or verbal, sexual or psychological harassment. All such behaviour is subject to disciplinary action. We aim to create a healthy working environment and to protect people's physical and mental health. Agreed working hours are respected at all times. We also respect people's individual needs and differences and offer our employees various training and development opportunities to realize their full potential.
- 3. All BekaertDeslee employees, both in white-collar and blue-collar jobs, are required to sign the most recent version of our **CODE OF CONDUCT**. This has become part of our standard onboarding program for new colleagues.

Our Executive Committee (ExCom) currently consists of 30% female and 70% male employees. The number of female members has increased significantly in recent years. We also aim to increase the overall diversity of the ExCom. Regarding our employee base, we see an almost even male/female distribution, with some minor differences.

To estimate our gender wage gap, we compared the incomes of our employees in our 5 largest facilities. Together, they represent approximately 50% of our work force. Only employees with similar, comparable tasks were included. The results of our analysis show that women and men who do the same jobs and who have the same demographic and background criteria are paid equally. Gender does not influence remuneration decisions. However, considering the total group of employees, we observe that female employees are less represented in senior leadership roles, and that our male employees are often older, have more seniority and work less part-time than our female employees in similar jobs. This is the main explanation for wage differences. Employing more women in senior positions will be one of our main challenges for the coming years.

No cases of discrimination were reported last years. This is a very positive result, of which we are very proud. However, we are aware that discrimination can be a difficult topic to talk about and, as a result, may sometimes remain undetected. We therefore remain on our guard and survey this via our engagement process.

OUTLOOK 2023 AND BEYOND

To combat potential pay discrimination and promote equal pay, we intend to expand our gender pay gap calculations. This will enable us to identify more learning points. Regarding diversity and inclusion, we will establish a diversity strategy and working committee to raise awareness and stimulate proactive actions. The development of a Diversity Inclusion Charter will aid us in moving this topic to a higher level.

Our KPIs

- Gender diversity Executive Committee
- Gender diversity employees
- Remuneration gap
- Incidents of discrimination

GENDER DIVERSITY EXECUTIVE COMMITTEE		
2021	2022	
30%	30%	
70%	70%	
	2021 30%	

GENDER DIVERSITY EMPLOYEES

	Blue collar	White collar
Female	45%	51%
Male	55%	49%

REMUNERATION GAP	
Remuneration ratio women to men (white collar)	85%
Remuneration ratio women to men (blue collar)	100%

INCIDENTS OF DISCRIMINATION	
Incidents of discrimination	0

Training and education

WHY WE CARE

Investing in human capital is a prerequisite to building an agile and successful organization. The BekaertDeslee people strategy centers on maximizing the employee experience. We strongly believe that engaged employees leads better organizational performance, talent retention and overall employee well-being: Engaged employees are more likely to be optimistic and motivated, they learn faster, are more resilient and they make fewer mistakes and make better business decisions.

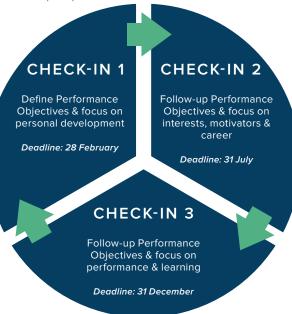
HOW WE ENCOURAGE OUR WHITE-COLLAR WORKERS

1. DRIVING PERFORMANCE

All white-collar workers at BekaertDeslee are offered three annual 'check-ins' or formal feedback sessions with their respective managers. By adhering to a standardized performance management process, we aim to create a feedback-rich environment that drives higher levels of performance and engagement and stimulates career self-management.

We assess people's performance not only in

terms of results, but also in terms of behaviour. Personal development plans are key to maximizing job satisfaction. Our white-collar employees are invited to share their interests, motivators and career aspirations. As a result, both managers and employees have a better understanding of their mutual needs and expectations. We often resort to 'job sculpting' to create the best fit with our talents. Most of our blue-collar workers also enter a performance management process, customized per plant.



2. INDIVIDUAL DEVELOPMENT OPPORTUNITIES

As a result of our annual check-ins, we are able to identify people's individual wishes and offer them development opportunities that are tailored to their needs. Sometimes these solutions consist of workshops, webinars or training courses, but we also encourage our people to learn from each other and from experience. The methods we use range from mentorships and coaching programs to special project assignments and 'shadowing'. We are currently stimulating all our white collar employees to outline a personal development plan.

3. ENHANCING LEADERSHIP

Strong leadership is the foundation of any successful business strategy. We aim to align our employees with our company goals and values by motivating them and enabling them to contribute to our success. To achieve this, we offer our leaders and managers various leadership programs:

 BOOST is an in-house leadership development program that takes several years and includes communication skills, company values and core behaviours, performance management, giving feedback, interview techniques, onboarding principles, motivational skills, how to build and lead a team and so on.

 BOOTCAMPS are organized on a monthly basis by Haniel, the investment company BekaertDeslee belongs to. The bootcamps offer (new) leaders a chance to get insights regarding strategy, execution and talent management.

4. BECOMING ONE VIRTUAL COMPANY

Although BekaertDeslee is a large company with multiple locations spread across the globe, we aim to operate as one virtual company. We stimulate our various business units to share best practices and to leverage our global footprint, and offer them various tools, systems and processes to do so. Very specific or technical trainings – like SAP or compliance trainings, language courses or other trainings – are often organized group-wide.

5. SUCCESSFUL ONBOARDING AND TRANSITION STRATEGIES

We stimulate people to develop themselves, not only within BekaertDeslee but within the entire Haniel group. Internal mobility is encouraged and a high priority for us. Our group-wide onboarding processes are meant to introduce new colleagues successfully into their new roles and to acquaint them with our company culture. We give people a chance to get to know the business, the team and their job and we focus on a good follow-up.

Next to our onboarding strategies, we also intend to develop a more standardized approach for internal transitions. In 2021, 46% of our positions at levels 1-3 were filled with internal candidates. Over the next few years, we aim to reach an internal fill rate of at least 50%.

ACHIEVEMENTS & OUTLOOK

In 2021, we implemented an online performance management tool. All our employees were asked to enter the performance management program and fill in their objectives for the new year. 90% completed all necessary steps within the allotted time. The people who did not respond in time gave various reasons for this: some simply missed the deadline or forgot to register their data in the system, others still need to adapt to the new, digital way of working.

In January 2022, we continued to work with our online performance management tool, resulting in an improved participation rate of 93% of all our white collar employees. The focus fo 2022 and the following years goes to further train on setting good business objectives and giving constructive feedback.

Our KPIs

- % positions filled in by internal candidates
- % white-collar workers who participate in annual check-ins



% WHITE-COLLAR WORKERS WHO PARTICIPATE IN ANNUAL CHECK-INS IN 2022

HOW WE ENCOURAGE OUR BLUE-COLLAR WORKERS

1. TRAINING OPPORTUNITIES

Since 2017, we offer all new employees extensive technical training. Our trainers rely on self-developed, standardized training content. For our existing workers we conduct annual audits to identify knowledge and skills gaps and offer tailor-made training opportunities. In order to share and standardize our knowledge group-wide, we have organized our experts and trainers into Communities of Practice (CoP), which frequently host online CoP meetings. In this way, we aim to continuously improve our processes and to propagate best practices.

2. KNOWLEDGE PLATFORM

In 2018, we invested in a digital knowledge platform that enables our trainers and employees to share knowledge easily. The application requests minimal effort to create clear and engaging training content. Instructions for operators are easily accessible on tablet and computer, in various languages. The increasing number of users and reading sessions proves the platform is a success: Last years, 840 employees received online training, good for 26,162 training sessions.

ACHIEVEMENTS & OUTLOOK

In 2022, 94% of our people were audited. Approximately 90% achieved good results. In our next reporting period, we would like to consolidate our high employee auditing levels. To achieve this, we need to control and lower our staff turnover. Offering more training and development opportunities will certainly play a role in this respect. Our goal is to reach 95% or more audited people.

We are currently expanding our knowledge platform to give all our employees access. At the same time, we are teaching many of our people to create and improve content. This should allow our operators to share their knowledge more easily. We are also investing in the individual growth paths of our operators.

Our KPIs

- Percentage of blue-collar employees audited (A%)
- Percentage of blue-collar employees audited successfully (A+%)
- Percentage of white-collar employees participating in performance management system





BLUE-COLLAR EMPLOYEES AUDITED SUCESSFULLY (A+%) IN 2022







TERRA PURE

The TERRA PURE style finds inspiration in our cultural heritage, shown by ethnic patterns. However, these patterns are embedded in a modern environment. The motifs are stylized versions, inspired by different cultures. Putting this historic interpretation in a contemporary setting is achieved by using contrasting tones.

The fully white panels combined with contrasting black, white and grey borders catch the eye. PURE links the roots of our cultural heritage to who we are today. TERRA PURE focuses on sustainability and how we leave earth to those who come after us as well. This is shown in the use of recyclable yarns and recyclable mono materials to bring our designs to life. PURE shows care for what we inherited, but also for the legacy we leave behind for future generations.

Employee engagement

WHY WE CARE

Employee engagement is key to BekaertDeslee's success. Employees who feel connected to our company work better, stay longer and motivate others to do the same. They are enthusiastic and willing to go that extra mile. As a result, we become better at meeting customer needs and cultivating innovation. Employee engagement is essential to maintaining and improving our good reputation.

HOW WE ENGAGE OUR EMPLOYEES

We take various steps to improve employee engagement.

- Our PERFORMANCE MANAGEMENT PROCESS creates a feedback-rich environment. It enables us to set clear goals for our employees, to ensure their personal growth and to establish good relationships within and between teams. It also helps us monitor people's happiness and job satisfaction. To support our leaders and help them play their important roles in this process, we offer them specific leadership programs.
- 2. COMMUNICATING CLEARLY AND REGULARLY about our company's direction and expectations is very important to us. We tell our employees about our mission, vision, values and strategies, to ensure company-wide alignment. We also make sure our people feel valued and respected. We tell them their work is meaningful, that we appreciate their ideas and contributions and that their supervisors are there to support them.
- 3. We have defined a set of goals to take our **EMPLOYEE EXPERIENCE** to the next level. Firstly, monthly surveys about employee engagement should provide us with enough data to identify trends and important contributors. Secondly, we prefer an individual approach and stimulate our employees to create their own personal career paths within our organization, from recruitment to exit or retirement. Our leaders are very important in this process: they need to understand why the employee experience is crucial to our growth and development. That is why we support our leaders at all levels in our organization.

Last years, we monitored employee engagement on a weekly basis through short pulse surveys. In 2021, the score was 74%, a slight increase compared to the year before. The results gave our managers a deeper understanding of the employee experience in our company. This helped us to define short-term and long-term actions to improve employee engagement.

Monthly business meetings and quarterly 'townhall gatherings' enabled us to communicate more openly about our performance. We also implemented a performance management system to create a feedback-rich environment. This is essential to drive performance and improve engagement. It also helps us to align on our goals and objectives and to offer our people new opportunities to develop their talents.

Last year we reported 16.5% voluntary leaves, which is a fairly high number. Our goal is to lower this with our increasing employee engagement efforts. Next to monitoring employee engagement we will also be implementing new strategies and communicating them to our people.

OUTLOOK 2023 & BEYOND

As of 2022, we implemented a new monitoring tool, Qualtrics, to measure our employee Net Promotor Score (eNPS) and other engagement drivers. The tool has an advanced survey and analysis platform and will be incorporated into our SuccessFactor master data. Real-time dashboards will help our managers to gain new insights about our organization. We have also piloted a project with physical booths to survey blue collar employees. Although we have decided not to further roll it out, we are looking into different possibilities to hear the voice of our blue collar employees.

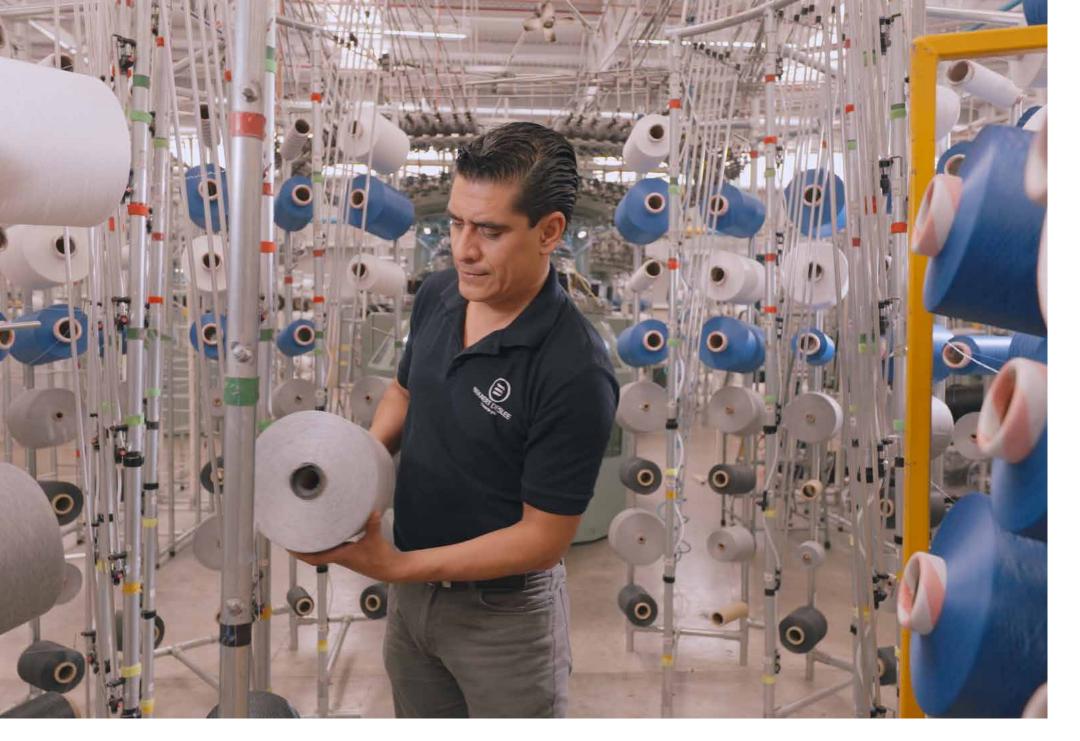
To create a holistic approach, we will combine our new monitoring tools with round table conversations, process improvements and extra communication efforts to close the loop. We hope to see our eNPS improve substantially over time as a result of our various initiatives. Our long-term aim is to reach an employee Net Promotor Score of 50: a very ambitious target.

Our KPIs

- Voluntary leaves
- Employee engagement score



	2021	2022
Voluntary leaves	16.5%	20.5%
Employee engagement score	74%	74%



Supplier sustainability

WHY WE CARE

Within a global supply chain, we rely on sourcing the best and most various materials to make our portfolio of products. In a complex environment, it becomes increasingly difficult to determine whether our purchased goods are sourced responsibly. Transparency is often a critical issue. We want to be able to guarantee our customers that every product we provide is made with respect to human rights and does not cause harm to the environment. Therefore, we are strengthening our approach through a dedicated methodology and hierarchy of controls. We conduct a supplier risk analysis regarding environmental, social and ethical parameters and take into account the sector and country they are active in. Based on the outcome, we decide where to take preventive measures and how thorough these must be. All stakeholders are encouraged to speak up through a dedicated complaints procedure. If ethical, social and/or environmental principles are violated, we take remedial actions to rectify the situation if possible.

PAST ACHIEVEMENTS

For several years now, our existing and new suppliers are requested to sign our CSR statement. This statement was signed by over 90% of our suppliers. In 2021 we updated our CSR statement. The new version explicitly mentions governance principles and refers to internationally recognized frameworks such as UN Global Compact, International Labour Organisation (ILO) conventions and United Nations Human Rights (UNHR). Furthermore, we apply the OEKO-TEX certification scheme to a number of our products and to the materials from which they are made. Many of our suppliers are requested to provide OEKO-TEX-certified materials and thus take into account environmental standards in their business.

OUTLOOK 2023 & BEYOND

For 2023 we will implement a full supplier code of conduct. We achieved a 95% signing rate of

our existing suppliers (by purchasing

spend and criticality). As of January 2023, all our new suppliers must sign our CSR at the onboarding stage. We will conduct a risk analysis to determine further preventive measures. In a next phase, we will establish an implementation plan to mitigate risks on a continuous improvement basis. We will also investigate further certification options (OEKO-TEX and others) for relevant purchasing categories.

Our KPIs

• % of suppliers having signed the CSR statement

>95%

% OF SUPPLIERS HAVING SIGNED THE CSR STATEMENT IN 2022

Compliance and anti-corruption

WHY WE CARE

All businesses must adhere to certain laws and regulations as part of operations. Regulatory compliance is important to ensure integrity, safety and ethical behaviour. By not following compliance regulations, we risk not only a negative economic impact, for example through penalties or financial losses, but also substantial damage to the environment, to our reputation and to our relationships with various stakeholders (customers, shareholders and finance providers). That is why BekaertDeslee opts for a strong compliance culture, based on 6 key principles: accountability, clarity, transparency, involvement, commitment and enforcement.

HOW WE IMPROVE COMPLIANCE

To enhance our regulatory compliance, we focus on 3 areas:

- 1. We **PREVENT MISTAKES AND VIOLATIONS** by implementing clear rules and guidelines and communicating about them on a regular basis. Every year, we offer our employees (mandatory) online compliance trainings. Additional measures include phishing alerts, dual signing approval for all payments, a clear travel & expenses policy ...
- 2. To **DETECT VIOLATIONS**, we have invested in reliable monitoring systems and an external whistle-blower hotline. Every six months, we also conduct a short compliance awareness survey to assess and improve compliance awareness. This is a part of our employee Net Promotor Score (eNPS) survey.
- 3. Regarding compliance violations, BekaertDeslee maintains a **ZERO TOLERANCE POLICY**. If certain laws or regulations are violated, we start the proper infringement proceedings and take strong disciplinary action. We also reassess and adjust our operational practices in the context of our Incident & Case Management framework.

Last years, we provided numerous companywide compliance trainings. These were attended by more than 95% of our employees in 2022.

Every year, we update our compliance risk matrix, evaluating the gross risk and the net risk per legal entity. Risk scores are assigned based on various factors: legal entity functions (manufacturing entity, sales entity ...), turnover, country risk index, results from annual self-assessment questionnaires, system used for Enterprise Resource Planning (ERP), external or internal payroll administration, external or internal accounting ... This results in a gross risk score for each legal entity. We then review all mitigating actions, like mandatory online compliance trainings, phishing alerts or anti-corruption awareness sessions, to arrive at a net compliance score per legal entity. The results enable us to take specific actions and to assess which online compliance trainings are necessary.

We discuss on a yearly basis our full risk report, compliance report and our reports on operationsand accounting-related internal controls (ORICS and ARICS) with our Management Board, the BekaertDeslee ExCom and with Haniel Management. Together, we assessed the effectiveness of our risk & compliance management. We also collaborated with an ethical hacker to further improve our security systems. In 2022, we launched a more detailed training program on internet security, cyberfraude and phishing. False phishing mails were sent out to assess the online security trainings our employees followed earlier.

CONFIRMED INCIDENTS

2022 yielded 2 reported but unconfirmed compliance violations, and 0 reported and conclusively confirmed compliance incident.

OUTLOOK 2023 & BEYOND

Over the next few years, we want to maintain our focus on effective monitoring systems and on yearly mandatory compliance trainings. We will also add extra onboarding trainings for new employees.

Our KPIs

- % of employees having received a compliance training
- Confirmed incidents of corruption

% OF EMPLOYEES HAVING RECEIVED A COMPLIANCE TRAINING IN 2022

CONFIRMED INCIDENT

IN 2022

Consumer health

WHY WE CARE

BekaertDeslee cares about its customers' health. We guarantee that the fabrics we deliver are safe to be used in the bedding industry. To prove this, and to communicate more transparently, we can deliver our products with an OEKO-TEX certificate.

HOW WE PROTECT CONSUMER HEALTH

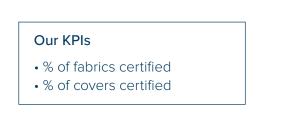
- The STANDARD 100 LABEL BY OEKO-TEX is one of the world's best-known labels for textiles without harmful substances. It stands for customer confidence and high product safety. If a fabric or product carries the Standard 100 label, customers can be certain that all components, from threads to buttons and other accessories, have been tested for harmful substances and that the item is harmless to human health. The tests are conducted by independent OEKO-TEX partner institutes and rely on extensive OEKO-TEX safety criteria, which are often much more demanding than local or international standards.
- 2. All European BekaertDeslee manufacturing units have achieved the **HIGHEST OEKO-TEX CLASS 1 CERTIFICATE** for the majority of the references (98% for fabrics, 99% for covers). This is important to us because the label resonates the most in the European markets. Some non-European units have been awarded partial certificates or are preparing for certification. Over the next few years, we aim to extend the degree of certification in our non-European regions. However, even our non-certified plants apply the OEKO-TEX guiding principles.
- 3. Our European and non-European plants use similar techniques, processes, raw materials and chemicals and **EXCHANGE KNOWLEDGE** and expertise. This allows us to maintain high safety and quality standards in all our manufacturing facilities. Keeping our supply chain healthy and reliable is becoming increasingly important as we transition to a circular business model. Since we operate within a global supply chain, it is essential that the entire chain contains only safe and healthy materials that can be reused or recycled. Our pioneering role in this process will only increase in coming years.

Last years, we maintained and gradually raised our OEKO-TEX certification rate. Last year we achieved a certification degree of 40% in our fabric products and 87% in our cover products globally. We also improved several procedures to facilitate the management of the OEKO-TEX certificate. This resulted in clear approval procedures for new yarns and chemicals.

We implemented the OEKO-TEX standard at BekaertDeslee in Australia and China, at least for part of the portfolio. Since we only started monitoring this KPI in 2021, it is too early to draw meaningful conclusions.

OUTLOOK 2023 & BEYOND

In the coming months and years, Bekaert-Deslee will increase its OEKO-TEX certification degree in China and Australia. This should have a positive effect on our KPI for certified non-harmful fabrics. In the short term, our global certification rate may decline slightly as we begin to market more products in regions where certification is less important.



40% % OF FABRICS CERTIFIED IN 2022

% OF COVERS CERTIFIED IN 2022

Gouernance

Governance structure and principles

HOW WE OPERATE

BekaertDeslee consists of various geographical Business Units. Each unit is led by a local Management Team, headed by a General Manager. The Business Units are responsible for profit and loss in their respective regions.

As a whole, the BekaertDeslee Group is managed through an Executive Committee (ExCom). This consists of 10 members, chaired by the CEO. The ExCom is the central and highest governing body of the company. Its members represent the main group Support Functions (such as Sales, Manufacturing, Finance, HR, Supply Chain, Marketing, Product Management, R&D and IT), but also the two largest Business Units (North America and Europe, Middle East & North Africa).

The local Business Unit Management Teams report both to their General Managers and (functionally) to the Heads of the Group Support Functions in the Executive Committee. The General Managers of the Business Units report directly to the CEO. The functional steering creates alignment and a common approach to key management and business processes, balanced by local responsibilities and accountability.

BekaertDeslee uses a structured management steering process. On group level, the following meetings are held:

- Weekly Executive Committee meeting;
- Monthly Strategic Executive Committee meeting;
- Monthly Operating Meetings with the Business Units;
- Monthly Health of Business review meeting with the shareholder;
- Monthly Strategy Deployment review meeting with the shareholder;
- Quarterly Operating and Strategic meetings with the Business Units and Support Functions.

NOMINATION AND SELECTION OF THE EXECUTIVE COMMITTEE

The BekaertDeslee CEO and CFO are appointed by our shareholder Franz Haniel & Company (FHC). The CEO appoints the other Executive Committee members, in close collaboration with FHC. The selection criteria for each position are detailed in specific, tailor-made job specifications. The hiring process follows the general criteria and principles for all BekaertDeslee employees, including multiple interviews and an assessment.

ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING

All content, including the material topics, is determined and validated before reporting. All information published in the sustainability report is reviewed and approved by internal reviewers, the Executive Committee and the Board of Directors. This is done through regular feedback and validation moments, incorporated in the process of the report compilation.



Sergio Marin Chief Financial Officer

Peter Janse Executive Vice President & General Manager BDEMENA





Demet Tunç Executive Vice President & Chief Marketing Officer

Hans Dewaele Chief Commercial Officer





Rafael Rodriguez President North America



Kévin Burkel Executive Vice President Strategy & Development

Julie Pompilio Executive Vice President Supply Chain & Procurement





Xavier Ballus Executive Vice President Manufacturing & Engineering

Frédéric Beucher Chief Executive Officer



Dirk Verly Executive Vice President HR & CI



OPERATING PRINCIPLES

The following principles guide management behaviour and decision making within the BekaertDeslee Group. They allow for a reliable, trustworthy cooperation between the local Business Units and the Executive Committee. This benefits both the BekaertDeslee Group and ultimately - the Haniel Group.

- 1. BekaertDeslee aims to CREATE VALUE FOR GENERATIONS. At the local BU level, the respective management teams are responsible for growing and developing their businesses in a sustainable manner, in order to contribute to this overarching goal.
- 2. All management decisions in the BekaertDeslee Group are made not only on an economic basis, but also with due consideration for the INTERESTS OF STAKEHOLDERS AND THE IMPACT ON NATURAL RESOURCES. Furthermore, Haniel and BekaertDeslee have both signed the UN Global Compact. We have an understanding of our environmental/carbon footprint and are developing a portfolio of sustainable products and services.
- 3. BekaertDeslee's **CORE BEHAVIOURS** define and explain the expectations for all our employees in their daily work routines. They steer us towards a corporate culture of outperformance and form the basis for regular performance evaluation, recognition and placement decisions.
- 4. The HANIEL OPERATING WAY (HOW) is mandatory for all BekaertDeslee companies. It is a key driver to value creation in the BekaertDeslee Group and the Haniel Group. The HOW defines the common language to speak, values and core behaviours to live by, processes to follow and tools to use. Value accelerators provided by BekaertDeslee HQ (e.g. Continuous Improvement, Talent, Digital, Sustainability) will support the local BUs in achieving excellence in processes and functions.

- 5. The BU local Management Teams ensure that all business is conducted IN COMPLIANCE WITH APPLICABLE LAWS and in the spirit of the BekaertDeslee Code of Conduct. Each local BU will implement the BekaertDeslee Code of Conduct, which is binding for the employees and the BU management.
- 6. The BU local Management Teams regularly report to the **BEKAERT-DESLEE EXCOM** on the business performance and all other material aspects that affect business. All material events and material new risks must be reported to the BekaertDeslee ExCom without undue delay, if necessary outside the regular reporting cycles. This is particularly important in case of material extraordinary business events, material deviations from business plans or budgets and material impending losses, as well as actual or suspected material irregularities and non-compliance with laws or internal regulations.
- /. The collaboration between the BU local Management Teams and the BekaertDeslee ExCom is based on MUTUAL TRUST AND OPENNESS. The ExCom members jointly take responsibility for their decisions, regardless of their assigned fields of work. The members decide together on all material matters and endeavour to make decisions unanimously. If this is not possible, the decision is made by a majority vote. The CEO has the right to veto any decision.

- 8. 4-EYES PRINCIPLE: each company in the BekaertDeslee Group is represented by two authorized representatives acting jointly (incl. the management board members).
- 9. SPECULATIVE TRANSACTIONS ARE PROHIBITED. These are transactions outside the normal course of business, where a benefit is expected essentially from a change in prices or exchange rates, and which do not serve to secure operational business activities or as a hedge against financial risks.
- 10. For certain areas listed in the rules of approval, the BekaertDeslee ExCom and/or the FHC Management Team reserve the right either to GIVE THEIR CONSENT BEFORE IMPLEMENTATION (Consent) or to issue minimum requirements for corporate governance and HOW-related matters (Requirements). The BU Management Team ensures that these general principles are implemented in the entire BU and regularly monitors compliance.

From left to right:

Lars Muller, General Manager Brazil

Julie Pompilio, Executive Vice President Supply Chain & Procurement

Maxime Theriault, General Manager Canada

Demet Tunç, Executive Vice President & Chief Marketing Officer

Xavier Ballus, Executive Vice President Manufacturing & Engineering

Patricio Mohnen, President & General Manager Argentina

Cedric Deleu, Managing Director Australia

Kévin Burkel, Executive Vice President Strategy & Development Frédéric Beucher, Chief Executive Officer

Rafael Rodriguez, President North America

Peter Janse, Executive Vice President & General Manager BDEMENA

Stefaan Waeyenberge, General Manager Indonesia

Alistair Marr, Executive Manager South-Africa

Sergio Marin, Chief Financial Officer

Hans Dewaele, Chief Commercial Officer

Dirk Verly, Executive Vice President HR & Cl



CONFLICTS OF INTEREST

To prevent conflicts of interest, we ask all employees to agree to our Code of Conduct. This specifies the company duties of all employees and governance bodies. It also states that all business decisions are to be made exclusively in the interest of Bekaert-Deslee. All conflicts are reported to internal stakeholders with a high confidentiality level. All employees receive training to discover and understand the Code of Conduct.

ExCom members cannot become Board members in other companies or organizations, unless this is approved by the Bekaert-Deslee CEO, CFO and Chief HR Officer.

Regarding IT, conflicts of interest are prevented through our SAP ERP system. This works with SAP GRC: a user access management system that monitors and controls who has access to SAP data and transactions. The system works both for new employees and for existing employees who request access to perform additional transactions.



Compliance with rules and regulations

COMPLIANCE REPORTING WITHIN BEKAERTDESLEE

Breaches of Compliance, both identified or suspected, have to be reported in the Quarterly Financial Review & Disclosure Questionnaire. If there are indications for material breaches of Compliance, ad hoc reports are to be issued. The notifications are submitted to the Compliance Officer and, depending on the materiality of the matter, forwarded by the Compliance Officer to the Management Board (CEO, CFO, Group HR Officer) either immediately or within the context of regular reporting.

COMPLIANCE REPORTING TO FRANZ HANIEL & COMPANY (FHC)

The CFO submits a Compliance report to the FHC Management Board once a year, covering the following aspects:

- Implementation of the Compliance guidelines in all Business Units;
- Material Compliance risks at Bekaert-Deslee and, if applicable, their changes based on Compliance Risk Mapping;

- Changes within the Compliance organization or the Compliance management system of BekaertDeslee as well as the Code of Conduct;
- Precautionary measures carried out (trainings/communication measures etc.);
- Material breaches of Compliance, as well as indications for such breaches;
- Any counter-measures initiated.

AD HOC REPORTING TO FHC

If there are indications for Compliance breaches with a major impact, for example a financial impact of $\in 0.5$ million or more (before counter-measures) or impending damage to the reputation of BekaertDeslee, quick reporting is necessary. The Haniel Group, the CFO or the Compliance Officer informs the FHC Management Board and the FHC Compliance Officer on an ad hoc basis, as required by events. The same goes for indications for Compliance breaches that involve corporate bodies (Management Board, Executive Committee, Managing Directors or similar functions) of BekaertDeslee as a whole.

COMPLIANCE WITH LAWS AND REGULATIONS

During our past reporting period, we detected no breaches to the laws or regulations of the regions we are active in.

Knowledge building

In 2020 and 2021, the governance bodies of BekaertDeslee built an increasing amount of knowledge in the field of sustainable development. In 2021 we contracted an external partner to re-align our sustainability strategy and to organize workshops that increase collective knowledge among peers in the governance bodies. The discussions centered on our three highest priority material topics: circular economy, climate and sustainable products. At the end of 2021, we hired a sustainability manager to further build the collective knowledge, skills and experience within the organization. The sustainability manager's tasks include - among others - to inform our employees and keep them up-to-date regarding recent developments, to avoid misconceptions, to challenge people's thinking and to function as a sparring partner for our external sustainability partners. Over the next few years, knowledge building will continue by:

- Reworking the sustainability report as a comprehensive communication tool;
- Creating and implementing an internal sustainability newsletter;
- Regular sustainability steering committees;
- Regular sustainability expert meetings;
- Workshops with Business Unit Management;
- Participation in external networks to keep the organization up-to-date on recent sustainability developments.

EVALUATION OF THE PERFORMANCE OF THE HIGHEST GOVERNANCE BODY

Like all other employees, ExCom members are subject to our companywide performance management system. FHC takes part in the performance evaluation process of the CEO and other ExCom members. Performance indicators are challenged twice a year during review discussions.

Policies and practices

REMUNERATION POLICIES

Remuneration is determined by the internal HR department. Jobs are classified into an existing grade/category structure. An external agency benchmarks the remuneration of various roles against global studies. For some countries, a country-specific study is used. BekaertDeslee is committed to offering competitive pay, in line with median values on the market. Every year, we structurally review our salaries. The total packages differ between countries, but they always include a fixed pay, a variable pay (for certain functions) and group insurance. The variable pay is split between group performance and individual performance. This includes objectives set out in the performance management system, which are subject to the execution of the Bekaert-Deslee strategy and the Haniel (sustainability) Ambition.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS

BekaertDeslee shows zero tolerance for negative impacts within its operations. In case of notifications, suspicions and/or breaches, the group director of finance, the CFO, CEO and CHRO are notified. They will initiate further actions. Depending on the severity of a breach, we take internal action or contract an external party to conduct a forensic audit. The result of this audit will help in determining remediation actions.

MECHANISMS FOR SEEKING ADVICE AND RAISING CONCERNS

All employees are encouraged to speak up when they believe something is not right. They can notify us if they notice violation of our company values: honesty, collaboration, respect, initiative and accountability. Confidential talks are possible with various people: the direct manager, the HR manager, the deputy compliance officer, the group compliance officer or an external helpline.

BekaertDeslee has established an external compliance helpline in cooperation with a law firm. The compliance hotline can be accessed by all our employees, both digitally or by phone, and - if necessary - anonymously. The compliance helpline acts as a contact point for submitting reports in relation to actual or suspected breaches of compliance policies or applicable law, in particular for anonymous reports.



Memberships

EBIA: European Bedding Industries' Association, Europe ISPA: International Sleep Products Association, USA Fedustria: Belgian Federation for the Textile, Wood and Furniture Industry ABSC: Australian Bedding Stewardship Association NBF: National Bed Federation, United Kingdom

Abicol: Associação Brasileira da Indústria de Colchões, Brazil Asocama: Asociación Española de la Cama, Spain Matratzenverband: Der Fachverband Matratzen-Industrie e.V., Germany

APL: Association pour la Promotion de la Literie, France

VOKA: Flemish Network of Companies, Flanders

FITA: Federacion Industrias Textiles Argentinas, Argentina

Texfor: Confederación de la Industria Textil, Spain

Ellie.Connect by Ariadne Innovation

Awards

Interzum Award 2023 Best of the Best - SmartSleeve®

Interzum Award 2023 High Product Quality - Camille Interzum Award 2023 High Product Quality - Designed for Disassembly (DfD) Interzum Award 2023 High Product Quality - Recycled yarns from post-production waste Interzum Award 2023 High Product Quality - Zipperless Cover Interzum Award 2023 High Product Quality - Purotex+ powered by HeiQ AllergenTech



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Statement of use

BekaertDeslee has reported the information cited in this GRI content index for the period 1 January 2022 - 31 December 2022 with reference to the GRI Standards.

