

Transforming the future



2020
annual report

Committed to sustainability

Over the lifetime of their use, the insulation products we sold in 2020 will offset **46 times** our carbon footprint for the year.

Sustainable Innovation
Plan (2025 objectives)

Climate Action Plan		
<div>Climate-positive multiple</div> <div>75</div> <div>(ratio between avoided emissions and carbon footprint over the complete value chain)</div>	<div>Recticel Carbon Footprint</div> <div>-40%</div> <div>in 2030 (scope 1, 2, 3 in tonnes CO₂e vs 2013, target in line with EU Green Deal -55% vs 1990)</div>	<div>Carbon Intensity</div> <div>-25%</div> <div>(scope 1, 2 in tonnes of CO₂e/million EUR revenue vs 2020 (50 tonnes))</div>
Transition to a Circular Economy		
<div>5,000 tonnes</div> <div>of post-consumer polyurethane foam from recycled mattresses</div>	<div>10%</div> <div>production with lower CO₂e raw material in % of total raw material consumption</div>	<div>2023: successful completion of the PReSmart</div> <div>project, a breakthrough in chemical recycling of flexible polyurethane foam</div>
Innovation for Societal Needs		
<div>80%</div> <div>of R&D projects classified as sustainable</div>	<div>≥3</div> <div>sustainable R&D projects brought to market each year</div>	

People Priority Plan
(2025 objectives)

Sustainable Partnerships		
We Commit to		
reporting on % suppliers compliant with the Recticel Supplier Sustainability Requirements and audited based on risk assessment	reinforcing R&D partnerships with customers, knowledge institutes, universities and strategic suppliers on sustainable development	continuation and expansion of long-term partnerships for social projects
Lower HS&E Impact of our Activities and Products		
<div> </div> <div>FREQUENCY 1</div> <div>LOST TIME ACCIDENTS</div> <div>[Lost Time Accidents representing the average on Group level for all our plants]</div> <div>≤2</div>	<div> </div> <div>FREQUENCY 2</div> <div>LOST TIME ACCIDENTS + RESTRICTED WORK CASES + MEDICAL TREATMENT CASES</div> <div>≤5</div>	
We Commit to		
the pursuit of zero chemical hazard impact of our activities and products		
An Inspiring and Rewarding Place to Work		
<div>25%</div> <div>gender diversity in senior management by 2030</div>	<div>We Commit to</div> <ul style="list-style-type: none"> maximising e-learning for our employees implementation in 2022 of a personal sustainability objective for senior managers connected to the Sustainability Strategy follow-up and reporting on well-being scores through annual Employee Performance Management Discussion (EPMD) progress reporting on workforce engagement 	

A message from the Chairman of the Board of Directors and the Chief Executive Officer



Johnny Thijs
Chairman of the Board of Directors



Olivier Chapelle
Chief Executive Officer

Brussels, April 30th, 2021

**Dear Employee,
Dear Customer,
Dear Shareholder,
Dear Reader,**

Despite a business environment dominated by the COVID-19 pandemic outbreak and the subsequent chemical raw material supply shortage, 2020 was the year in which the transformation of our Group materialised.

Its favourable market positioning meant that our Group performed well in these adverse circumstances. Its strong financial position at the end of 2019 allowed us to seize highly complementary strategic acquisition opportunities.

The transformation of Recticel has led to a renewed and ambitious Sustainability Strategy, with a new set of aggressive objectives for the 2025 horizon.

Over the last 24 months, Recticel has dramatically transformed its business portfolio through five major strategic transactions. The process started in February 2019 with the closing of the two-step divestment of our 51% participation in Proseat to Sekisui Plastics Co. This was followed in June 2020 by the closing of the two-step divestment of our Automotive Interiors division to the German firm Admetos. In mid-2019, it emerged that the Swiss conglomerate Conzzeta wanted to divest its FoamPartner division, a business highly complementary and appealing to Recticel. We therefore decided to approach Greiner AG, our partner in the Eurofoam joint venture, with the aim of divesting our 50% participation. This was a necessary and mandatory step in order to secure the acquisition of FoamPartner, both from a competition authorities standpoint and a financial point of view. In June 2020 we closed the divestment of our 50% participation in Eurofoam, and in March 2021 we successfully closed the acquisition of FoamPartner, leading to the birth to our Engineered Foams business line. In the same month, we signed the acquisition of Gór-Stal, an insulation board provider ideally positioned in Poland to complement our building insulation activities.

This broad strategic overhaul, and the decision to focus the development of our Group on Insulation and Engineered Foams, led to the decision to divest our Bedding business line. The aim is to sign a deal by the end of 2021. The future of Recticel will be based upon two strong pillars providing high value-added solutions and very well positioned in growing markets. Moreover, they will provide a natural hedge for the future: Engineered Foams being a global player in speciality/niche industrial markets, while Insulation is essentially a European player in construction markets. We aim to use the proceeds from the divestment of the Bedding business line to accelerate the growth of our two pillars, both organically and through M&A.

In 2020, when the COVID-19 pandemic broke out, our primary concern was for the health and safety of our employees. In that context, every precautionary measure was taken to eliminate the risk of as far as possible. After protecting our employees, the next priority was to protect our Group: the impact of lockdowns on many economies led us to significantly curtail production output, temporarily shut down production sites, and swiftly implement a broad range of cost-saving measures. The reactivity, collaborative spirit, transparency and agility displayed by our global teams have enabled us to minimise the impact of the pandemic on our Group. As a result, after a substantial 17.5% reduction in our sales during the first half of the year, we recovered strongly in the second half of 2020 with a sales increase of 7.0% and an adjusted EBITDA increase of 10.0%. The pandemic has also affected our raw material suppliers, which have not been in a position to respond to post-lockdown increases in demand, leading to a raw material supply shortage. This situation has not yet been resolved and is being used by our suppliers to increase prices at unprecedented pace and levels.

Our commercial teams have confirmed their ability and commitment to passing these increases through to customers with limited lead times. As a consequence of the strategic and business circumstances in 2020, Recticel had no debt left at the end of the year, and with after-tax earnings of €63.2m, supported by the profit made on the divestments, the Board of Directors proposes increasing the dividend to €0.26 per share.

Having completed our 2015-2020 Sustainable Development journey with important and decisive successes, we defined our new ambitions in 2020, with the aim of contributing to a more sustainable world by 2025. These are articulated around the following four themes, which are further detailed in this Annual Report along with KPI's, targets and timelines:

- Already a “green” company, mainly due to the positive impact of our Insulation activities, we intend to substantially increase our positive contributions.
- In addition, we aim to further decrease our carbon footprint.
- Having first successfully defined and proven solutions for the circularity of our business propositions, we now want to scale up fast, and enable a second life for end-of-life products.
- Last but not least, we are committed to increasing the well-being and engagement of all our employees.

With regard to 2021, and after a strong first quarter, the focus is now on the successful integration of FoamPartner and Gór-Stal and the divestment of Bedding, in order to start 2022 with a highly efficient operating model.

In this incredibly intense period of development for our Group, we want to express our gratitude to our employees for their contribution in 2020 and their resilience during the COVID-19 crisis. Likewise, we thank our customers for their constructive cooperation in these volatile times, and for their business and forward-looking partnership. We also extend sincere thanks to our shareholders for their continued trust, support, and precious insights. We will strive to continue to deliver enhanced shareholder value in 2021.

Olivier Chapelle
Chief Executive Officer

Johnny Thijs
Chairman of the Board of Directors

Highlights of 2020 and early 2021



January 2020

Bedding – imm Cologne trade fair

Recticel had a strong presence at the 2020 edition of the renowned imm Cologne international furniture fair in Germany. Our two booths – Schlaraffia® and Swissflex® – presented a range of new bedding products. The fair was also a perfect showcase for our sustainable approach to bedding products, including several eco-designed concept products.



Schlaraffia® celebrated its 111th anniversary at imm Cologne 2020 furniture fair, showcasing some of its innovative and sustainable solutions with the theme: “Better sleeping for a better life – for 111 years”.

Bedding – Lattoflex®

The Lattoflex® Geltex Wellness mattress was awarded Mattress of the Year by Voted Product of the Year Worldwide in collaboration with Nielsen research company. This annual competition involves an online survey with 5,000 consumers and a user test with 120 consumers across Belgium.



Corporate – Electricity Sustainability Roadmap (ESR 2020-2025)

Recticel introduced its Electricity Sustainability Roadmap, an ambitious action plan to reduce CO₂ impact related to electricity usage by 75% by 2025. This target will be reached by following three paths in parallel:

- 1) Build up and implement an energy saving plan at each plant
- 2) Develop smart efficient lighting
- 3) Selectively implement solar panel and windmill projects to generate green electricity



March 2020

Insulation – fibre bonded foams

The Recticel Silence collection was developed to meet the growing demand for acoustic insulation in homes. The insulating panels are manufactured from 70% recycled polyurethane foam, limiting the use of new natural resources and thus environmental impact. In the first year since the collection was launched, 1,059 tonnes of PU foam were recycled.



The Recticel Silence collection was recently awarded the first Prix Journal de la Maison 2021 (France) in the ‘Interior design and comfort’ category, for its innovative and sustainable qualities.



April 2020

Corporate – international headquarters

In order to improve working conditions, the Group decided to move its international headquarters to a new location that better suits the needs of the streamlined organisation.



Bourgetlaan 42 Avenue du Bourget
1130 Brussels, Belgium



Automotive Interiors – divestment

Recticel announced that it had entered into a binding agreement to bring its Automotive Interiors business into a new joint venture under the control of Munich-based privately owned investment company Admetos GmbH. Under the terms of the agreement, the Automotive Interiors business was transferred to a new joint venture holding company controlled by Admetos which now owns 51% of its shares, with Recticel retaining the other 49%.

The deal was closed on 30 June 2020. Since April 2021, the joint venture has been called ASCORIUM Industries.



Flexible Foams – Eurofoam

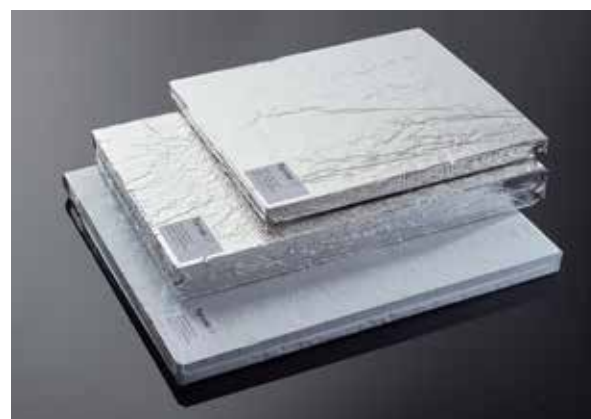
Recticel announced that it had reached a binding agreement with Greiner AG to divest its 50% participation in the Eurofoam joint venture. The transaction was closed on 30 June 2020. The divestment of the Proseat activities in 2019, the divestment of Automotive Interiors and the closing of the Eurofoam deal would enable Recticel to fundamentally refocus on its higher value-added activities while providing greater flexibility to pursue strategic development opportunities.



September 2020

Insulation – TURVAC

Recticel began producing insulated boxes for the transport of COVID-19 vaccines. In combination with coolants, these high-performance vacuum insulation panel (VIP) boxes help to secure temperatures as low as -70°C, a critical condition for safe delivery of many of these temperature-sensitive vaccines. This ongoing programme means that Recticel Insulation – through its Slovenian JV partner TURVAC – is, and will continue to be, an important link in COVID vaccine logistics around the world.



January 2021

Insulation – fighting COVID-19

The Recticel Insulation business line, through its TURVAC joint venture, won a significant contract with two major international pharmaceutical companies for the delivery of VIP material needed to transport and store COVID-19 vaccines.

Flexible Foams – Silent Tyre

Tyre cavity noise is caused by excitation of air inside the tyre as a result of its interaction with the road surface. The noise is transmitted through the wheel assembly and the vehicle structure into the cabin. Recticel's Silent Tyre foam decreases cabin noise and controls tyre temperature without impacting overall tyre performance. It is now being used by three major Tyre manufacturers for comfortable driving in EVs and hybrids.



November 2020

Flexible Foams – FoamPartner acquisition

Recticel announced that it had entered into final agreements with Swiss-listed Conzzeta AG to acquire 100% of FoamPartner. As a global provider of high value-added technical foam solutions in the Mobility, Industrial Specialties and Living & Care markets, FoamPartner offers significant complementarity and synergy upside with Recticel.

The transaction was closed on 31 March 2021, after which the FoamPartner business was merged with the Recticel Flexible Foams business line to form the new Recticel Engineered Foams business line.



February 2021

Bedding – Strategy

Following a strategic review, the Board of Directors decided to divest the Bedding business in order to focus on its core Engineered Foams and Insulation business lines.

The divestment will provide an opportunity for the segment to unlock its full potential under the ownership of a dedicated shareholder.

J.P. Morgan has been retained to advise Recticel on the divestment.

Renewed Sustainability Strategy 2021 - 2025

The Board of Directors approved the renewed Sustainability Strategy for 2021-2025 based on its Sustainable Innovation Plan and People Priority Plan, each with clear KPIs and commitments.



March 2021

Insulation – acquisition of Gór-Stal thermal insulation board business



Recticel announced that it had entered into preliminary agreements with the owners of the private Polish company Gór-Stal to acquire its thermal polyisocyanurate-based (PIR) insulation board business. Gór-Stal's plant in Bochnia focuses on the production of high value-added PIR thermal insulation boards for the construction sector. The transaction is expected to be closed by July 2021.

PUReSmart – major milestone achieved

Recticel coordinates the ground-breaking PUReSmart chemical recycling project, funded by the European Union's Horizon 2020 Innovation and Research programme. On 25 March 2021, PUReSmart project partner Covestro announced the commissioning of a new chemical recycling plant, confirming positive laboratory results achieved to date.



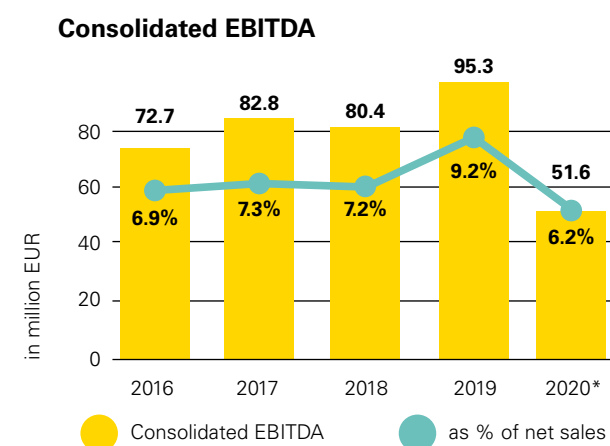
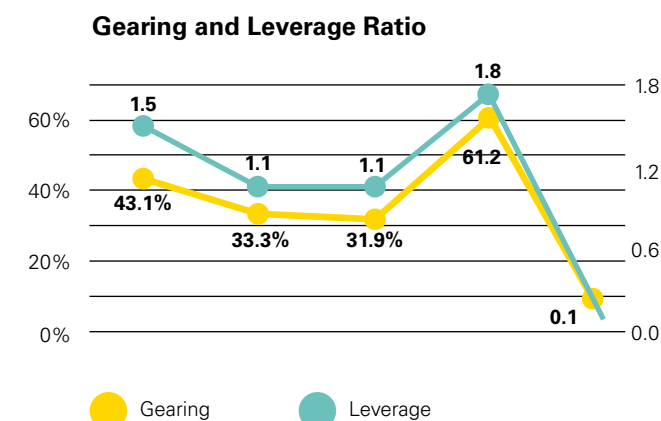
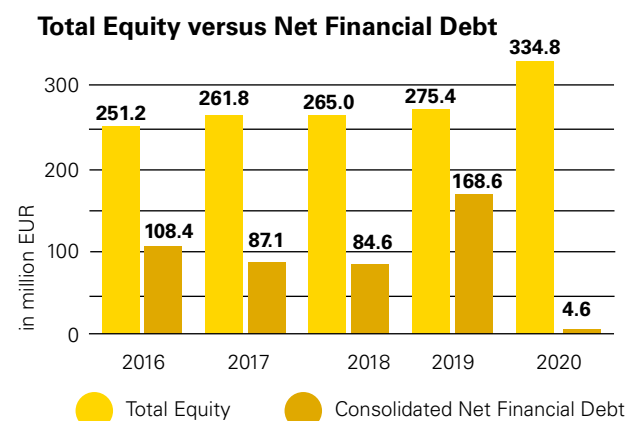
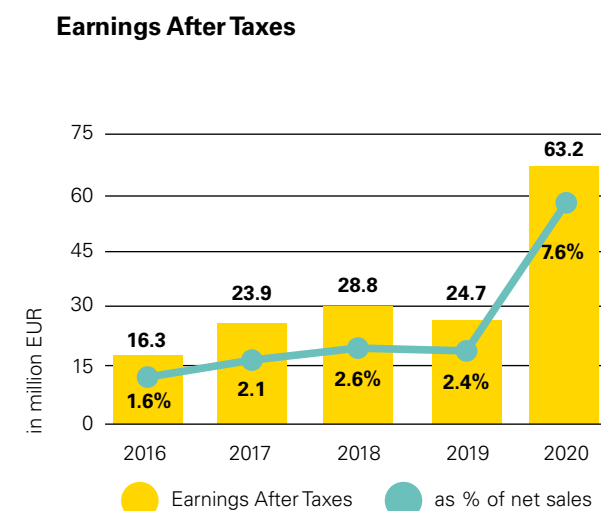
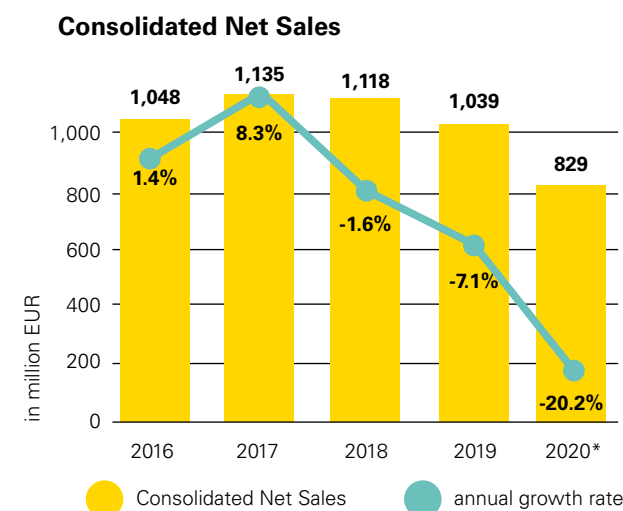
April 2021

Bedding – myNap® box

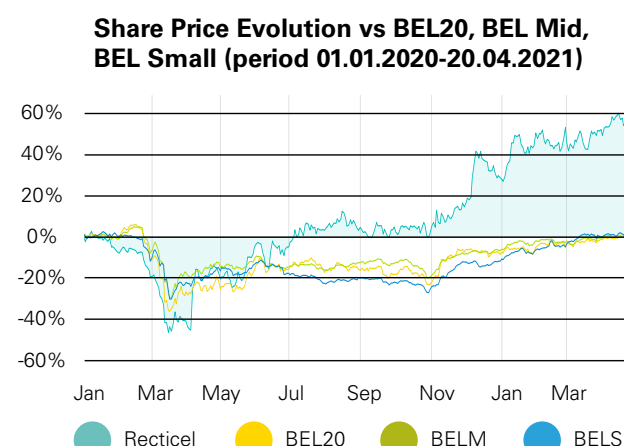
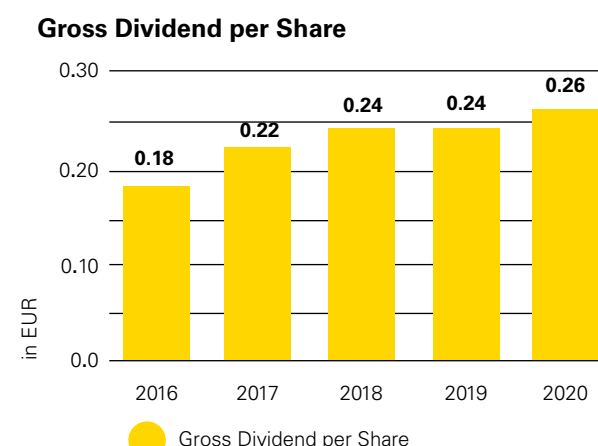
In 3Q2021 Recticel will launch an exciting new box spring product, the myNap® box. The aim is to make modern, branded sleeping systems accessible to more people without compromising on quality or looks. Uncomplicated yet highly innovative, this product features strongly engineered mattresses (which eliminate the need for an extra topper mattress) and sustainability benefits.



2020 Financial results



*Following the partial divestment from Automotive Interiors on 30 June 2020, Automotive Interiors is integrated in the 2020 consolidated accounts according to the 'equity method'.



2020 Sustainability results



Sustainable results according to GRI standards, audited and certified by **pwc**

INNOVATION FOR SOCIETAL NEEDS

58%

of R&D projects classified as sustainable
(2020 target: 80%)

OPTIMISING CARBON FOOTPRINT

RECTICEL
IMPACT
RATIO

46

(ratio between avoided CO₂ emissions and carbon footprint over the complete value chain) (2020 target: 30)

-18%

Recticel Carbon Footprint Indicator
(in tonnes CO₂e vs 2013, 2020 target: -25%)

RESOURCE EFFICIENCY

-34%

tonnes of recycled flexible foams by Recticel as % compared to 2015 (target: 100%)

REDUCED HS&E IMPACT OF OUR ACTIVITIES

5.3

Frequency Lost Time Accidents [Lost Time Accidents representing the average on Group level for all our plants] (2020 target: ≤ 3)

BUSINESS ETHICS AND INTEGRITY

2,866

legal training courses (physical and e-learning) completed (2020 target: 5% increase per year, cumulative, compared to 460 in 2015)

AN INSPIRING AND REWARDING PLACE TO WORK

Target: engagement surveys conducted in 2 new countries each year

	BELGIUM	BELGIUM UK SPAIN	POLAND ROMANIA	SWEDEN NORWAY	BELGIUM UK + SPAIN FRANCE NETHERLANDS	NOT ORGANISED DUE TO COVID-19 IMPACT
	2015	2016	2017	2018	2019	2020

About this report

In this report we present financial and non-financial information relating to the Recticel Group for 2020 and early 2021.

The 2020 annual report is structured to emphasise the Group's renewed commitment to positive transformation with sustainability at its core. Our 2019 report, entitled "Shaping the Future", signalled the beginning of a new strategic direction as our plan for in-depth transformation was initiated. At the same time, Recticel took further significant steps towards its goal of leading the transition to a circular economy and a low-carbon society.

In 2020, despite the challenges of the pandemic, Recticel has been concerned with not just securing and shaping the future, but positively transforming it. As the world begins to emerge from various restrictions and business ramps up again, Recticel is a step ahead, contributing to recovery and a renewed perspective. It is "Transforming the Future" of the Recticel Group and of society as a whole.

Part 1 of the report – Presenting the Renewed Recticel – is a guide to our company's transition over the years and to the transformational point at which we stand now. It summarises our history, ambitions and values before explaining the two pillars of the Group's strategic approach: our Business Development Strategy and our renewed Sustainability Strategy. Of course, there is an overlap in the goals of these strategies, and they both fall within the report's overarching Sustainability theme. This is reflected in the strategy headlines:

- Our **Business** Development Strategy: transformation for **sustainable** growth
- Our **Sustainability** Strategy: transformation through responsible **business**

In Part 2 – Management Report – we provide the financial results and financial status of the Recticel Group. This part of the report also includes the Corporate Governance section and the Non-Financial Information statement.

This report is available online.



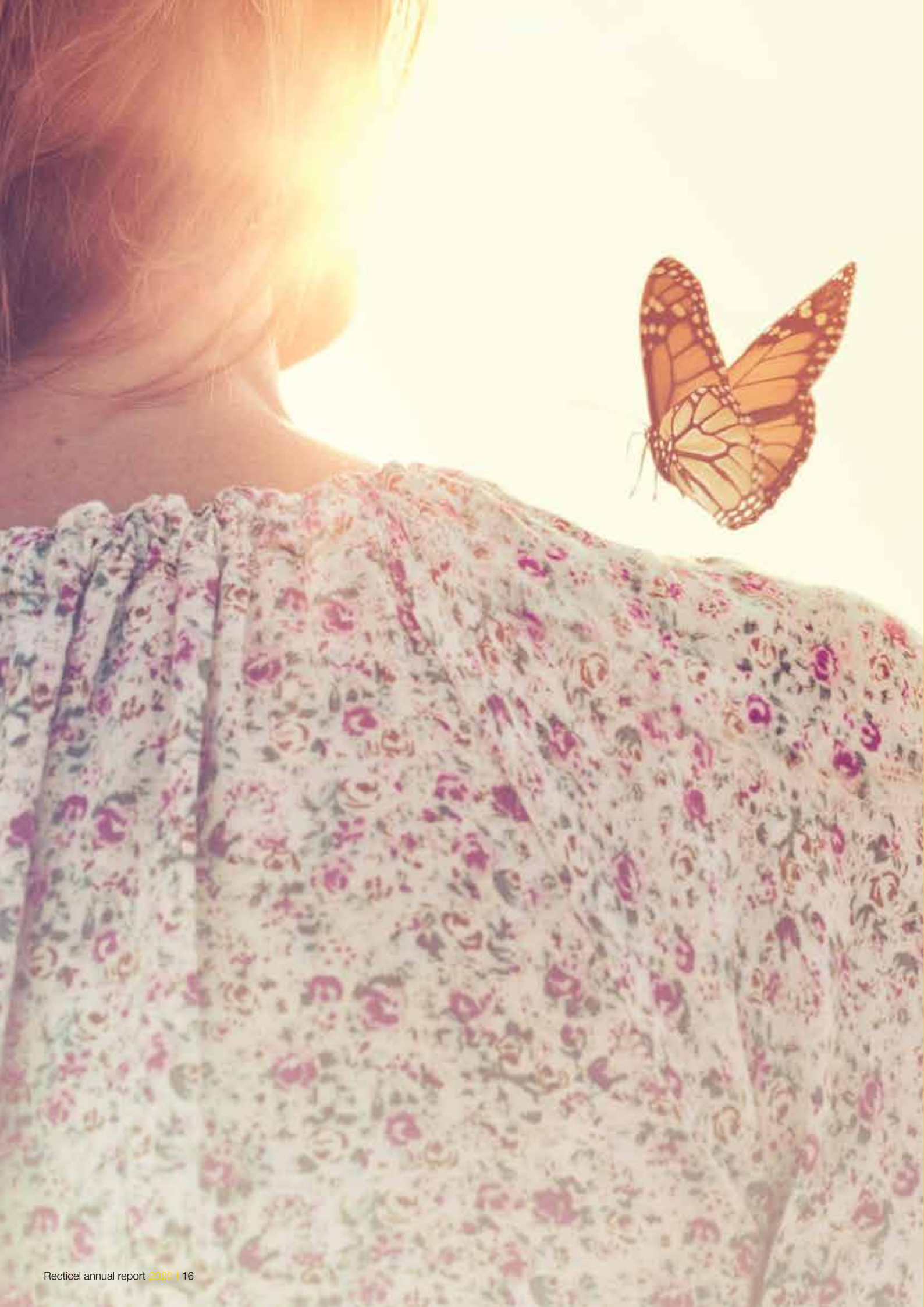
For greater insight into our Group, visit our corporate website: www.recticel.com

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Future expectations

This document contains specific quantitative and/or qualitative future-oriented statements and expectations regarding results and the financial state of the Recticel Group. These statements are not a guarantee for future achievements, as the future holds risks and uncertainties related to future events and developments. Actual results and performance may deviate considerably from the predicted expectations, objectives and possible statements. The most important and relevant risk and uncertainty factors are described in more detail in the "Risk factors and risk management" chapter of the financial section of this Annual Report. Recticel is not obligated to provide updates regarding potential changes or developments pertaining to these risk factors, or to release any information about their potential impacts on its prospects.



1.

Presenting the renewed Recticel

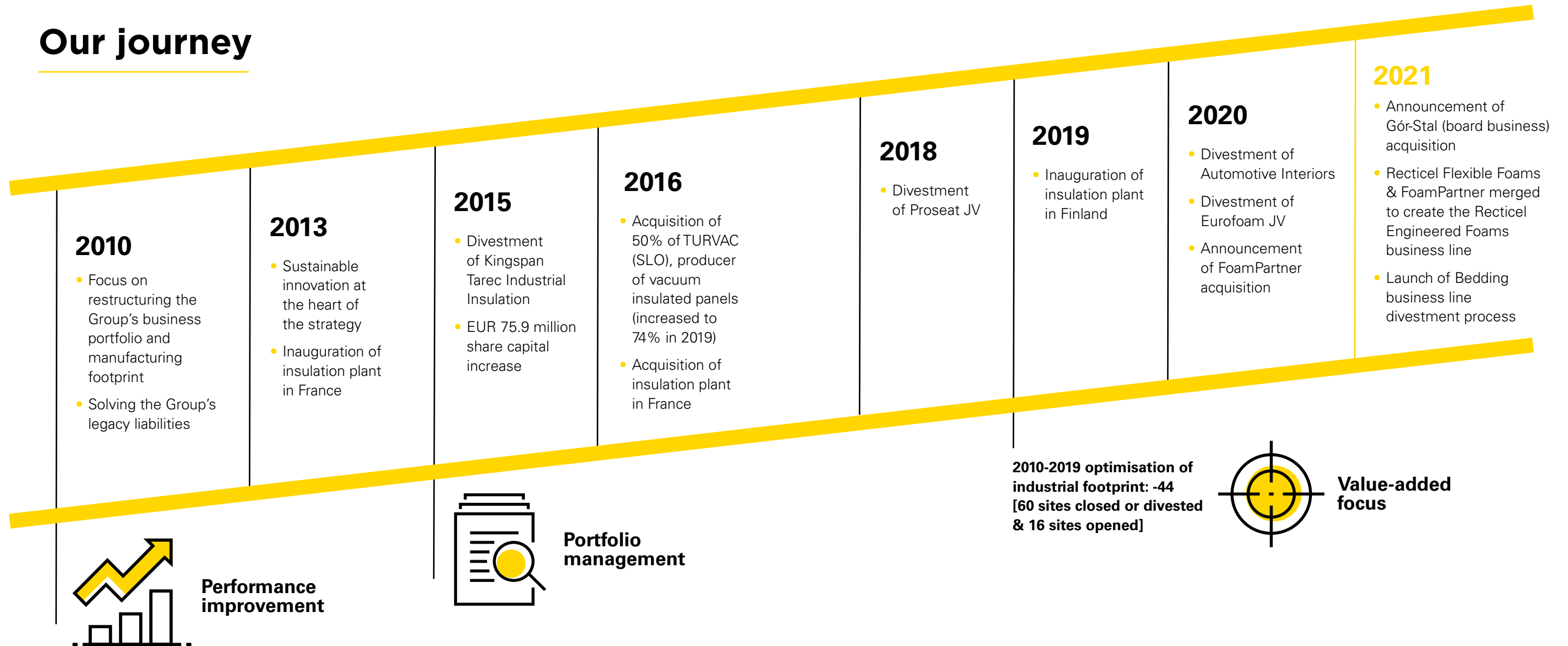
1.1. Who we are



As a Group, Recticel has reached a milestone in its history. We began our transformation journey ten years ago. In the first phase, between 2010 and 2015, we undertook a restructuring of our business activities and a rationalisation of our manufacturing footprint, focusing on performance improvement. Over the five ensuing years we radically overhauled and revamped our business portfolio. This was followed by a phase of investment and reshaping to boost the business.

By the end of the third phase, in 2019, we had achieved an optimised portfolio and a leaner, more streamlined footprint with 44 fewer plants. We were perfectly positioned to strike out confidently in a new strategic direction. In 2020 we divested our Automotive business line as well as our Eurofoam joint venture. By the end of the year, we had announced our acquisition of FoamPartner. This deal has now been closed and FoamPartner has merged with our former Flexible Foams business line to form the new Recticel Engineered Foams business line. In the first quarter of 2021, we also announced our decision to divest our Bedding business line and our agreement to acquire the thermal insulation board business of Gór-Stal.

Our journey



As of now, we will pursue growth in two specific areas (Engineered Foams and Insulation) with a clearer specialisation in the construction and industrial markets. These are growing and high value-added markets and are less capital intensive than previous elements of our business portfolio. They present opportunities to grow organically through further acquisitions and are also segments in which we can use our expertise to make a difference in terms of environmental and social responsibility.

In 2020, Recticel also undertook a revision of its 2015-2020 Sustainability Strategy¹.

Sustainability has been at the heart of the Recticel Group strategy since 2013. The sustainability strategy launched in 2015 has shaped our portfolio strategy and innovation priorities as we respond to key societal challenges such as energy conservation, CO₂ reduction and an ageing and increasing population. With the long-term needs and challenges of our business sectors and society as our compass, it is sustainability that nourishes and sustains our competitiveness.

Our renewed Sustainability Strategy for 2021-2025 is key to the next stage in our transformation. Supported by its two pillars – the Sustainable Innovation Plan and the People Priority Plan – and clearly defined material aspects and KPIs, it will maximise our positive climate impact, boost circular efficiencies and help to protect and engage our employees and other stakeholders.

¹ The results of our 2015-2020 Sustainability Strategy can be consulted in the Non-Financial Information Statement Chapter 2.3 of this report.

Our Business Development Strategy and Sustainability Strategy (described in detail in Sections 1.4 and 1.5 respectively) are designed to work in synergy. They are our guarantee that, as we do business responsibly, we continue to achieve our strategic objectives in terms of expansion and optimisation of our footprint and resources.

1.2. Recticel at a glance

AT 31.12.2020



**M€
828.8**

consolidated net sales



4,221

employees



41

sites



Present in
20
countries

RECTICEL AROUND THE WORLD



Key data	Europe	Asia	United States
% of consolidated net sale	94%	3%	3%
Number of employees	4,037	102	81
Number of sites	35	4	2



Recticel (Euronext™: REC.BE – Reuters: RECTt.BR – Bloomberg: REC.BB) is listed on the Euronext™ stock exchange in Brussels and is part of the BEL Mid® index (Euronext™: BELM – Reuters: BELM – Bloomberg: BELM; index weighting: 1.83% - situation 28 April 2021).




1.3. Our mission, vision and values

1.3.1. Our mission

We leverage our outstanding expertise in polymer applications, particularly polyurethane. We offer competitive, high value-added solutions to our customers with the goal of increasing day-to-day comfort and generating shared value for our customers, employees, stakeholders and society.

1.3.2. Our vision

We aim to be the leading global provider of comfort solutions in all our core markets by responding to key global challenges such as environmental protection, energy conservation, a growing and ageing population, and noise pollution. To achieve this, we strongly believe in and focus on short-term efficiency, mutual benefits of partnerships, innovation and long-term sustainability.



We take ownership and feel accountable



- We dare to be ambitious, we challenge and we empower
- We look for solutions, not for excuses
- We assume responsibility for the impact and the results of our actions
- We are strongly committed and act as if it was our own money at stake
- We learn from our mistakes



We strive for results



- We think ahead, define goals and ensure that they are well understood
- We focus, plan, align and cascade objectives
- We are persistent and assure timely execution
- We manage by facts, not by opinions
- We communicate, share the progress accomplished, adapt plans if needed and celebrate success



We innovate to create value



- We constantly challenge the status quo
- We remain curious: we never stop learning and we anticipate the challenges of tomorrow
- We passionately embrace change to make things better and to make better things
- We dare to go and we dare to stop
- We aim for the best, but we do not wait for perfection



We act with respect and integrity



- We never compromise on safety
- We respect people, our partners, our planet and laws
- We are transparent and are not afraid to deliver bad news
- We demonstrate fairness in our dealings with others and provide open and candid feedback
- We don't take credit for the achievements of others



We cooperate to win



- We communicate in an open, transparent manner
- We welcome other opinions and value diversity
- We anticipate others' needs and we support others to succeed
- We trust and build on each other's strengths
- We do not go for individual glory, we let the team shine



1.3.3. Our core values

Our values describe how we interact, do business and work together at Recticel in order to grow as a company and as individuals. In 2016 we redefined our five core values and assigned concrete behaviours to each of them. By promoting these as the basis of expected individual and collective behaviours, we aim to align our organisation's actions and attitudes towards internal and external stakeholders in a way that supports the successful execution of our corporate strategy and the realisation of our corporate objectives.

The core values are supported and promoted in our daily corporate life by an active Value Ambassador community of over 90 people worldwide. We recognise and reward colleagues and teams who lead by example.

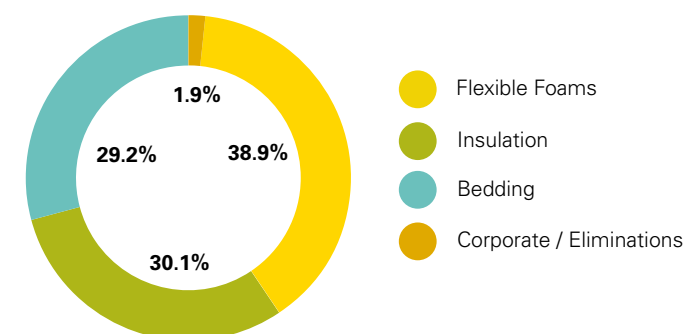
1.4. Transformation for sustainable growth



Our business development strategy

In 2020, our activities were primarily grouped in four business lines: Flexible Foams (creating comfort foams and technical foams for domestic and industrial applications), Insulation (focusing on the construction sector), Bedding (offering consumer-ready mattresses, box springs and slat bases) and Automotive (primarily developing interior trim for the car industry).²

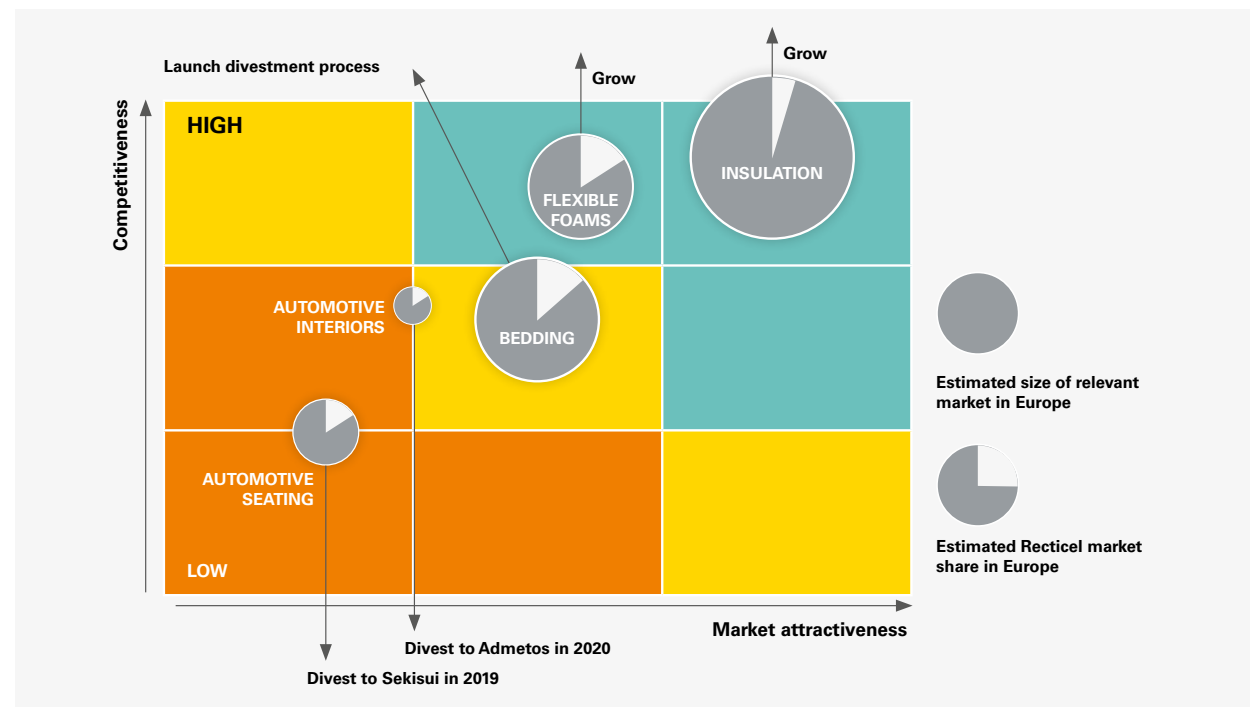
2020 consolidated sales



Our Group strategic plan is based on thorough analysis of our relative market strengths and competencies. On this basis, we define the optimal allocation of resources to the different business segments. To assess the attractiveness of the markets in which our businesses are active, we rely on objective criteria such as size, growth, profitability and capital intensity. We also evaluate our relative competitiveness in each of these markets.

These criteria have been considered at every stage of our transformational journey. Now, as we begin to execute our renewed strategy, we have identified two business lines as holding the greatest potential: Insulation and Engineered Foams.

² As of March 31st, 2021, Recticel Flexible Foams has been merged with FoamPartner to form the new Recticel Engineered Foams business line.



A number of transformational decisions, divestments and acquisitions have been made to support the execution of this strategy. On 30th June 2020, Recticel divested its Automotive business line and Eurofoam joint venture. On 10th November 2020, we announced the acquisition of FoamPartner.³ This deal was closed on 31st March 2021, after which 1,100 FoamPartner employees were merged with the Flexible Foams business line to form the new Recticel Engineered Foams business line. The new organisation leverages numerous synergies in resources and talents to promote excellence, grow Recticel's worldwide presence and accelerate the commercialisation of sustainable

innovations and leading-edge solutions to global markets.

In March 2021, Recticel announced its intention to expand its Insulation activities by acquiring the thermal insulation board business of the Polish company Gór-Stal. Preliminary agreements have been entered and closure of this deal is expected by July 2021. The acquisition will enable accelerated expansion into the Central and Eastern European markets.

After a strategic review in the first quarter of 2021, we also announced at the end of March our decision to divest our Bedding business line.

1.4.1. Market and challenges

Market research shows that polyurethane applications in general will grow faster than the global economy on average. This evolution relies on supportive megatrends such as climate change, sustainability, conservation, an expanding and ageing population, urbanisation, increasing mobility and rising standards of living.

Polyurethane chemistry is at the core of our Group business lines. For seven decades, Recticel's pioneering spirit has driven our development of innovative applications and solutions that push the limits of polyurethane technology. We innovate to ensure our

customers' expectations are met, actively seeking new and future-focused solutions.

We believe that through the specific activities of each of our business lines, Recticel offers tangible and practical solutions to the global challenges that lie ahead. With an optimised organisation and renewed strategy our Group is ideally positioned to build on the market drivers above. By prioritising sustainable product and process innovation, international presence and operational excellence, we are confident that we can differentiate ourselves from the competition.

³ Recticel realises a key step in its strategic transformation with the acquisition of FoamPartner
www.recticel.com/recticel-realises-key-step-its-strategic-transformation-acquisition-foampartner.html

1.4.2. Business Lines

1.4.2.1. Engineered Foams



The Recticel Engineered Foams business line was born at the end of March 2021 from the combination of the former Recticel Flexible Foams business line with the recently acquired FoamPartner business. Historically, the Flexible Foams business line has been our largest; in 2020 it generated 38.9% of the Group's total combined sales. By merging its talents and resources with those of FoamPartner, we have opened up new prospects for worldwide growth along with new and accelerated value for our stakeholders, including significantly increased long-term potential.

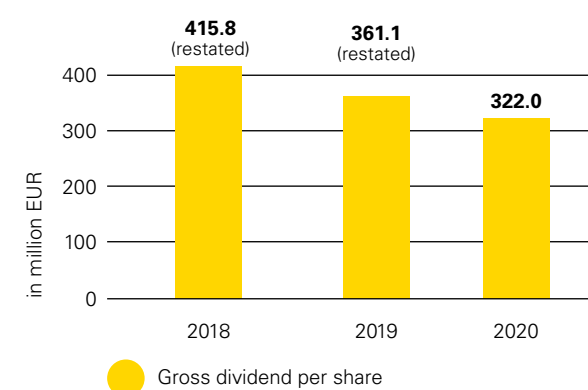
A unique portfolio

Recticel Engineered Foams offers one of the most comprehensive ranges of foams and systems in today's market, spanning industrial, automotive and comfort applications. Its portfolio is structured in six markets: Mobility Performance, Mobility Interiors, Consumer & Medical Care, Industrial Solutions, Living & Care, and Systems. Building on a unique consolidation of industry-leading knowledge, resources and experience, Recticel Engineered Foams has the competences and capabilities to excel in these six market segments by delivering the tailored solutions and innovations customers need to stay ahead.

Driven by sustainability

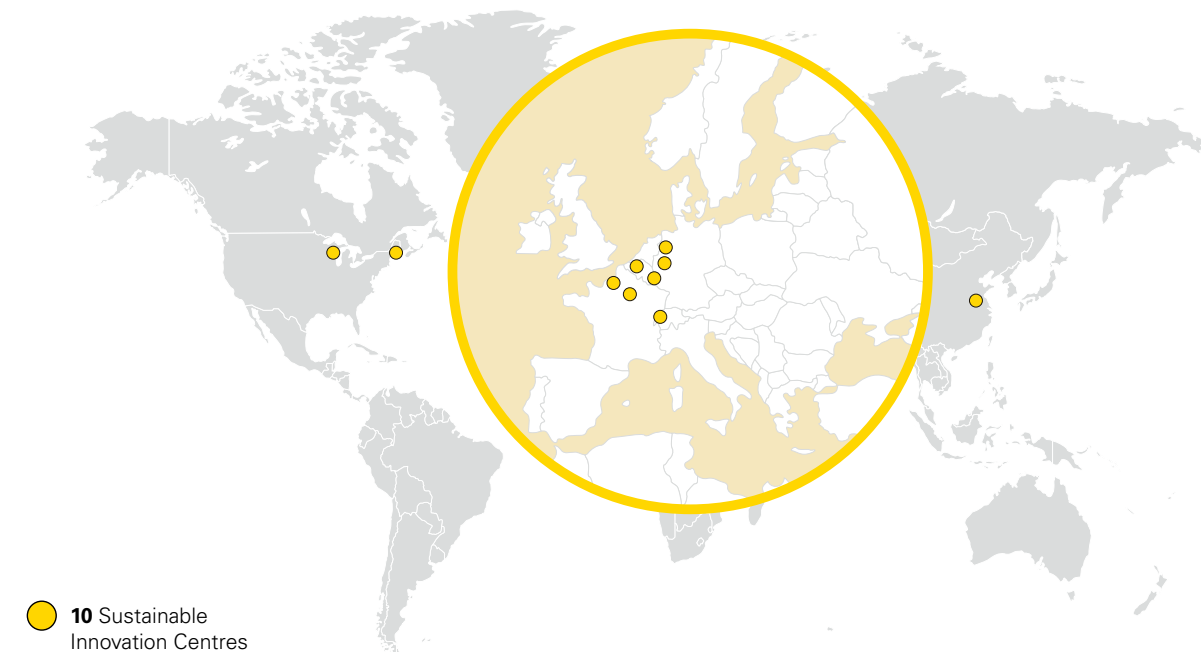
In line with the Group's Sustainability Strategy, the Recticel Engineered Foams strategy is founded from the start on ecological, social and economic sustainability. It is focused on developing new solutions to support healthy, sustainable lifestyles, reduce carbon emissions, preserve natural resources and promote a circular economy. At every stage, it will be guided by the steps and targets set out in the Sustainable Innovation Plan and People Priority Plan.

Consolidated net sales Flexible Foams



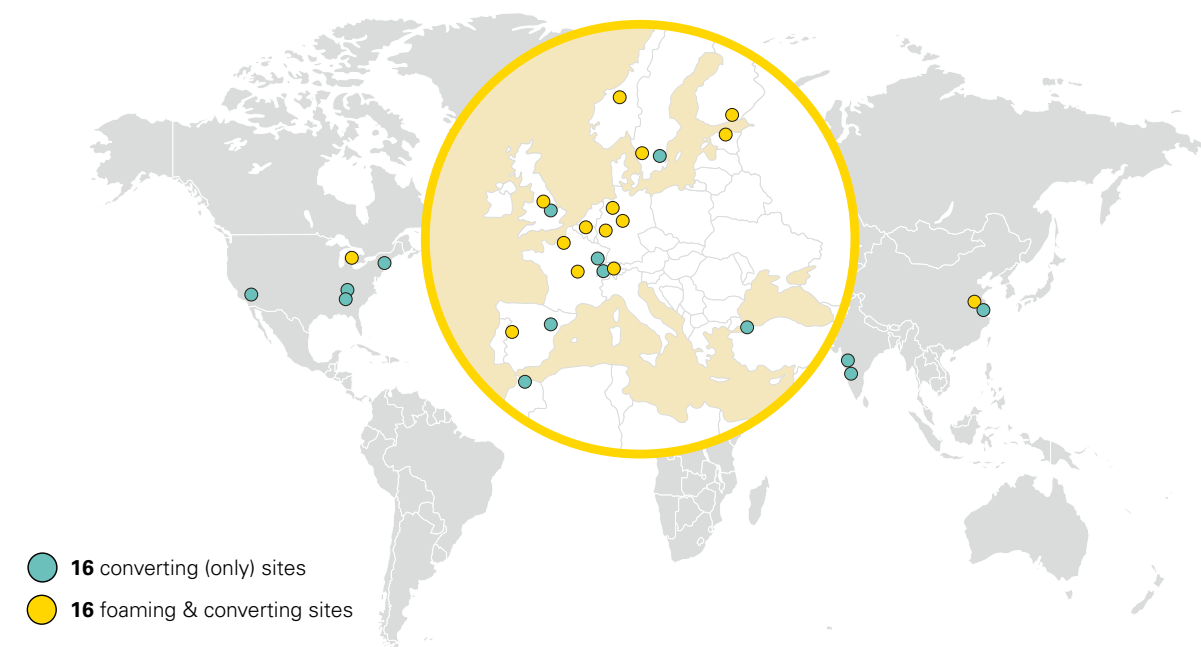
Engineering the future

With a network of 10 Sustainable Innovation Centres around the globe, 75 R&D experts and an annual R&D investment of 10 million euros, the new business line is fully committed to innovation for a better society. Its assets include three acoustics centres, four in-house pilot operations, more than 4,000 proprietary formulations and numerous valued partnerships with leading universities and technical experts.



Efficient global supply chains

Recticel Engineered Foams has an operational network of 32 manufacturing sites in Europe, the Americas and Asia-Pacific. Equipped with comprehensive and state-of-the-art technologies for foam production and processing, they allow extensive reach and a reliable global supply. They are backed by high quality on-site infrastructure and logistics to ensure fast, competitive supply chains and services.



1.4.2.2. Insulation



Our Insulation business line offers high quality PU- and PIR-based thermal insulation products used in construction and renovation projects. These products are marketed under well-known brands and product names such as Eurowall®, Powerroof®, Powerdeck®, Powerwall®, Xentro® and Recticel Insulation®.

High growth potential

The Insulation business line has been the Group's smallest in terms of industrial footprint and employment (in 2020 it accounted for 30.1 % of total consolidated sales). However, it has very high growth potential and makes a significant contribution to operating results. As part of the Group's amended strategy, Insulation was identified as a core business line for investment

and development. Our acquisition of the thermal insulation board business of the Polish company Gór-Stal (expected to be completed in July 2021) is therefore a key strategic step. It will enable us to grow our insulation production capacity in Europe by 15%, increase our contribution to sustainability and welcome talented and experienced new personnel to the Recticel workforce.

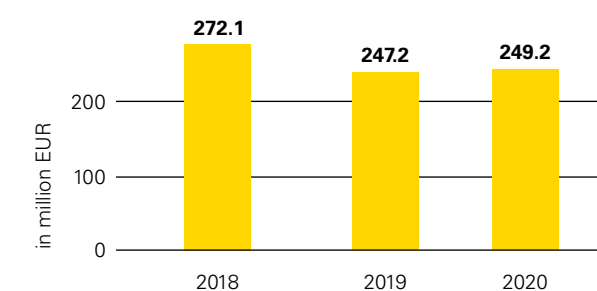
Driven by sustainability

Conserving energy and promoting a low-carbon society are key objectives for our Insulation business. Over the lifetime of their use, the insulation products we sold in 2020 will offset 46 times our carbon footprint for the year. To stay ahead of the competition, we seek to continuously improve the thermal insulation performance of our products while reducing the amount of material required. In this way, our products have significant potential to reduce CO₂ emissions and help mitigate climate change.

Raising the benchmark

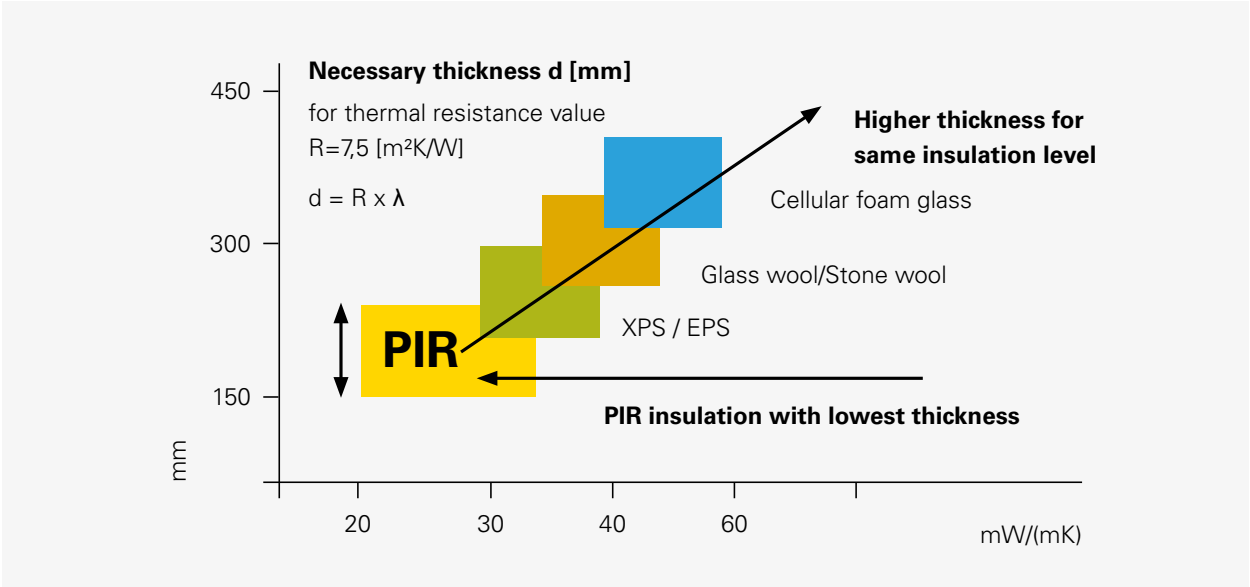
Supported by ever-increasing standards, polyurethane insulation is gaining market share from more traditional insulation materials, such as mineral wools and polystyrenes (EPS and XPS). Today, polyurethane thermal insulation

Consolidated net sales Insulation



solutions are considered the highest-performing insulation materials available on an industrial scale. Their development is supported by European legislation for energy performance requirements and energy efficiency, including the Energy Performance of Buildings Directive 2010/31/EU (EPBD) and the European Energy Directive (2012/27/EU) (EED).

Recticel is well known in the market for the breadth and quality of its product range and for its professional and efficient customer service. Our products are stringently tested during development and before launch to ensure the highest quality standards and are considered among the best insulation materials against cold and heat available today.



A comprehensive footprint

Recticel Insulation currently operates from production sites in Belgium, France, Finland and the UK, with local sales offices in Germany, Poland and the Netherlands. It also holds a 74% participation in the Slovenian joint venture company TURVAC. We benefit from the Gór-Stal acquisition as it fills a blind-spot in Central/Eastern Europe.

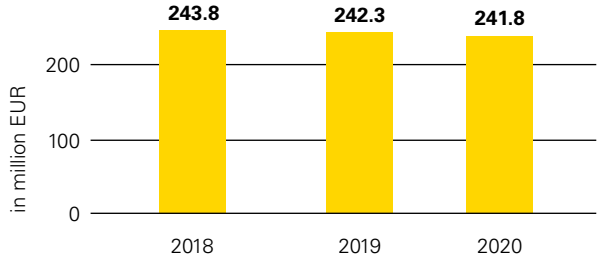
- Gór-Stal (Poland)
 - Footprint complementarity
 - Same PIR product technology
 - State-of-the-art factory
 - Synergy potential
- Recticel Insulation production sites



1.4.2.3. Bedding



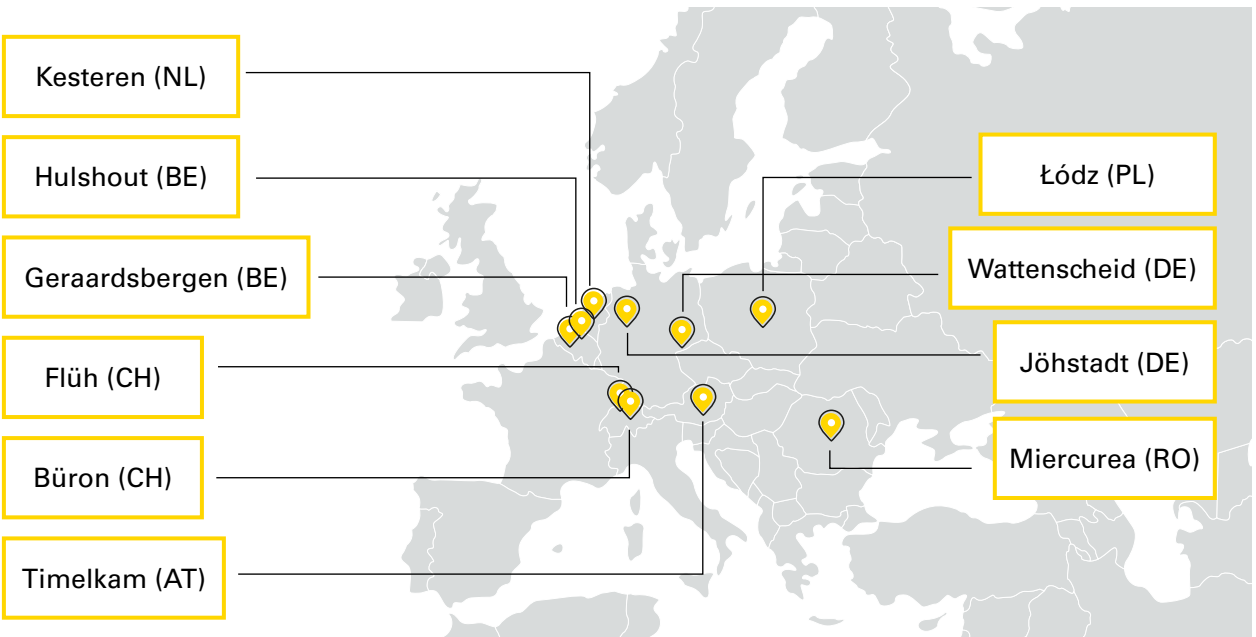
Consolidated net sales Bedding



Our Bedding business line develops and produces consumer-ready mattresses, slat bases and box springs, primarily marketed under popular brand names such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba® and Swissflex®, as well as ingredient brands including GELTEX inside® and Bultex®.

As part of our strategic transformation process, the Bedding business line has been identified as a non-core activity. In February 2021, the Group announced its intention to launch a divestment process for the Bedding business line while pursuing further external growth opportunities.

Currently, our Bedding business line has manufacturing locations in eight EU countries. In 2020 it accounted for 29.2% of our Group's total consolidated sales.



1.5. Transformation through responsible business



Our sustainability strategy

Sustainability is profoundly embedded in Recticel's overall strategy. We are committed to finding responsible solutions for climate change, the depletion of natural resources and the world's growing and ageing population. Our renewed Sustainability Strategy for 2021-2025 works in tandem with the United Nations Sustainable Development Goals and the European Green Deal as well as the goals of our organisation and stakeholders.

Our guiding goals

• Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) set in 2015 are universal targets and indicators designed to help countries and end poverty, protect the planet and ensure global prosperity as part of a sustainable development agenda.

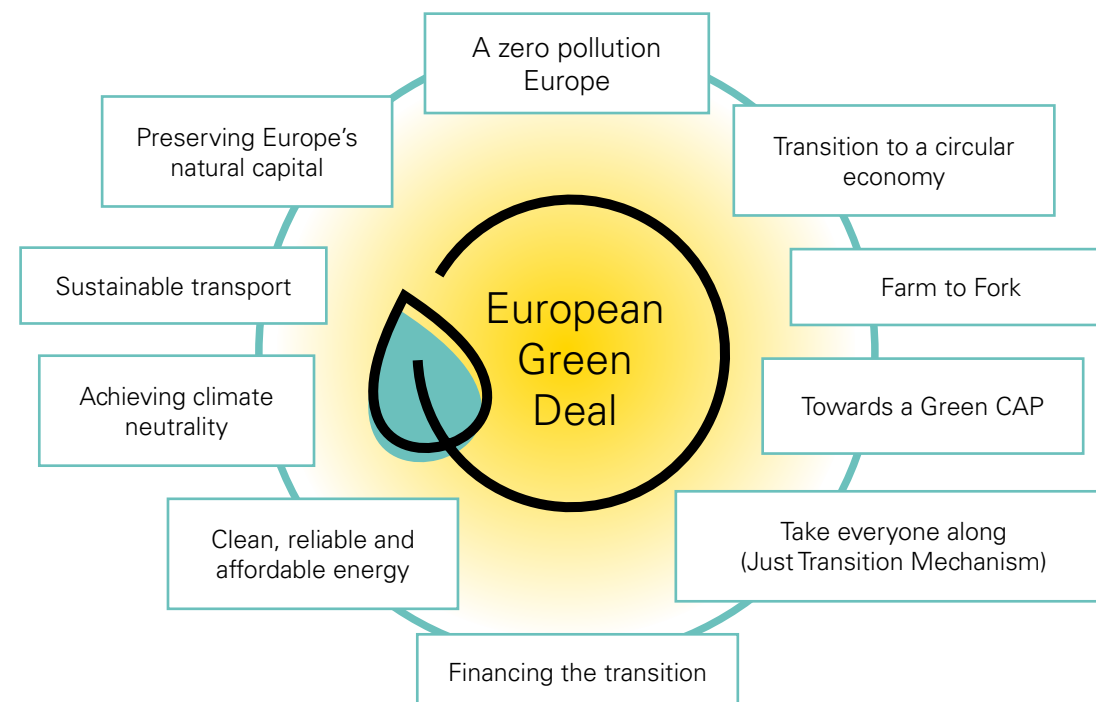
As part of its 2015-2020 Sustainable Development journey, Recticel identified the five SDGs that are most impactful, relevant and embedded in our company's Sustainability Strategy:



As part of the renewed Sustainability Strategy for 2021-2025, focus will also be given to a sixth SDG: sustainable cities and communities.

• European Green Deal

The European Green Deal is a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral by 2050. Effective insulation plays a crucial role in meeting this objective by reducing the amount of energy used to heat and cool buildings.



Two plans: the pillars of our strategy

Since the beginning of our sustainability journey in 2013, we have seen sustainability above all as an opportunity to create shared value for our Group and society. Innovation and people are key to achieving our ambitions. Our business lines are focused on creating more shared value by innovating to meet societal needs and align with stakeholder expectations.

Sustainability is the driver for all our innovation efforts and underpins our commitment to improving people's daily lives. In 2020 we renewed our sustainability journey by further refining our strategy and setting out a clear path for 2021-2025. Working closely with our stakeholders, we defined the six most important

material aspects for Recticel with the biggest potential to turn sustainability into a keener competitive edge.

These aspects form the basis of the two pillars supporting our Sustainability Strategy: our **Sustainable Innovation Plan** and **People Priority Plan**. We have defined six strategic priorities, KPIs and targets for these plans.

A detailed description of our strategy and progress during 2020 can be found in our Non-Financial Information Statement (Chapter 2.3 of this Annual Report).



Our KPIs for 2021-2025 are listed on pages 4-5.

1.5.1 Pillar 1 Sustainable Innovation Plan



All our innovations are driven by societal needs. Knowing that sustainability adds value and drives success for all stakeholders, we innovate to support healthy, sustainable lifestyles, reduce carbon emissions and use resources with the utmost efficiency. Already a climate-positive company, we are implementing a Climate Action Plan to further reduce our carbon footprint and increase the positive impact of our insulation activities. Our efforts focus on responsible selection of raw materials, greener and more energy-efficient processes and on increasing the sustainability of our products. We support a circular economic model built on preservation of natural resources, eco-design, responsible production and end-of-life solutions.

Recticel's overriding sustainability ambition is to lead the transition to a circular economy and a low-carbon society for our industry while promoting well-being by offering innovative solutions to enhance comfort in daily life.

2025 objective

By 2025, 80% of our R&D projects will be classified as sustainable according to the Sustainability Index and we will be bringing ≥ 3 R&D projects to market every year.



1.5.1.1. Four sustainable innovation programmes for societal needs

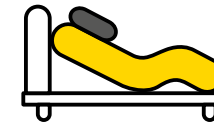
Our Sustainable Innovation Department's R&D efforts are centred around **four innovation programmes**, which underpin our Sustainability Strategy, differentiate Recticel from its competitors and generate shared value for all stakeholders. Three of the innovation programmes are aligned with the specific market expectations and future needs of our business lines through permanent interaction between product development teams in the business lines and the SID teams. In this way, we accelerate the innovation pipeline and make sustainable solutions available more quickly for our Engineered Foams, Insulation and Bedding customers.⁴ The Automotive business line, which Recticel divested in 2020, is no longer included in the SID innovation programmes.

Developing new insulation solutions with lower lambda values is high on our agenda, as it contributes to a low-carbon society by reducing energy consumption and CO₂ emissions. We create new comfort foams for bedding and seating applications, and technical foams to fulfil the most stringent requirements in the field of silencing.

The fourth innovation programme covers projects impacting all three business lines and coordinates all initiatives to prepare durable polyurethane products for a low-carbon society and a circular economy.

Each of the four innovation programmes is led by an Innovation Manager.

⁴ Engineered Foams is the new business line formed from the merger of FoamPartner with the former Recticel Flexible Foams business line.



Fit² Engineered Foams Bedding

Fit² – Science-based product development of new sleeping systems

The Fit² programme seeks to gain a deeper scientific understanding of comfort for seating and sleeping systems. This knowledge is reflected in the Sleep Triangle as the guideline for the development of new, more durable and sustainable materials and systems.

After several years of scientific research and cooperation with various experts, knowledge institutes and consumer organisations, we have now reached a new level of knowledge on sleeping comfort. This data has been transferred into a **science-based modelling configurator**.

It allows us to develop high-quality and consumer-relevant sleeping systems, offering unique sleeping comfort performance across all Sleep Triangle criteria. Bed base and mattress product development is now guided by objective, science-based knowledge, meeting the standards of international test institutes.

Our ambition is to provide our customers with the best sleeping system in terms of ergonomics and sustainability. In 2021, we will launch a new range of products illustrating our vision of sustainable and circular sleeping comfort.



Silencing Engineered Foams Insulation

Silencing – technical solutions with enhanced silencing properties

The Silencing programme concentrates on the development of differentiated and innovative acoustic solutions for the mobility and industrial markets. For Automotive, the focus applications are side fender, wheel arch, HVAC (heating, ventilation and air conditioning), engine compartment and silent tyre; the focus for Industry is on industrial equipment, primarily compressors and gensets (generator sets).

The aim of our research is to reduce noise impact, hence contributing to more comfortable and productive environments. For this purpose, we have established a **Centre of Competence for Acoustics** with state-of-the-art equipment, methods and tools to characterise the acoustic

performance of materials and solutions. Extensive studies have been conducted through our unique set-up for large scale experiments, comprising coupled reverberant and hemi-anechoic rooms, resulting in the development of high-performing acoustic solutions for Automotive and Industry applications. These activities demonstrate our ambition to be the global preferred supplier of silencing solutions for these industries.

We have further extended our capabilities with simulation and modelling techniques to both accelerate the development of advanced multi-layered complexes as acoustic solutions and enhance our understanding of the fundamentals for the development of next-generation acoustic polyurethane foams.



Low Lambda Insulation

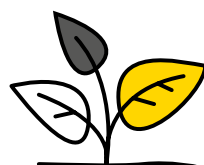
Low Lambda – reduced lambda values in insulation

Sustainability has always been core for the thermal insulation business. Our thermal insulation solutions for building renovations and new-build projects contribute to a low-carbon society: the amount of CO₂ emissions avoided by our insulation solutions offsets more than 46 times the carbon footprint of all Recticel activities combined.

The Low Lambda programme concentrates on developing new rigid foams with better insulation values. Improving the insulation value of a product has an immense positive effect on natural resource consumption. Research is ongoing to push the boundaries of insulation properties even further and find new applications for existing technologies.

In the first quarter of 2021, Recticel Insulation proudly announced that it is producing insulated boxes to transport temperature-sensitive COVID-19 vaccines. In combination with coolants, these high-performance vacuum insulation panel (VIP) boxes help to preserve a temperature below minus 70°C for several days, which is critical for the safe delivery of many of these vaccines.

Vacuum insulation panels (VIPs) deliver a thermal performance of 0.004W/mK and can allow insulation layers to be up to five times thinner compared to conventional insulation materials. Recticel's VQ-Si VIP is the ideal basis for a temperature-controlled packaging system, allowing these high-value products to be shipped securely and in an optimised package size. This ongoing programme means that Recticel Insulation is and will continue to be an important link in COVID-19 vaccine logistics around the world.



Corporate Sustainability

Engineered Foams Insulation Bedding

Corporate Sustainability programme

The Corporate Sustainability programme steers and coordinates initiatives across our business line to support the priorities defined in our Sustainable Innovation Plan and prepare the transition to a circular economy and a low-carbon society. Corporate sustainability projects cover the whole value chain of our products, from raw materials to production, use phase, recycling and reuse of polyurethane at the end-of-life phase.

A variety of large projects are currently running in collaboration with different consortia as enablers with the aim of realising our sustainability goals (see section 1.5.1.3.). Such partnerships and projects are also an essential part of our People Priority Plan.

For a detailed description of the Corporate Sustainability programme, see the Non-Financial Information Statement in Chapter 2.3 of this report.

1.5.1.2. Climate Action Plan

We focus on introducing raw materials with lower GWP (global warming potential) values and lower carbon impact, improving the energy efficiency of our activities, and developing more sustainable products and end-of-life solutions that support a circular economy.

At the end of 2020, 30,000 m² solar panels covered the roofs of Recticel sites.

To optimise our carbon footprint, we want to reduce our negative impact and increase our positive impact in a significant way. In line with these goals, we focus on areas in our value chain where the biggest progress in carbon footprint reduction can be made: upstream (raw materials) and downstream (usage and end-of-life phases).

2025 objective

Recticel is committed to a 40% reduction in its carbon footprint by 2030 (in tonnes CO₂e) (2013 baseline, target in line with EU Green Deal -55% vs 1990) and a 25% reduction in its carbon intensity by 2025 (2020 baseline).



Innovation through digitalisation

Swift and disruptive technological progress and the development of robotics, artificial intelligence, the internet of things (IoT) and 3D printing have created an explosion of new threats along with new opportunities. Industries have been, and will continue to be, deeply transformed by digitalisation. Recticel is embracing digital technologies to seize new growth opportunities and make the success of our company sustainable.

Digital technologies will enable Recticel to make a step change in value creation and differentiation in the following three areas:

- Smart Manufacturing & Digital Operations: Further accelerate our use of digital tools in manufacturing and operations to optimise our operational efficiency by primarily focusing on: (i) labour efficiency, (ii) material efficiency, (iii) production flows and (iv) internal logistics.

- Digital Supply Chain & Customer Experience: Retrieve value from existing and new data sources through seamless interfaces and a big data approach to accelerate and streamline the customer experience and create transaction efficiency.
- New Digital Business Models: Increase our customer intimacy through better understanding of customers and anticipation of their needs, and by differentiating value propositions in a changing marketplace.

In all these areas, digital opportunities have been prioritised based upon their potential for the business lines and functions.

The Information & Digitalisation Technology (IDT) department acts as a centre of expertise and works in close collaboration with the business lines to deliver on a digital roadmap involving the entire organisation.

1.5.1.3. The transition to a circular economy

We support a sustainable economic model built on preservation of natural resources, eco-design, responsible production and end-of-life solutions. Therefore, we aim to lead the way in implementing new chemical recycling solutions for flexible PU; in supporting exploration of chemical recycling solutions for rigid foam; and in mechanical recycling and reuse of flexible PU waste as interim steps on our journey to full circularity.

Together with our stakeholders, including customers, employees, suppliers, the industry and knowledge institutes, we are constantly exploring ways to develop new lower-carbon (bio-based, renewable or recyclable) raw materials for our polyurethane solutions. We investigate all options to efficiently eliminate waste across our entire value chain and introduce eco-design products that are easy to dismantle, recycle or reuse at the end-of-life phase.

Polyurethane is in many cases our preferred technology. It allows us to create durable products such as insulation panels, mattresses and acoustic solutions which retain their comfort and technical properties for many years. At the

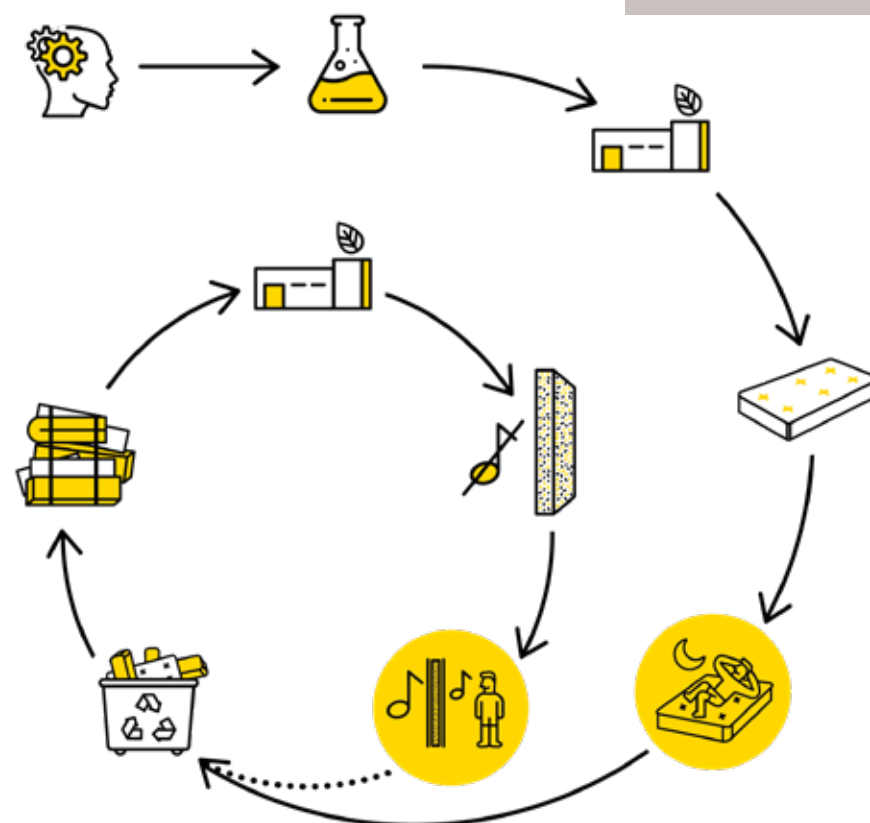
end of the product life, polyurethane can be recycled and reused for the same or other value-added purposes.

Up to now, existing or new **mechanical recycling** processes have allowed us to reuse our production waste. Since 2020, Recticel has also been processing end-of-life foam in one of its two French plants, transforming this valuable material into acoustic building insulation solutions.

Mechanical recycling is an intermediate solution to absorb post-consumer waste from products launched 10 to 20 years ago. **Chemical recycling** is more challenging, as it defies the basics of polyurethane. It involves breaking down its highly durable material structure at the end-of-life phase, reusing its building blocks and creating polyurethane again. We strongly support chemical recycling and pyrolysis R&D projects as these technologies will turn polyurethane into a fully circular material and help to save the Earth's finite resources.

2025 objective

By 2025, we aim to recycle 5,000 tonnes of post-consumer polyurethane foam from mattresses.



In 2020 1,059 tonnes of PU mattress foam were recycled, representing > 50,000 foam mattresses.

Recticel is participating in a variety of R&D projects with different consortia, some of which are funded by the European Horizon 2020 programme, and other international and national bodies, to advance new solutions:

PUReSmart – transitioning to a circular lifecycle

We are proud to lead the groundbreaking PUReSmart chemical recycling project funded by the European Union's Horizon 2020 Innovation and Research programme. The project aims to develop a completely circular product lifecycle by breaking down polyurethane into its two building blocks (i.e. polyol and isocyanate) in an optimised mass balance for full one-to-one circularity.

More information on the current project status can be found at: www.puresmart.eu/puresmart-progress-after-18-months



This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 814543. The PUReSmart

project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

Carbon4PUR – sustainable plastics made from CO₂

Carbon4PUR is an EU Horizon 2020 Research and Innovation Programme project concentrating on carbon capture and utilisation. The use of process gases from the steel industry is being investigated as a way to move closer to the goals of climate neutrality and a circular economy.

With Covestro as project coordinator, the consortium of research-oriented industry and application-oriented science has been working together on an interdisciplinary basis since 2017. The 14 partners in this innovation project are focusing on expanding the technology platform that Covestro first successfully implemented in 2015 for the use of CO₂ as a new, alternative feedstock for the chemical industry. Recticel will test its use in rigid foam applications such as insulation panels.

For more information, visit www.carbon4pur.eu

⁵ www.eco-mobilier.fr/nine-innovative-and-ambitious-projects-in-order-to-find-new-ways-of-recycling-and-recovering-materials



This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 768919. The information

contained in this document has been prepared solely for the purpose of providing information about the Carbon4PUR consortium and its project. The document reflects only the Carbon4PUR consortium's view and the European Commission is not responsible for any use that may be made of the information it contains.

SWEETWOODS

SWEETWOODS, a Bio-Based Industries Joint Undertaking (BBI JU) funded project, focuses on bio-based materials such as wood as a replacement for fossil fuel. It aims to demonstrate the successful and profitable production of high-purity lignin, derived from low-quality wood residues and sugars, on an industrial level. Recticel will test its use in rigid foam applications such as insulation panels.

Read more at: www.sweetwoods.eu



SWEETWOODS has received funding from the Bio-Based Industries Joint Undertaking under the European Union's Horizon 2020 Research and Innovation programme, under

grant agreement N° 792061. The SWEETWOODS project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

ValPUMat

The ValPUMat (Valorisation of the Polyurethane of Mattresses) project is one of the nine winners of the first Eco-Innovation challenge, launched in 2017 by Eco-Mobilier. A non-profit eco-organisation approved by the French Ministry of Ecology, Sustainable Development and Energy, Eco-Mobilier organises the collection and recycling of used furniture and mattresses.

The Eco-Innovation challenge was originally set up to explore new ways of recycling mattresses and to develop new value-added applications based on polyurethane. Recticel and Tesca Group, a French manufacturer specialising in textiles and seat components for the automotive industry, teamed up to tackle this innovation challenge together.⁵

2025 objective

We will report annually on reinforced R&D partnerships with customers, knowledge institutes, universities and strategic suppliers for sustainable development.

VITRIMAT

VITRIMAT, an EU Horizon 2020 Research and Innovation Programme, started up for a period of three years on March 1st, 2020. VITRIMAT aims to offer a world-class multidisciplinary and inter-sectoral training platform that will bridge a critical training gap between cutting-edge European academic research on vitrimers and industrial development of everyday products.

For more information, visit: www.vitrimat.eu



VITRIMAT has received funding from the European Union's Horizon 2020 Research and Innovation programme under the Marie Skłodowska-Curie Grant Agreement, N° 860911. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

NIPU

The NIPU project started up on January 1st, 2021, for a period of four years. Funded by the European Union's Horizon 2020 Research and Innovation programme, NIPU-EJD is a European Joint Doctorate programme concentrated on novel non-isocyanate polyurethanes. It is formed by a consortium of 15 research-performing institutions: seven academic beneficiaries and eight non-academic partners, including Recticel.

For more information:
www.nipu-ejd.eu/consortium



NIPU has received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie Grant Agreement N° 955700. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

1.5.2. Pillar 2 People Priority Plan



People are central to our Sustainability Strategy. We passionately believe that, to create a better society, we must act together and share knowledge, expertise and technology. This means maintaining the highest standards and principles on human rights, labour, the environment and anti-corruption. We maintain strong partnerships across our industry and beyond, and support social projects relating to our strategy. We constantly seek to reduce the HS&E impact of our activities and products and are committed to workplace and product safety. As an employer, we strive to create an inspiring and rewarding place to work. We build our community on inclusiveness and respect, believing that diversity improves the quality of decision making and overall performance.

1.5.2.1. Sustainable partnerships

No company can bring about the transformation to a sustainable future and a circular economy alone. Partnerships across the value chain are essential. We value high-quality, long-term collaboration and mutually beneficial partnerships with suppliers, R&D specialists and social projects worldwide.

2025 objective

We take a proactive approach towards compliance with the European Green Deal Chemicals Strategy for Sustainability by striving for zero chemical hazard impact from our activities and products. We are committed to reporting annually on this.



1.5.2.2. Lower HS&E impact of our activities & products

COVID-19 response

We never compromise on safety!

In the first quarter of 2020, the world was shaken up on an unprecedented scale by the emergence of a new coronavirus, COVID-19. Recticel took every precaution to protect its employees, customers, suppliers, shareholders and their families from its impact. Crisis Response Teams were activated in every country and monitored the situation closely to ensure that the correct actions were taken, in line with Group and local guidelines as well as local legislation. In 2020, less than 5% of Recticel employees tested positive for COVID-19. All infections seem to have occurred outside Recticel premises.

Business continuity

As a responsible company, we remained flexible and responsive to the situation as it evolved, so that we could help our customers and communities through the challenges ahead.

In the first half year, the impact of a -17.5% sales decline was largely mitigated by cost saving measures and the implementation of temporary unemployment. The second half of 2020 was marked by significant sales fluctuations, varying from one business segment or country to another, influenced by subsequent waves of the COVID-19 pandemic and the related precautionary measures taken by national governments. In this difficult context, Recticel managed to generate a robust 7.0% sales growth in the second half of 2020 and a 10.0% increase in Adjusted EBITDA⁶.



2025 objective

We continuously improve our safety culture and implement behaviour-based safety measurement as a tool to assess it. We have set a target of ≤ 2 Frequency 1 LTAs and ≤ 5 Frequency 2 LTAs by 2025.

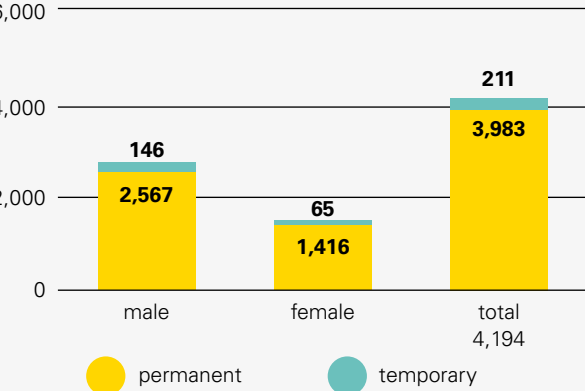


Following further implementation of the Green Car Policy, 80% of company cars renewed in 2020 in Belgium were replaced with electrical or hybrid vehicles.

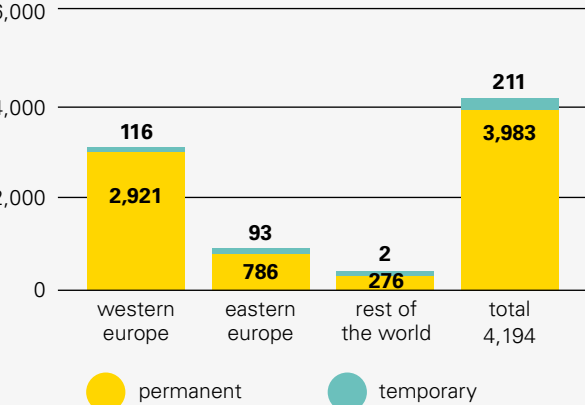
⁶ See Recticel Annual Results 2020 - Solid 2nd half 2020 and Strategic Repositioning
www.recticel.com/recticel-annual-results-2020-solid-2nd-half-2020-and-strategic-repositioning.html

Status at 31/12/2020. Joint Ventures and Automotive business line excluded.

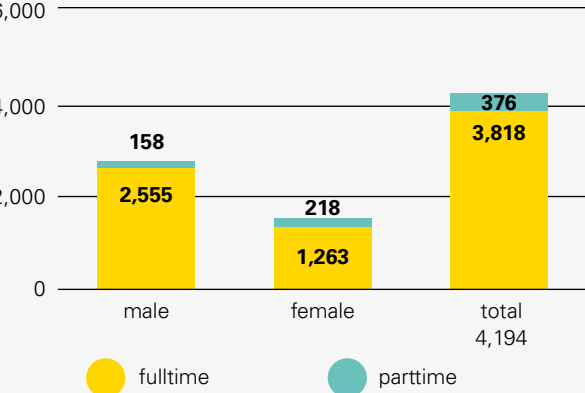
Total number of employees by employment contract by gender



Total number of employees by employment contract by region



Total number of employees by employment type by gender



1.5.2.3. An inspiring and rewarding place to work

The actions defined in our Sustainability Strategy and Business Development Strategy can only be successfully executed if they are supported by a strong Human Resources organisation. Our people are the true drivers of our transformation. It is therefore vital that we recognise their talent, empower them as much as we can and help them thrive and develop by offering them a wide set of training and development programmes.

Recticel’s HR teams were extremely active in 2020. The health crisis required us to pay continual attention to the health of our employees while aligning activity levels with demand. Despite the focus on crisis management, we maintained the robust and well-established HR processes we have built over the years, such as employee performance management discussions, compensation and benefits management based on the Recticel Hay Grading system and the People Review process.

Rapid response to the COVID-19 pandemic

In its early stages, the pandemic had a significant impact on the activity levels at most Recticel sites. With the economy rapidly slowing down, business reached its lowest point in April 2020. Recticel HR reacted promptly by activating temporary unemployment schemes first for blue-collar workers and subsequently for white-collar employees in the different countries and locations.

This measure enabled us to bring our activities into line with the reduction in demand while maintaining our experienced workforce. It also meant that Recticel was able to ramp up quickly when business picked up again later in the year.

2025 objective

By 2025, we are committed to increasing gender equality to 25% in senior management (compared to 18% in 2020).



Exploring new ways of working

Triggered by the first lockdown in 2020, the Recticel Management Committee launched a work group to reflect upon New Ways of Working at Recticel. The work group comprised employees from a wide variety of professional backgrounds, business lines, functions and countries.

The group’s first task was to establish a simple set of principles that would guide Recticel employees and line managers in all countries and locations when working from home. The principles were approved by the Management Committee in July, enabling Recticel to take a proactive approach towards teleworking. The aim is to provide employees with more flexibility in organising their work to benefit themselves and the employer, and considering every aspect of people, planet and profit.

The guiding idea is to give all employees the same opportunity to work part-time from home where possible within the scope of their job and local country legislation. The group principles have been converted into country-specific policies that will be applicable as soon as the health situation allows a return to normal working conditions.

This important step is made possible by the digital workplace previously introduced at Recticel under the name of SimplyConnect, and by providing employees with digital tools that enable a more collaborative, agile, and remote way of working.



The work group also debated the implications of New Ways of Working. As an outcome of this process, the Management Committee validated two areas in which the company will further explore and intensify its efforts: employee well-being, engagement and motivation; and communication.

In the context of a rapidly changing world, digitalisation, new online tools, and the emergence of new ways of working, it is clear that we must persevere in this direction with fresh energy and ideas to engage employees at all levels of our organisation. SimplyConnect, along with new collaborative tools and a new intranet allowing more targeted, interactive communication, will enable us to achieve these objectives.



Training and development

A year of transition



Recticel places great emphasis on attracting and onboarding new skilled employees. Unfortunately, due to the COVID-19 pandemic, 2020 saw a suspension of all on-site training modules planned under the Recticel University (RECUN).

Instead, the time was used to work on a new RECUN programme of online classes allowing participants to meet and interact in a virtual classroom environment. This is complemented by peer learning, where employees can engage in a learning community. As identified during the People Review process, the learning focus for 2021 will be Change Management and Project Management.

For 2020 and 2021, the regular employee performance management discussions (EPMD) with our approximately 1,500 white-collar employees are being conducted online. These discussions are essential to enhance the reward, retention, succession and career planning process.

In 2021, we plan to give all white-collar employees access to a broad catalogue of e-learning materials allowing them to train in a self-paced way on topics identified during the EPMD process.

Legal e-learning and training sessions



Complementing the RECUN resources, we are constantly increasing our e-learning offering for all white-collar employees, not only those who enrol in RECUN training.

In 2020, a wide range of legal and compliance e-learning courses were offered, complemented by online and classroom training sessions delivered by the group's legal department. The legal e-learning modules were updated and extended to make them more interactive and appealing. Today, employees can follow self-paced e-learning courses on a variety of legal subjects such as Intellectual Property, Group Bribery Policy, Product Liability, and EU Competition Law Compliance.

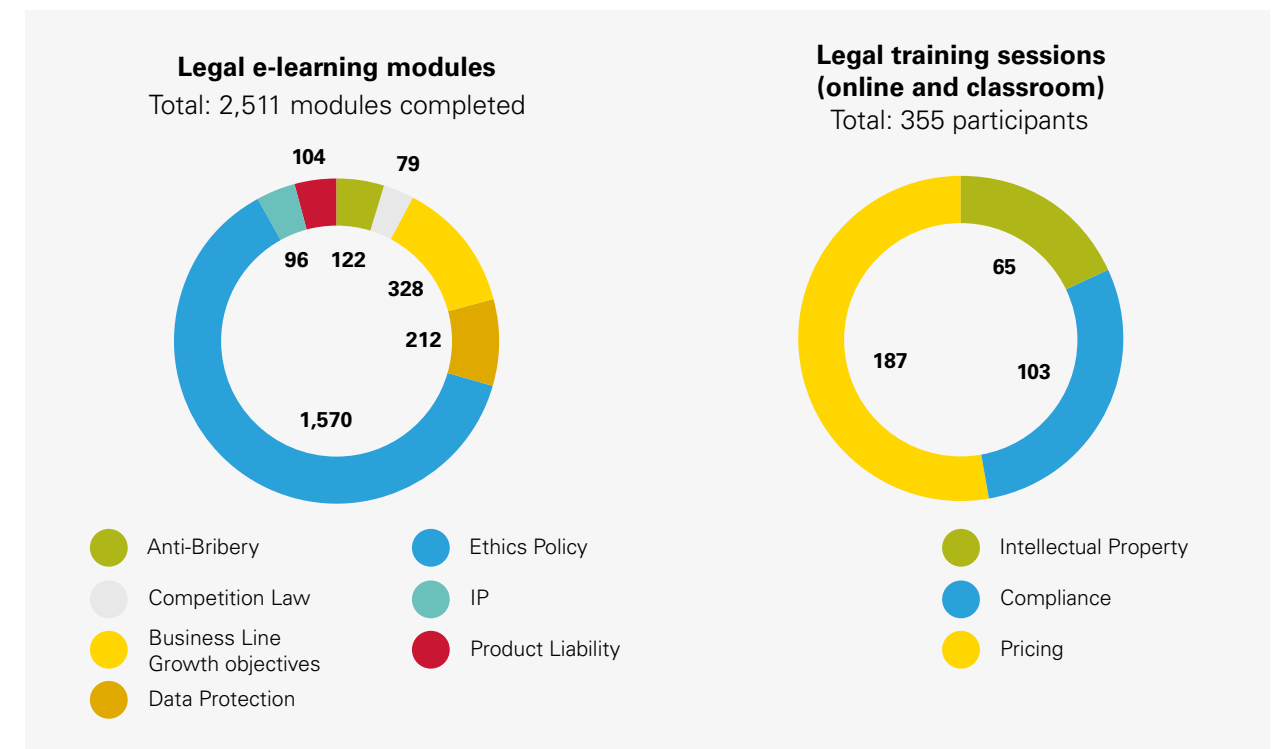
Compulsory modules for white-collar employees

In 2018, Recticel embarked on an ambitious endeavour to reach a higher level of integrity and compliance within the Group. Three legal e-learning modules were made compulsory for all white-collar employees. They deliver the necessary knowledge on the Recticel Ethics Policy, Data Protection procedure, and the basics of Contract Law.

Because of the importance of our Ethics Policy, all Recticel white-collar employees were asked to repeat the e-learning module in 2020 and restate their commitment to respecting and integrating Recticel's ethical foundation in their respective environments.

2025 objective

We are aiming for 100% employee participation in e-learning on legal, cybersecurity and safety topics among others, as well as expanding new offerings based on specific needs detected during the annual Employee Performance Management Discussion (EPMD).



DIGIWIZZ e-learning and phishing test campaign

The impact of cybersecurity breaches can be huge in terms of both financial loss and reputational damage. In 2018, Recticel launched its first DIGIWIZZ campaign to raise awareness about cybersecurity, malware, and phishing. In 2020, we launched a new and completely revamped DIGIWIZZ e-learning course. As well as phishing and malware, it covered safe web browsing and teleworking. The modules combined short videos with assessments to test employees' understanding of these four topics. The e-learning course was made available in English and in local languages.

Theft of credentials such as user IDs and passwords via phishing emails remains one of the most common types of cyberattack affecting organisations. In 2020, we conducted 'phishing tests' in which users received fake phishing e-mails. These tests helped employees to consciously improve their awareness regarding cyberattack techniques and to recognise and report them.

Recticel will continue to invest in DIGIWIZZ in 2021. The goal is to enable employees to stay alert and test their behaviour while also enabling Recticel to monitor their learning progress.



Managing divestments and acquisitions

With effect from June 30th, 2020, Recticel transferred its Automotive Interior business, with 1,400 employees, into a new joint venture under the control of Munich-based privately-owned investment company Admetos GmbH.

For HR, this meant administering the transfer of all the workers employed in 11 production sites located in China, the Czech Republic, Germany and the United States, as well as employees from Automotive Interiors who shared offices with Recticel in Belgium and Germany.

Throughout the year, Recticel maintained an active dialogue with its social partners, at both country and European levels.

In 2020, the usual annual EWC meeting and the quarterly restricted EWC committees were supplemented by various special meetings to consult with our social partners at European level regarding not only the divestments of Automotive Interiors and Eurofoam, but also the acquisition of FoamPartner, which was announced towards the end of the year.

“

“SuccessFactors was selected because it offers an intuitive user experience and it is cloud-based, so we will always have our data in back-up and will have immediate access to new functionality through half-yearly updates.

The different modules such as Employee Central, Compensation & Benefit, and in a next step, Performance Management and Succession Planning, will offer us the advantage of a 360° view on the most important HR data.”

Romain Boesinger, Group Talent Director & Simon Veeckman, SAP CO Consultant

Project Co-leaders for HR4U, the Recticel SAP SF implementation

”

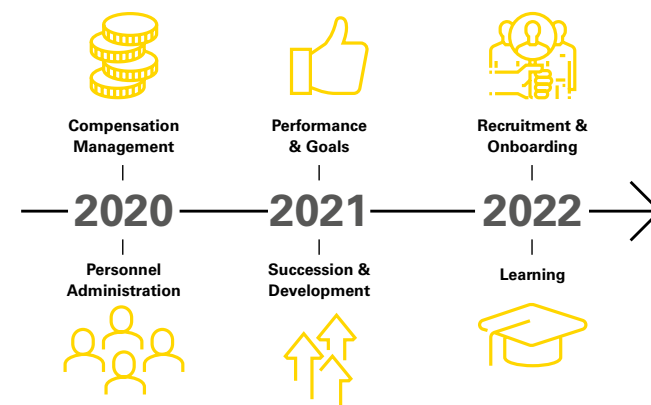
HR4U – launching our digital HR transformation

HR4U – Recticel’s SuccessFactors implementation project – was kicked off in early summer 2020 by Corporate HR, Recticel HR process experts from different countries and the Recticel IDT department. The Recticel project team was supported by an external implementation partner.

SAP SuccessFactors is a state-of-the-art tool allowing us to manage our HR processes and data in a uniform and streamlined way throughout all countries and locations. The system went live on December 1st, 2020, with the first two modules (Employee Central and Compensation Management) for all white-collar employees. This allowed us to launch the ASR (Annual Salary Review) cycle for 2021 successfully in the new system. HR4U aims to make approval flows and administration checks easier.

The next step is to implement four additional modules: Performance & Goals, Succession & Development, Recruitment & Onboarding and Learning.

The transition to HR4U will be a significant driver of further business integration and help to leverage our employer branding and attractiveness. A key element of the user-friendly, digital workplace we are building, it will optimise our recruiting, onboarding and compensation processes while giving employees a better view of their career path and performance.



Co-creating an inspiring and rewarding place to work

Engaging our global workforce

We know that our success relies on the ability to attract, engage and retain a pool of talented employees. It is essential that we offer all employees a stimulating and rewarding place to work; one that encourages them to feel engaged and allows them to develop their talents and skills.



We are committed to continuous improvement of employee engagement and to follow-up and scoring of well-being through the annual Employee Performance Management Discussion (EPMD). We will report on this annually.

In previous years, Recticel rolled out engagement surveys through an independent research agency, Profacts. Employees were able to provide anonymous feedback on topics such as the working environment, leadership, cooperation, communication, career development and employee engagement.

In 2020, our focus was to follow up on the insights gained. We organised information sessions and workshops at all levels of the different business lines and in the local plants worldwide. These groups reviewed the findings of the surveys and discussed the conclusions.



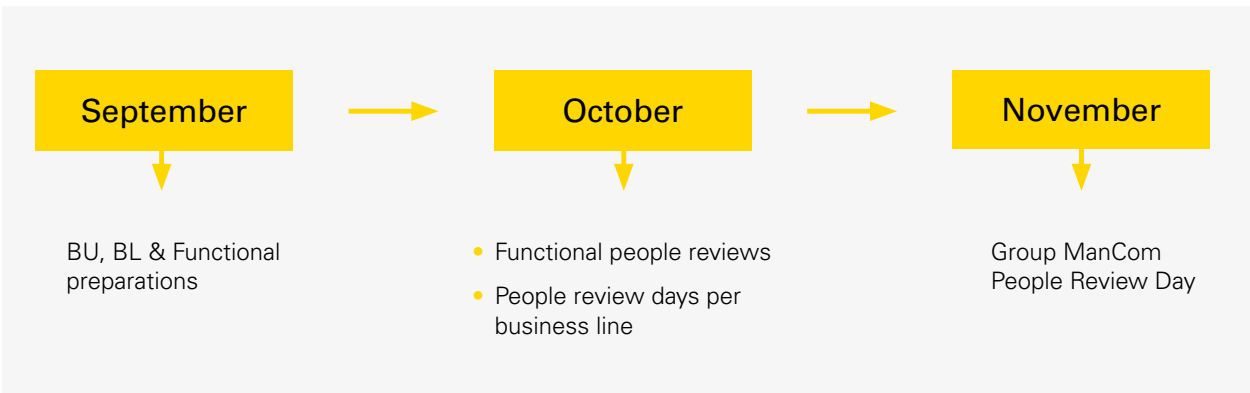
The Flexible Foams leadership team held a dedicated session at their annual FELT meeting in early 2020 (pre-COVID). They discussed the survey results and agreed on conclusions and action plans to improve employee engagement.

People Review Process and succession planning

We continued our People Review Process in 2020. Facilitated by the Group HR team, the business line and functional management teams each dedicated an entire day to discussing topics such as succession planning, people related SWOT analysis, identification of high-potentials, future recruitment and retirement planning, and related knowledge transfer plans. The Group Management Committee went through the same process related to their direct reports.

During this annual process, we prioritise consistency between the outcome of the People Review Process and the other related processes such as succession planning, employee performance management discussions (EPMD) and the annual salary review (ASR) process.

This approach helps Recticel to anticipate internal succession needs and to leverage employee motivation, knowledge transfer and business performance. The outcomes are converted into clear action plans and follow-up processes. The People Review Process is also being cascaded down into the local organisations. In the future, the process will be supported by HR4U, our new HR IT system.



Further refinement of our remuneration practices

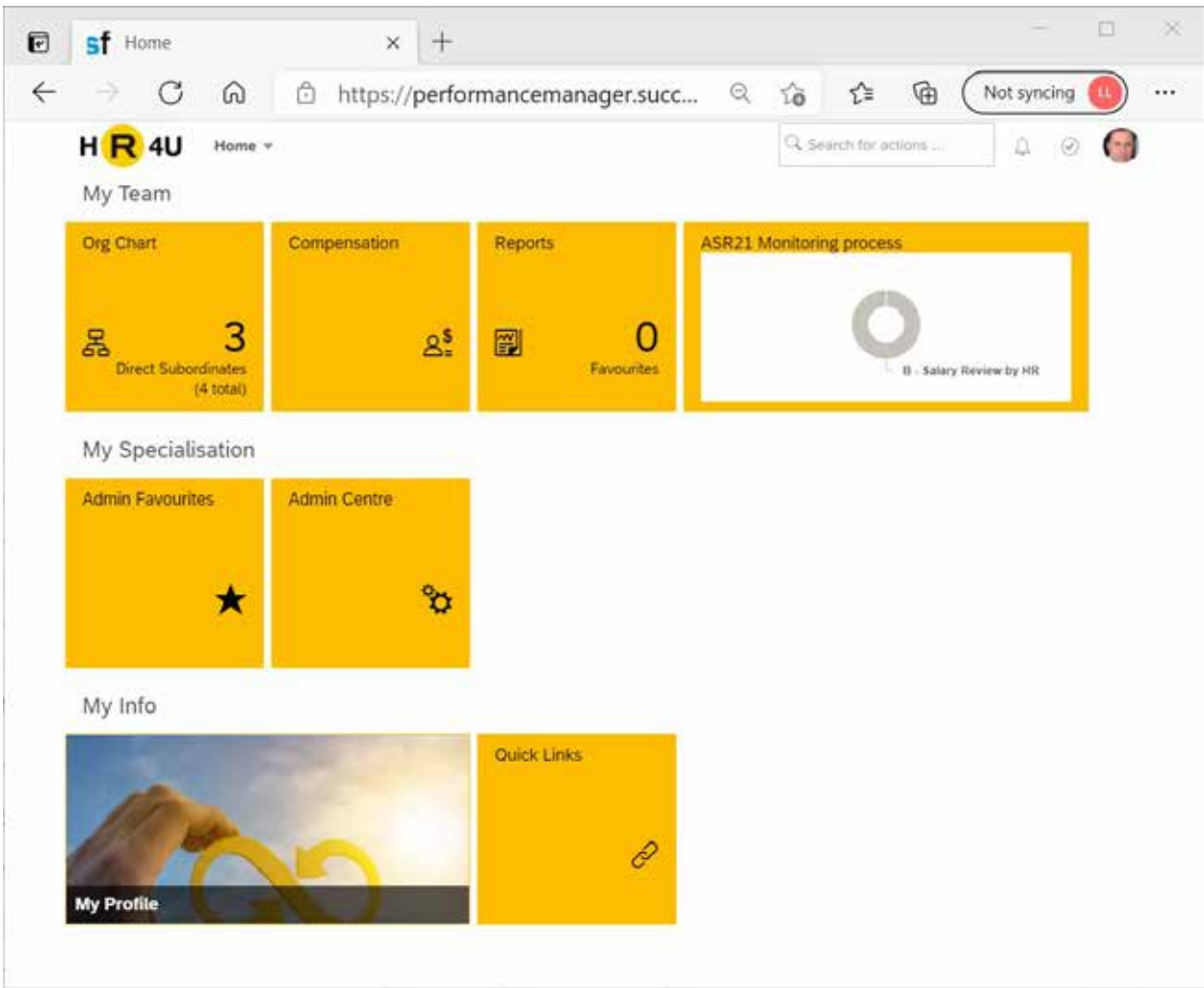
Recticel continues to upgrade its HR processes. In 2020, the compensation processes and databases were migrated into HR4U. The use of reliable, well-integrated and standardised employee data on a single future-proof platform improves the delivery of our HR services. Over time, it will cover and connect all key HR functions and processes across the entire Group. In December of last year, the worldwide Annual Salary Review (ASR) process for 2021 was launched in HR4U. The ASR process is a system-based workflow, using a standardised compensation form.

With HR4U, the decision-making process is enhanced: the Recticel line managers involved in the ASR process are empowered to access trusted HR data online, as well as new reporting capabilities, both fully in line with GDPR requirements. The ASR process now includes calibration meetings held at business line and Group levels to systematically review the performance of our white-collar employees. HR4U is making the overall administration of the process easier.

In parallel, Recticel continued to structure its remuneration practices based on the worldwide Recticel Hay Grading structure and to streamline compensation and benefit decisions, also at the time of recruitment. This is supported by an improved online benchmarking interface, Korn Ferry Pay, and synchronised with HR4U.

“HR4U, our new Group HR IT system, allows line managers, who are involved in the annual salary review process, to access trusted HR data online as well as new reporting capabilities. This brings people management decisions closer to them, fully in line with our GDPR compliance requirements.”

Lionel De Leener, Reward Director



The HR4U dashboard empowers Recticel Line Managers to access HR data online



2.

Management report

2.1. Report of our Board of Directors

Recticel Annual Results 2020

Solid 2nd half 2020 and Strategic Repositioning

- Net sales: from EUR 878.5 million¹ to EUR 828.8 million (-5.7%), including a -0.3% currency effect
- Adjusted EBITDA: from EUR 70.7 million¹ to EUR 58.8 million (-16.8%)
- Result of the period (share of the Group): from EUR 24.8 million to EUR 63.2 million, including EUR 68.7 million result from discontinued operations
- Net financial debt (cash): EUR 4.6 million, including IFRS 16 lease liabilities
- Proposal to pay a gross dividend of EUR 0.26 per share

Olivier Chapelle (CEO): “After a -17.5% sales decline in 1H2020 caused by the COVID-19 lockdown, the 2H2020 was marked by significant sales fluctuations varying from one business segment or country to another, influenced by the subsequent waves of the COVID pandemic and the related precautionary measures taken by national governments. In this difficult context, we managed to generate a robust 7.0% sales growth in 2H2020 and a 10.0% increase in Adjusted EBITDA.

Numerous ‘force majeure’ events at the premises of our chemical raw material suppliers have created and continue to create supply shortages of polyols and isocyanates. Our suppliers have used this situation to implement price increases at an historically high pace, leading to new all-time highs. In response to this, we were compelled to mitigate these cost increases through corresponding sale price increases. The situation is expected to normalize as of 3Q2021.

2020 has also been a milestone year for the important strategic repositioning of our Group. We have at last succeeded in divesting our Automotive Interiors operations, which, together with the disposal of our 50% participation in the Eurofoam joint venture, has enabled the signing of the acquisition of FoamPartner. This transaction will create a truly global player in Engineered Foams.

While pursuing further external growth opportunities, the Board of Directors has now also decided to launch a divestment process for our Bedding division, in line with our amended strategy.”

OUTLOOK

Our underlying end-use markets remain difficult to predict in the context of the COVID-19 pandemic. Regardless of these uncertainties, our Group confirms its expectation to realise in 2021 a substantial increase in sales, and at least a 30% increase of its Adjusted EBITDA, not taking into account the contribution from the FoamPartner and the GóR-Stal acquisitions, nor the related synergies.

¹ Following the partial divestment from Automotive Interiors on 30 June 2020 (see press release of 01 July 2020), Automotive Interiors is integrated in the consolidated accounts according to the ‘equity method’. Following the loss of control as a result of the partial divestment of Automotive Interiors and the sale of Eurofoam, the 2019 consolidated income statement was restated to present these as discontinued operations. To facilitate comparisons and understanding of the Group’s underlying performance, all comments in this document on developments in revenue or results are made on a like-for-like basis unless otherwise indicated.

2.1.1. Consolidated Group results

in million EUR								
Income statement	2H2019 as published	2H2019 restated ¹	2H2020	Δ %	FY2019 as published	FY2019 restated ¹	FY2020	Δ %
Sales	502.4	424.7	454.5	7.0%	1 038.5	878.5	828.8	-5.7%
Gross profit	89.9	80.7	91.7	13.6%	191.1	168.7	157.0	-6.9%
as % of sales	17.9%	19.0%	20.2%		18.4%	19.2%	18.9%	
Income from associates ³	4.5	0.6	0.3	-53.8%	9.3	1.3	0.7	-45.7%
Adjusted EBITDA	n.a.	36.1	39.8	10.0%	n.a.	70.7	58.8	-16.8%
as % of sales		8.5%	8.7%			8.1%	7.1%	
EBITDA	42.0	30.3	34.2	12.9%	95.3	60.7	51.6	-15.0%
as % of sales	8.4%	7.1%	7.5%		9.2%	6.9%	6.2%	
Adjusted operating profit (loss)	n.a.	18.0	22.6	25.5%	n.a.	34.8	23.5	-32.5%
as % of sales		4.2%	5.0%			4.0%	2.8%	
Operating profit (loss)	12.4	12.1	16.7	37.9%	37.1	24.4	13.8	-43.3%
as % of sales	2.5%	2.9%	3.7%		3.6%	2.8%	1.7%	
Financial result	(3.6)	(1.4)	(2.6)	79.1%	(8.2)	(4.2)	(5.1)	21.9%
Income from other associates ³	-	(1.6)	(2.8)	n.m.	-	1.0	(5.8)	n.m.
Impairment other associates	-	0.0	(5.5)	n.m.	-	0.0	(5.5)	n.m.
Change in fair value of option structures	-	0.9	(0.6)	n.m.	-	3.8	1.1	n.m.
Income taxes	(0.2)	1.7	(2.0)	-213.3%	(4.2)	(0.9)	(4.0)	354.3%
Result of the period of the continuing operations	8.6	11.7	3.2	-72.7%	24.7	24.0	(5.5)	-123.0%
Result of the discontinued operations	0.0	(3.1)	(0.1)	n.m.	0.0	0.7	68.7	n.m.
Result of the period (share of the Group)	8.7	8.7	3.0	-64.9%	24.8	24.8	63.2	155.0%
Result of the period (share of the Group) - base (per share, in EUR)	0.16	0.16	0.04	-73.3%	0.45	0.45	1.13	153.5%

Net sales	31 Dec 2019	31 Dec 2019 restated ¹	31 Dec 2020		31 Dec 2019	31 Dec 2019 restated ¹	31 Dec 2020	
Total Equity	275.4	275.4	334.8	21.6%	275.4	275.4	334.8	21.6%
Net Financial Debt (incl. IFRS 16 - Leases)	168.6 ²	96.7 ²	4.6	-95.2% ²	168.6 ²	96.7 ²	4.6	-95.2%
Gearing ratio (Net financial debt/ Total Equity)	61.2%	35.1%	1.4%		61.2%	35.1%	1.4%	
Leverage ratio (Net financial debt/ EBITDA)	2.0	1.6	0.1		1.8	1.6	0.1	

The following changes in the scope of consolidation took place in 2020:

- Disposal of the 50% participation in the Eurofoam group (Flexible Foams) on 30 June 2020.
- Partial divestment of the Automotive Interiors activities on 30 June 2020, now operated through a new 51/49% Admetos/ Recticel joint venture.

Consequently, the 1H2020 net result of the Automotive Interiors activities and Eurofoam are reported under discontinued operations and the 2H2020 net result of Automotive Interiors is included under 'Income from other associates'.

The Automotive segment is no longer reported separately.

Sales of chemical raw materials at cost to the Proseat and Automotive Interiors companies, which were reported under the segment Automotive until 2019, are now integrated under "Corporate/Eliminations".

Net Sales: on a like-for-like basis¹ sales decreased by 5.7% from EUR 878.5 million¹ to **EUR 828.8 million**, including a currency impact of -0.3%.

Sales recovered strongly in the second half-year (+7.0% y/y), after a first half-year severely impacted by the first wave of the COVID-19 pandemic (-17.5% y/y). Despite the development of a second COVID-19 wave since the autumn, sales increased

over the third (+2.5%) and fourth quarter (+11.5%), supported by recovering volumes and higher selling prices, compensating for the steep increase in chemical raw material costs induced by many force majeure events at our main suppliers.

Breakdown of the sales by segment

in million EUR							
Net sales	FY2019 restated ¹	1Q2020	2Q2020	3Q2020	4Q2020	FY2020	Δ FY
Flexible Foams	361.1	89.4	57.7	81.5	93.3	322.0	-10.8%
Bedding	242.3	65.2	44.0	68.3	64.3	241.8	-0.2%
Insulation	247.2	60.7	52.0	65.0	71.5	249.2	0.8%
Corporate / Eliminations	28.0	6.2	(1.0)	2.6	8.0	15.8	-43.5%
TOTAL CONSOLIDATED SALES	878.5	221.5	152.8	217.4	237.2	828.8	-5.7%

in million EUR									
	restated ¹			1Q2020	2Q2020	1H2020	2020 versus 2019 restated		
	1Q2019	2Q2019	1H2019				Δ 1Q	Δ 2Q	Δ 1H
Flexible Foams	96.8	92.6	189.4	89.4	57.7	147.1	-7.7%	-37.7%	-22.3%
Bedding	64.3	55.6	119.8	65.2	44.0	109.2	1.4%	-20.7%	-8.9%
Insulation	62.5	67.4	129.8	60.7	52.0	112.7	-2.9%	-22.8%	-13.2%
Corporate / Eliminations	4.6	10.1	14.7	6.2	(1.0)	5.2	33.3%	-110.2%	-64.9%
TOTAL CONSOLIDATED SALES	228.3	225.6	453.8	221.5	152.8	374.3	-3.0%	-32.3%	-17.5%

	restated ¹			3Q2020	4Q2020	2H2020	2020 versus 2019 restated		
	3Q2019	4Q2019	2H2019				Δ 3Q	Δ 4Q	Δ 2H
Flexible Foams	84.3	87.4	171.7	81.5	93.3	174.8	-3.3%	6.8%	1.8%
Bedding	57.8	64.6	122.4	68.3	64.3	132.5	18.1%	-0.6%	8.2%
Insulation	62.9	54.4	117.3	65.0	71.5	136.5	3.3%	31.5%	16.4%
Corporate / Eliminations	7.0	6.3	13.3	2.6	8.0	10.7	-62.6%	28.0%	-19.8%
TOTAL CONSOLIDATED SALES	212.0	212.7	424.7	217.4	237.2	454.5	2.5%	11.5%	7.0%

	restated ¹			1H2020	2H2020	FY2020	2020 versus 2019 restated		
	1H2019	2H2019	FY2019				Δ 1H	Δ 2H	Δ 1H
Flexible Foams	189.4	171.7	361.1	147.1	174.8	322.0	-22.3%	1.8%	-10.8%
Bedding	119.8	122.4	242.3	109.2	132.5	241.8	-8.9%	8.2%	-0.2%
Insulation	129.8	117.3	247.2	112.7	136.5	249.2	-13.2%	16.4%	0.8%
Corporate / Eliminations	14.7	13.3	28.0	5.2	10.7	15.8	-64.9%	-19.8%	-43.5%
TOTAL CONSOLIDATED SALES	453.8	424.7	878.5	374.3	454.5	828.8	-17.5%	7.0%	-5.7%

All segments reported higher sales during 2H2020:

- Flexible Foams sales increased by 1.8% over 2H2020. Volumes remained subdued due to a combination of softer demand linked to 2H2020 COVID-19 restrictions and to limited availability of chemical raw materials. Increased chemical raw materials costs were passed on to the market as from September 2020, resulting in higher selling prices.
- Bedding sales increased by 8.2% over 2H2020, thanks to very strong demand as soon as the restrictions imposed on retail shopping in most European countries between March and May 2020 were lifted. Sales have grown significantly over 3Q2021 (+18.1%) on the back of a strong orderbook, but 4Q2020 was stable (-0.6% y/y), due to raw material supply constraints.

- Insulation sales increased by 16.4% over 2H2020, with strong volumes throughout 2H2020 in combination with higher selling prices resulting from the increase in chemical raw material input costs.

Adjusted EBITDA: EUR 58.8 million versus EUR 70.7 million¹ in 2019.

Adjusted EBITDA margin of 7.1% versus 8.1%¹ in 2019.

Breakdown of the Adjusted EBITDA by segment

in million EUR									
Adjusted EBITDA	1H2019 restated¹	2H2019 restated¹	FY2019 restated¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	18.8	18.3	37.2	10.3	18.3	28.6	-45.4%	-0.3%	-23.1%
Bedding	6.9	9.9	16.9	4.5	13.7	18.2	-34.6%	37.7%	8.0%
Insulation	17.1	14.5	31.6	11.3	16.4	27.7	-33.9%	13.0%	-12.3%
Corporate	(8.2)	(6.7)	(14.9)	(7.0)	(8.6)	(15.6)	-14.4%	29.4%	5.2%
TOTAL CONSOLIDATED ADJUSTED EBITDA	34.6	36.1	70.7	19.1	39.8	58.8	-44.9%	10.0%	-16.8%

Although COVID-19 particularly impacted Adjusted EBITDA in 1H2020 (-44.9% y/y), a solid recovery was observed in 2H2020, with an Adjusted EBITDA growth of +10.0% y/y.

After a first half during which the negative volume impact could be mitigated to a great extent by cost saving measures and the implementation of temporary unemployment, 2H2020 benefitted from recovering volumes in Insulation and Bedding and disciplined selling price adjustments to compensate for the higher chemical raw material costs.

Many force majeure events have occurred after the restart of the suppliers’ production lines - which had been stopped during the first lockdown -, and have resulted in an extremely tight supply situation over the last 4 months of the year. The shortage has been invoked by our suppliers to increase their prices at a historical speed, and to new record levels. The Group has implemented selling price increases accordingly to protect its profit margins.

Adjusted operating profit (loss): EUR 23.5 million versus EUR 34.8 million¹ in 2019. Adjusted operating profit (loss) margin of 2.8% versus 4.0%¹ in 2019.

Breakdown of the Adjusted operating profit (loss) by segment

in million EUR									
Adjusted operating profit (loss)	1H2019 restated¹	2H2019 restated¹	FY2019 restated¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	12.0	11.1	23.1	3.1	11.2	14.4	-73.8%	1.4%	-37.7%
Bedding	2.5	5.7	8.2	0.0	10.2	10.2	-99.4%	79.1%	25.5%
Insulation	11.5	9.4	20.9	5.9	11.2	17.1	-48.4%	19.1%	-18.0%
Corporate	(9.1)	(8.2)	(17.2)	(8.2)	(10.0)	(18.2)	-9.9%	22.8%	5.6%
TOTAL ADJUSTED OPERATING PROFIT (LOSS)	16.8	18.0	34.8	0.9	22.6	23.5	-94.7%	25.5%	-32.5%

Adjustments to Operating profit (loss):

in million EUR						
Adjustments to Operating profit (loss)	1H2019 restated¹	2H2019 restated¹	FY2019 restated¹	1H2020	2H2020	FY2020
Restructuring charges and provisions			(6.7)	(1.4)	(0.6)	(2.0)
Other		(0.3)	(3.4)	(0.3)	(4.9)	(5.2)
Total impact on EBITDA	(4.2)	(5.8)	(10.0)	(1.7)	(5.5)	(7.2)
Impairments	(0.3)	(0.1)	(0.4)	(2.1)	(0.4)	(2.4)
Total impact on Operating profit (loss)	(4.5)	(5.9)	(10.4)	(3.8)	(5.9)	(9.7)

Adjustments to Operating profit (loss) in 2020 include mainly (i) reorganisation charges in Flexible Foams (EUR 0.9 million) and Bedding (EUR 1.0 million), (ii) due diligence and legal fees and expenses linked to the FoamPartner acquisition - cfr press release of 10 November 2020 - (EUR 4.9 million) and (iii) impairments on idle assets in Flexible Foams in Spain (EUR 1.3 million) and in Bedding following the closure of the Hassfurt plant (Germany) (EUR 1.1 million).

EBITDA: EUR 51.6 million versus EUR 60.7 million¹ in 2019. EBITDA margin of 6.2% versus 6.9%¹ in 2019.

Breakdown of EBITDA by segment

in million EUR									
EBITDA	1H2019 restated¹	2H2019 restated¹	FY2019 restated¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	19.3	14.9	34.1	9.5	17.9	27.4	-50.9%	20.1%	-19.9%
Bedding	6.8	9.3	16.0	3.5	13.6	17.1	-47.6%	46.7%	7.0%
Insulation	17.1	14.4	31.4	11.2	16.3	27.5	-34.3%	13.4%	-12.5%
Corporate	(12.7)	(8.2)	(20.9)	(6.8)	(13.6)	(20.4)	-46.0%	64.9%	-2.3%
TOTAL CONSOLIDATED EBITDA	30,4	30,3	60,7	17,4	34,2	51,6	-42,8%	12,9%	-15,0%

Operating profit (loss): EUR 13.8 million versus EUR 24.4 million¹ in 2019.

Operating profit (loss) margin of 1.7% versus 2.8%¹ in 2019.

Breakdown of Operating profit (loss) by segment

in million EUR									
Operating profit (loss)	1H2019 restated¹	2H2019 restated¹	FY2019 restated¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Flexible Foams	12.4	7.6	20.0	1.2	10.7	11.9	-90.1%	40.8%	-40.6%
Bedding	2.0	5.0	7.0	(1.9)	10.0	8.1	-194.7%	97.5%	15.1%
Insulation	11.4	9.3	20.7	5.8	11.1	16.9	-48.8%	19.9%	-18.0%
Corporate	(13.5)	(9.7)	(23.3)	(8.1)	(15.0)	(23.1)	-40.2%	54.2%	-0.8%
TOTAL OPERATING PROFIT (LOSS)	12.3	12.1	24.4	(2.9)	16.7	13.8	-123.5%	37.7%	-43.4%

Financial result: from EUR -4.2 million¹ to **EUR -5.1 million:**

Net interest charges: EUR -3.4 million – of which EUR -2.1 million relating to leases – versus EUR -2.8 million¹ in 2019.

‘Other net financial income and expenses’: EUR -1.7 million versus EUR -1.4 million¹ in 2019. This item comprises mainly interest capitalisation costs under provisions for pension liabilities (EUR -0.3 million versus EUR -0.8 million¹ in 2019) and exchange rate differences (EUR -1.4 million versus EUR -0.6 million¹ in 2019).

Income from other associates : EUR -5.7 million relates to the reported results in Proseat (EUR -5.1 million) and in Automotive Interiors (EUR -0.6 million).

Impairment other associates : EUR -5.5 million on the Proseat participation.

Fair value of option structures : EUR +1.1 million relates to an adjustment of the fair value of the put/call structure on the 25% Proseat participation. The put/call structure on the remaining 49% participation in the Automotive Interiors joint-venture has been maintained at a ‘zero’ value given the uncertainties over the period until the earliest exercise date of the options (2024).

Income and deferred taxes: from EUR -0.9 million¹ to **EUR -4.0 million:**

- Current income tax: EUR -4.0 million (2019: EUR -3.6 million¹);
- Deferred tax: EUR -0.02 million (2019: EUR +2.7 million¹).

Result of the period from continuing operations: EUR -5.5 million versus EUR +24.1 million¹ in 2019.

Result from discontinued operations: EUR +68.7 million

The total result of discontinued operations consists of:

- (i) the net gain related to the divestment of the 50% participation in the Eurofoam group,
- (ii) the net loss realised on the sale of 49% of the Automotive Interiors activities, and
- (iii) the pro rata share of the 1H2020 result of the period after taxes of Eurofoam (50%) and Automotive Interiors activities (100%).

Consolidated result of the period (share of the Group): EUR + 63.2 million versus EUR 24.7 million in 2019.

2.1.3. Market segments

2.1.3.1. Flexible Foams

in million EUR									
Flexible Foams results	1H2019 restated ¹	2H2019 restated ¹	FY2019 restated ¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	189,4	171,7	361,1	147,1	174,8	322,0	-22,3%	1,8%	-10,8%
Adjusted EBITDA	18,8	18,3	37,2	10,3	18,3	28,6	-45,4%	-0,3%	-23,1%
as % of sales	9,9%	10,7%	10,3%	7,0%	10,5%	8,9%			
EBITDA	19,3	14,9	34,1	9,5	17,9	27,4	-50,9%	20,1%	-19,9%
as % of sales	10,2%	8,7%	9,5%	6,4%	10,2%	8,5%			
Adjusted operating profit (loss)	12,0	11,1	23,1	3,1	11,2	14,4	-73,8%	1,4%	-37,7%
as % of sales	6,3%	6,5%	6,4%	2,1%	6,4%	4,5%			
Operating profit (loss)	12,4	7,6	20,0	1,2	10,7	11,9	-90,1%	40,8%	-40,6%
as % of sales	6,6%	4,4%	5,5%	0,8%	6,1%	3,7%			

Sales

Fourth quarter 2020
Sales increased by 6.8% in 4Q2020 from EUR 87.4 million¹ in 4Q2019 to **EUR 93.3 million**, including a -1.7% impact from exchange rate differences. External sales increased by 6.0% from EUR 79.9 million¹ to EUR 84.7 million, including the impact of passing on higher chemical raw material costs to the market.

Full-year 2019
Although market demand restored as of September, COVID-induced sales reduction in 1H2020 (-22.3% on a like-for-like¹ basis), could not be compensated during 2H2020 (+1.8%). Sales decreased from EUR 361.1 million¹ to **EUR 322.0 million** (-10.8%), including a -0.9% impact from exchange rate differences. External sales decreased by 12.0% from EUR 332.0 million¹ to EUR 292.2 million.

Selling prices were increased as of September 2020 to compensate for the steep surge in chemical raw material prices following several force majeure events and other supply issues in the upstream value chain.

Profitability
Although profitability gradually improved after Q2, the like-for-like¹ Adjusted EBITDA margin decreased to 8.9% (2019: 10.3%¹). The margin reduction is fully explained by the negative volume impact leading to unabsorbed fixed costs, partially mitigated by cost saving measures, including temporary unemployment and pricing efforts.

EBITDA includes adjustments for EUR -1.2 million (2019: EUR -3.0 million¹): of which EUR -0.9 million of restructuring charges in The Netherlands and Spain.

2.1.2. Financial position

in million EUR					
Equity - financial debt	31 DEC 2019	31 MAR 2020	30 JUN 2020	30 SEP 2020	31 DEC 2020
TOTAL EQUITY	276.6	-	331.5	-	334.8
Net financial debt excluding factoring	88.6	121.4	(11.4)	(43.7)	(47.9)
+ Drawn amounts under factoring programs	47.1	32.1	0.0	0.0	0.0
+ Impact of application IFRS 16	80.0	77.6	55.2	52.9	52.5
TOTAL CONSOLIDATED NET FINANCIAL DEBT	215.6	231.1	43.8	9.3	4.6
GEARING RATIO (INCL. IFRS 16)	60.9%	-	13.2%	-	1.4%
LEVERAGE RATIO (INCL. IFRS 16)	1.8	-	0.7	-	0.1

The Group’s net cash position - excluding IFRS16 debt - increased by EUR 4.2 million over 4Q2020 to reach EUR 47.9 million.

On 4 December 2020 the Group entered into (i) a new EUR 100 million syndicated revolving credit facility to replace the EUR 175 million ‘club deal’ facility maturing in February 2021 and (ii) a EUR 205 million acquisition financing facility to finance the acquisition of FoamPartner (cfr press release of 10 November 2020).

Both facilities have been arranged and underwritten by KBC Bank. Belfius Bank, BNP Paribas Fortis, Commerzbank and LCL confirmed their participation. Both facilities have a 3-year tenor with two 1-year extension options.

2.1.3.2. Insulation

in million EUR									
Insulation results	1H2019 restated¹	2H2019 restated¹	FY2019 restated¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	129.8	117.3	247.2	112.7	136.5	249.2	-13.2%	16.4%	0.8%
Adjusted EBITDA	17.1	14.5	31.6	11.3	16.4	27.7	-33.9%	13.0%	-12.3%
as % of sales	13.1%	12.4%	12.8%	10.0%	12.0%	11.1%			
EBITDA	17.1	14.4	31.4	11.2	16.3	27.5	-34.3%	13.4%	-12.5%
as % of sales	13.1%	12.3%	12.7%	9.9%	11.9%	11.0%			
Adjusted operating profit (loss)	11.5	9.4	20.9	5.9	11.2	17.1	-48.4%	19.1%	-18.0%
as % of sales	8.8%	8.0%	8.4%	5.2%	8.2%	6.9%			
Operating profit (loss)	11.4	9.3	20.7	5.8	11.1	16.9	-48.8%	19.9%	-18.0%
as % of sales	8.8%	7.9%	8.4%	5.2%	8.1%	6.8%			

Sales

Fourth quarter 2020

Sales increased from EUR 54.4 million in 4Q2019 to **EUR 71.5 million** in 4Q2020 (+31.5%), including a -1.5% impact of exchange rate differences.

The sales increase results from strong volume development and selling price increases implemented to compensate for the steep surge in chemical raw material prices following a tighter supply in the upstream supply chain.

The new plant in Finland continues to increase its output.

In 4Q2020 demand for VIP (vacuum insulation panel) material has sharply increased, boosted by demand for ultra-high performance insulation materials needed for the transportation and storage of COVID-19 vaccines.

Full-year 2020

Despite the impact of COVID-19 – mainly in 2Q2020 –, sales slightly exceeded the level of 2019 thanks to solid demand leading to increased volumes: **EUR 249.2 million** versus EUR 247.2 million to (+0.8%), including a currency impact of -0.5%.

EC stimulus plans and green regulatory incentives will remain a key volume driver in Europe in 2021.

Profitability

Adjusted EBITDA margin of 11.1% versus 12.8% in 2019.

The profitability decline in 2020 results from (i) lower profit in 1H2020 due to sub-critical asset utilisation linked to COVID-19 impacted volumes, and (ii) higher profit in 2H2020 due to strong volumes, but partially mitigated by steep raw material price increases.

The new Finnish plant ramp-up is progressing well taking into account the COVID-19 impact and is expected to lead to break-even in 2H2021.

2.1.3.3. Bedding

in million EUR									
Bedding results	1H2019 restated¹	2H2019 restated¹	FY2019 restated¹	1H2020	2H2020	FY2020	Δ 1H	Δ 2H	Δ FY
Sales	119.8	122.4	242.3	109.2	132.5	241.8	-8.9%	8.2%	-0.2%
Adjusted EBITDA	6.9	9.9	16.9	4.5	13.7	18.2	-34.6%	37.7%	8.0%
as % of sales	5.8%	8.1%	7.0%	4.2%	10.3%	7.5%			
EBITDA	6.8	9.3	16.0	3.5	13.6	17.1	-47.6%	46.7%	7.0%
as % of sales	5.6%	7.6%	6.6%	3.2%	10.3%	7.1%			
Adjusted operating profit (loss)	2.5	5.7	8.2	0.0	10.2	10.2	-99.4%	79.1%	25.5%
as % of sales	2.0%	4.7%	3.4%	0.0%	7.7%	4.2%			
Operating profit (loss)	2.0	5.0	7.0	(1.9)	10.0	8.1	-194.7%	97.5%	15.1%
as % of sales	1.7%	4.1%	2.9%	-1.7%	7.5%	3.3%			

Sales

Fourth quarter 2020

Sales slightly decreased from EUR 64.6 million in 4Q2019 to **EUR 64.3 million** in 4Q2020 (-0.6%), including a +0.7% impact of exchange rate differences. External sales decreased by 0.1% to EUR 63.3 million in 4Q2020.

The strong momentum observed during 3Q2020 (+18.1%) - compensating for the volume shortfall in 2Q2020 (-20.7%) following the COVID-19 retail shopping restrictions imposed in most European countries – lost some of its momentum in 4Q2020 as new mobility restrictions (2nd COVID-19 wave) and raw material shortages dampened intrinsic volume growth.

Full-year 2020

Over 2020, sales remained stable despite the impact of COVID-19 on the retail sector. Sales amounted to **EUR 241.8 million** (-0.2%) versus EUR 242.3 million in 2019, including a +0.7% impact from exchange rate differences. External sales increased by 0.4% from EUR 237.3 million to EUR 238.2 million.

The sub-segment “Branded Products” (+3.8%) held firm given the challenging market environment, whereas the sub-segment “Non-Branded/Private Label” receded by 6.4%. Both sub-segments were heavily impacted during the second quarter by the COVID-19 retail shopping restrictions imposed in most European countries.

Profitability

The Adjusted EBITDA margin reached 7.5% versus 7.0% in 2019. The improved profitability was induced by positive mix effects and lower operating costs.

Despite the COVID-19 crisis, EBITDA increased from EUR 16.0 million to EUR 17.1 million; including non-recurring costs for EUR -1.1 million following the implementation of cost saving measures (2019: EUR -0.9 million).

2.1.4. Strategic review Bedding

The Board of Directors has completed the strategic review of the Bedding business segment and decided to divest the segment in order to focus on the core segments Insulation and Engineered Foams.

Recticel Bedding is a leading European manufacturer and distributor of branded and unbranded mattresses, slats, bed bases and finished beds. The business operates through a distinguished portfolio of brands including Geltex®, Schlaraflia®, Superba®, Swissflex®, Sembella®, Literie Bultex®, Beka® and Lattoflex® sold mainly in Belgium, Germany, the Netherlands, Poland, Austria and Switzerland.

The divestment will provide an opportunity for the segment to unlock its full potential under the ownership of a dedicated shareholder.

The next few months will be used to prepare the carve-out. J.P. Morgan has been retained to advise Recticel on the divestment.

2.1.5. Profit appropriation policy

The Annual General Meeting agrees on the appropriation of the amounts available for distribution based on a proposal from the Board of Directors.

When drawing up its proposal, the Board of Directors strives for the ideal balance between ensuring a stable dividend for shareholders and

maintaining sufficient investment and self-financing opportunities to secure the company's longer-term growth.

The Board of Directors presented the following appropriation of the results to the General Meeting:

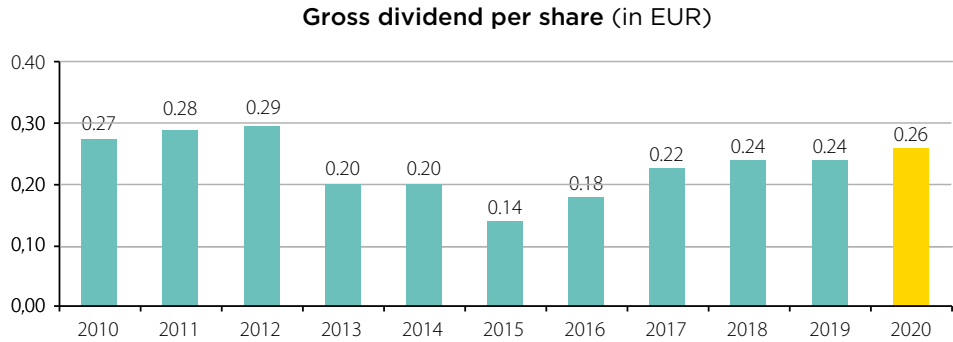
in EUR		
Profit appropriation		
Profit/(loss) for the financial year		(4 416 643,37)
Profit/(loss) brought forward from previous year	+	71 042 415,67
Profit/(loss) to be added to legal reserves	-	0,00
Profit/(loss) to be added to other reserves	-	0,00
Result to be appropriated	=	66 625 772,30
Gross dividend ⁽¹⁾	-	14 493 159,20
Profit to be carried forward	=	52 132 613,10

⁽¹⁾ Gross dividend per share of EUR 0.26, resulting in a net dividend after tax of EUR 0.182 per ordinary share.

2.1.6. Dividend payment

Subject to approval of the profit appropriation by the General Meeting of 25 May 2021, a dividend of EUR 0.26 gross will be paid per ordinary share, or EUR 0.182 net (-30% withholding tax). This dividend will be payable from 28 May 2021. KBC Bank acts as paying agent.

Payments for the registered shares will take place via bank transfer to the shareholders' bank accounts.



Dividend Key Data

Gross dividend per share	EUR 0.26
Ex-coupon date	28 MAY 2021
Record date	31 MAY 2021
Dividend payment date	01 JUNE 2021



2.2. Corporate Governance Statement

A rigorous and transparent approach to internal control, risk management and external auditing is vital to our core objective of creating value for our stakeholders. This chapter provides factual information on corporate governance in general and, the application of the Belgian Corporate Governance Code 2020 (hereinafter also “the Code”) during the last financial year in particular.

For more detailed information regarding the terms of reference of the Board of Directors, we invite you to consult the Recticel Corporate Governance Charter.

2.2.1. Applicable rules and reference code

Recticel publishes its Corporate Governance Charter on its website (www.recticel.com) in accordance with the requirements of the Belgian Corporate Governance Code 2020. The latest version is dated 27 April 2020. Any interested party can download the Charter there, or request a copy from the company's registered office. The Charter contains a detailed description of the governance structure and the company's governance policy.

As of this year, Recticel uses the new Belgian Governance Code of 2020 as reference code, which can be found on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

Recticel complies with all recommendations contained in the reference code, except for the cases where it is explicitly stated in this statement below.

This chapter contains more factual information regarding corporate governance in general and, the application of the Belgian Corporate Governance Code 2020 (hereinafter also "the Code") during the last financial year in particular.

Recticel confirms its explicit choice for the monistic governance structure under the Belgian Companies and Associations Code. The Board of Directors is therefore authorized to undertake all necessary or useful actions to achieve the company's objective, except those that only the general meeting is authorized to perform by law. The authority granted to the Board of Directors was not further limited in the articles of association.

The terms of reference of the Board of Directors are described in more detail in Recticel's Corporate Governance Charter.

The basis is formed by the revised Code of Ethics, applicable on all Recticel directors, corporate officers and employees, and published on Recticel's website: (https://www.recticel.com/sites/default/files/who_we_are/discover_the_recticel_group/business_ethics_integrity/01_Ethics_policy_English.pdf).

Important matters like ethics, safety, health and environment, quality, conflicts of interest, anti-trust, fraud and others are being dealt with.

Corporate policies have been elaborated to cover these principles that are further explained in the Business Control Guide, which provides more concrete and detailed guidelines, for instance guidelines on the level of Tax management, Treasury management, Accounting policies, Investments, Purchases, Mergers and Takeovers, and such. The internal financial reporting and control occurs based on the Group Accounting Manual, Group Accounting Methodology and Cost Accounting Methodology.

This Business Control Guide includes the general delegation of deciding powers and responsibilities for specific areas of competence.

The Board of Directors and executive management regularly reviews the most important risks that the Recticel Group is exposed to and submits a list of priorities. A general description of the risks can be found in the financial part of this annual report.

One of the objectives of the internal control and risk management system is also to ensure a timely, complete and accurate communication. To this end the Business Control Guide and all other guidelines contain the necessary regulations on roles and responsibilities. Also, the necessary attention is given to ensuring the security and confidentiality of the data exchange, if and when necessary.

In the event of violation of internal or external laws and regulations, the Recticel Group has also implemented a Group Policy for the Reporting of Misconduct and the Protection of Whistle-blowers to enable anyone to report on behaviour that may represent a violation of the applicable Code of Conduct, the Group Corporate Policies or any other laws and regulations.

Finally, the Audit committee, amongst others, has the task of informing and advising the Board of Directors regarding the annual follow up of the systems of internal control and risk management.

The Internal Audit Department works based on an Internal Audit Charter and has the primary function of delivering reports with opinions and other information indicating to which extent the internal audit meets predetermined criteria. The Internal Audit aims at providing the reasonable assurance that the strategic, operational, compliance and reporting objectives of the Recticel Group can be realized in the most efficient way. To this end they seek to ensure the following objectives:

- the reliability and integrity of the information;
- compliance with policies, plans, procedures, laws and agreements;
- safeguarding of assets;
- economical and efficient use of resources;
- achieving the goals set by operations and programs.

2.2.2. Internal control and risk management

Every entity exists to create value for the stakeholders and this forms the basis of risk management for every company. The challenge that faces the Board of Directors and executive management is in determining how much uncertainty they wish to accept in their strive for creating value. The value is maximized if the administration is successful in creating an optimal balance between growth and turnover on the one hand and the connected risks on the other.

Identifying and quantifying the risks and setting up and maintaining an efficient control mechanism is the responsibility of Recticel Group's Board of Directors and executive management.

The framework for internal control and risk management applied by the Recticel Group is based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model and is in line with the requirements imposed by the Belgian Corporate Governance Code, taking into account the Recticel Group's size and specific needs.

Since mid-2010 the Board of Directors and the executive management have reviewed the framework for internal control and risk management and an amended Compliance programme is implemented.

2.2.3. External audit

The external audit of Recticel SA/NV’s company and consolidated annual accounts has been entrusted by the Annual General Meeting of 2019 to the limited liability cooperative company “DELOITTE Bedrijfsrevisoren”, represented by Mr. Kurt DEHOORNE.

The Auditor conducts its audits in accordance with the International Standards on Auditing (ISA) and delivers a report, which confirms if the company’s annual accounts and the consolidated financial statements of the company reflect a true and fair view of the assets, financial condition and results of the company. The Audit committee investigates and discusses these bi-annual reports in the presence of the Auditor, and afterwards also with the Board of Directors.

The remuneration of the Deloitte network (in its capacity as Auditor) for the audit of Recticel NV’s annual and consolidated annual accounts intended in article 3:65 of the Belgian Companies and Associations Code, amounted to EUR 756K for 2019.

The global amount of the remuneration for additional services of the Statutory Auditor and parties related to the Statutory Auditor amounts to 72KEUR at the level of the Recticel Group.

The detail of these fees is included in the notes to VOL 6.18.2. in the statutory annual accounts as well as in the notes in the financial part of the consolidated annual report.

The annual fees of the statutory auditor amount to 376 KEUR, including domestic expenses and excluding IBR contribution, travel and accommodation expenses abroad and VAT.

The mandate of the Statutory Auditor will expire after this year’s Ordinary General Meeting, as due to the legal limitation of the number of years during which the same auditor can act pursuant to Article 41 of the EU Regulation No. 537/2014, the Statutory Auditor is resigning, and this resignation will be submitted for approval at the aforementioned annual meeting, as also the appointment as statutory auditor, on the proposal of the audit company in the form of a cooperative company with limited liability “PWC Bedrijfsrevisoren”, with registered office at Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe „, represented by Mr Marc DAELMAN, in order to exercise control over the financial years ending 31 December, 2021, 2022 and 2023.

2.2.4. Composition of the Board of Directors

Recticel’s Board of Directors currently consists of nine members. There are eight non-executive directors, six of which are independent. OLIVIER CHAPELLE SRL/BV, represented by Mr. Olivier CHAPELLE, Managing Director, is the executive director.

The Managing Director represents the management and two directors represent the reference shareholder.

With reference to the obligation to have at least 1/3 of the members of the Board of Directors of the opposite gender as provided by article 7:86

of the Belgian Companies’ and Associations Code, the Board of Directors reviewed different options during the last years in order to increase the number of female members. At present, three out of the nine directors are women. As a result, the obligation of article 7:86 of the Belgian Companies’ and Associations Code is complied with. At the end of the mandate of Ms. Anne De Vos at the ordinary general meeting of 26 May 2020, a new female director has been appointed to replace her in order to further comply with the obligation of article 7:86 of the Belgian Companies’ and Associations Code.

The following table provides an overview of the current members of Recticel’s Board of Directors.

Name	Function	Type	Year of birth	Start of mandate	End of mandate	Primary function outside of Recticel	Membership committee
johnny THUIS ⁽¹⁾	Chairman	Independent	1952	2015	2021	President Electrabel, Hospital Logistics / Director Essers	AC / RC
Olivier CHAPELLE ⁽²⁾	Managing Director	Executive	1964	2009	2022	Director Cofinimmo	MC
Benoit DECKERS ⁽³⁾	Director	Non-executive	1964	2015	2021	CEO of Compagnie du Bois Sauvage SA	AC
Ingrid MERCKX ⁽⁴⁾	Director	Independent	1966	2012	2022	Independent Consultant for IMRADA BV and RODINA NV	AC
Luc MISSORTEN ⁽⁵⁾⁽⁶⁾	Director	Independent	1955	2015	2021	Director of GIMV	AC / RC
Kurt PIERLOOT ⁽⁷⁾	Director	Independent	1972	2015	2021	CEO Bleckmann	RC
Frédéric VAN GANSBERGHE ⁽⁸⁾⁽⁹⁾	Director	Non-executive	1958	2014	2021	Managing Director of GALACTIC NV	RC
Elisa VLERICK ⁽¹⁰⁾	Director	Independent	1986	2019	2022	Partner at 9.5 Ventures VC fund, Executive director Vlerick Group.	
Carla SINANIAN	Director	Independent	1969	25/5/2020	2023	Chief Strategy Officer ETEX NV	

⁽¹⁾ in his capacity as Permanent Representative of THIJS JOHNNY BV

⁽²⁾ in his capacity as Permanent Representative of OLIVIER CHAPELLE SRL

⁽³⁾ in his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGES SERVICES SA

⁽⁴⁾ in her capacity as Permanent Representative of IMRADA BV

⁽⁵⁾ until 24/3/2020 in his capacity as Permanent Representative of REVALUE BV

⁽⁶⁾ from 3/4/2020 in his capacity as Permanent Representative of LUBIS BV

⁽⁷⁾ in his capacity as Permanent Representative of CARPE VALOREM BV

⁽⁸⁾ until 31/3/2020 in his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE NV

⁽⁹⁾ from 31/3/2020 in his capacity as Permanenent Representative of COMPAGNIE DU BOIS SAUVAGE NV

⁽¹⁰⁾ in her capacity as Permanent Representative of MOROXCO BV

AC = Audit Committee

RC = Remuneration and Nomination Committee

MC = Management Committee

Below is an overview of the members of Recticel’s Board of Directors whose mandate came to an end during the 2020 financial year (not reappointed):

- IPGM Consulting Gmbh represented by Anne De Vos, independent director, term of office 2017 - 5/26/2020
- Pierre-Yves de Laminne de Bex, non-executive director, representative of Compagnie du Bois Savage NV, subsequent to his death on 3/19/2020.

Amendments since the previous annual report – statutory appointments – presentation of new directors

As proposed by the Board of Directors and based upon the recommendation made by the Remuneration and Nomination committee, the following has been decided during the Ordinary General Meeting dated 26 May 2020 :

- Establishment that the mandate of IPGM Consulting GmbH, represented by Ms. Anne De Vos, as independent director, expires after the Ordinary General Meeting of 26 May 2020. Decision to proceed with her replacement.
- The board of Directors recommends appointing Ms. Carla Sinanian as non-executive and independent director, for a term of three years expiring after the Ordinary General Meeting of 2023. Ms. Carla Sinanian has the following relevant professional qualifications and exercises already the following functions:

Ms. Carla Sinanian is a graduate in Engineering and worked in the past for Medtronic Inc, Synectics Medical, Philips, NXP, Akzo Nobel and Deloitte in strategic and commercial functions. In 2017 she joined ETEX as Chief Strategy Officer where she is until today member of the Executive Committee, responsible for strategy, corporate development and digital functions. She acquired relevant experience in the building materials industry.

In replacement of IPGM Consulting GmbH, represented by Ms. Anne De Vos, the General Meeting appointed Ms. Carla Sinanian as non-executive and independent director, for a term of three years expiring after the Ordinary General Meeting of 2023.

- Establishment that the mandate of Mr. Pierre-Yves de Laminne de Bex as permanent representative of Compagnie du Bois Sauvage SA, non-executive director, ended on 19 March 2020 as he passed away.

The General Meeting accepted the replacement of Mr. Pierre-Yves de Laminne de Bex by Mr. Frédéric Van Gansberghe as the new permanent representative of Compagnie du Bois Sauvage SA with effect as of 31 March 2020.

- The General Meeting accepted the resignation of Entreprises et Chemins de Fer en Chine SA, permanently represented by Mr. Frédéric Van Gansberghe, as non-executive director, with effect as of 31 March 2020. Decision not to proceed with a replacement.
- On 24 March 2020, upon recommendation by the Remuneration & Nomination Committee, the Board of Directors accepted the resignation of Revalue BV, permanently represented by Mr. Luc Missorten and decided to proceed with the co-optation of Lubis BV, permanently represented by Mr. Luc Missorten, as independent director, for a term starting on 24 March 2020 and expiring after the Ordinary General Meeting of 2021.

The General Meeting accepted the resignation of Revalue BV, permanently represented by Mr. Luc Missorten as independent director with effect as of 24 March 2020 and confirmed the appointment of Lubis BV, permanently represented by Mr. Luc Missorten, as independent director, for the remaining term of the mandate, i.e. for a term starting on 24 March 2020 and expiring after the Ordinary General Meeting of 2021.

- The General Meeting appointed Ms. Carla Sinanian as independent director in the meaning of article 7:87 of the Companies and Associations Code. Ms. Carla Sinanian meets all criteria as mentioned in article 7:87 of the Companies and Associations Code (as further developed through the function, family and financial criteria as provided by principle 3.5. of the Corporate Governance Code 2020).
- The General Meeting confirmed Lubis BV, permanently represented by Mr. Luc Missorten, as independent director in the meaning of article 7:87 of the Companies and Associations Code. Lubis BV and Mr. Luc Missorten each meet all criteria as mentioned in article 7:87 of the Companies and Associations Code (as further developed through the function, family and financial criteria as provided by principle 3.5. of the Corporate Governance Code 2020).

Upon advice of the Remuneration & Nomination Committee, the Board of Directors proposes at the Ordinary General Meeting of 25 May 2021 to approve the following:

- Resolution n° 4.1.
- Renewal of the mandate of THIJS JOHNNY BV, permanently represented by Mr. Johnny THIJS, as non-executive and independent director for a new term of one year ending after the Ordinary General Meeting of 2022.

- Resolution n° 4.2.
- Renewal of the mandate of COMPAGNIE DU BOIS SAUVAGE SERVICES NV, permanently represented by Mr. Benoit DECKERS, as a non-executive director for a new term of three years ending after the Ordinary General Meeting of 2024.

- Resolution n°4.3.
- Renewal of the mandate of COMPAGNIE DU BOIS SAUVAGE SA, permanently represented by Mr. Frédéric VAN GANSBERGHE, as non-executive director for a new term of three years ending after the Ordinary General Meeting of 2024.

- Resolution n° 4.4
- Renewal of the mandate of LUBIS BV, permanently represented by Mr. Luc MISSORTEN, as non-executive and independent director for a new term of three years ending after the Ordinary General Meeting of 2024.

- Resolution n°4.5.
- Renewal of the mandate of CARPE VALOREM BV, permanently represented by Mr. Kurt PIERLOOT, as non-executive and independent director for a new term of three years ending after the Ordinary General Meeting of 2024.

- Resolution n° 5.1.
- Confirmation as independent director of THIJS JOHNNY BV, permanently represented by Mr. Johnny THIJS within the meaning of article 7:87 of the Companies and Associations Code. Both Mr. Johnny THIJS and THIJS JOHNNY BV meet all criteria as stated in article 7:87 of the Companies and Associations Code (as further elaborated in the field of functional, family and financial criteria as provided by principle 3.5. Of the Corporate Governance Code 2020).

- Resolution n° 5.2.
- Confirmation as independent director of LUBIS BV, permanently represented by Mr. Luc MISSORTEN within the meaning of article 7:87 of the Companies and Associations Code. Both Mr. Luc MISSORTEN and LUBIS BV meet all the criteria as stated in article 7:87 of the Companies and Associations Code (as further elaborated in the field of functional, family and financial criteria as provided for by principle 3.5. Of Corporate Governance Code 2020).

- Resolution n° 5.3.
- Confirmation as independent director of CARPE VALOREM BV, permanently represented by Mr. Kurt PIERLOOT, within the meaning of article 7:87 of the Companies and Associations Code. Both Mr. Kurt PIERLOOT and CARPE VALOREM BV meet all the criteria as stated in article 7:87 of the Companies and Associations Code (as further elaborated in the field of functional, family and financial criteria as provided for by principle 3.5. Of the Corporate Governance Code 2020).

Functioning of the Board of Directors

The Board of Directors gathered a total of 10 times in 2020. One meeting handled mainly the 2020 budget and two meetings handled the establishment of the annual accounts as per 31 December 2019 and the mid-year accounts as per 30 June 2020.

Each meeting also addressed the state of affairs per business line and the most important current acquisition and/or divestment files. Other subjects (human resources, external communication, litigations and legal issues, delegations of authority and such) are discussed as and when necessary.

The written decision procedure was not applied in 2020.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Board of Directors.

The individual attendance rate of the directors at the meetings in 2020 was:

Name	Attendance rate in 2020
Johnny THUIS	10/10
Olivier CHAPELLE	10/10
Benoit DECKERS	9/10
Ingrid MERCKX	10/10
Luc MISSORTEN ⁽¹⁾	2/2
Luc MISSORTEN ⁽²⁾	8/8
Kurt PIERLOOT	9/10
Frédéric VAN GANSBERGHE ⁽³⁾	1/2
Frédéric VAN GANSBERGHE ⁽⁴⁾	8/8
Anne DE VOS ⁽⁵⁾	3/4
Elisa VLERICK	10/10
Carla SINANIAN ⁽⁶⁾	5/6
Pierre-Yves de Laminne de Bex ⁽⁷⁾	0/2

⁽¹⁾ until 24/3/2020 in his capacity as Permanent Representative of REVALUE BV
⁽²⁾ from 3/4/2020 in his capacity as Permanent Representative of LUBIS BV
⁽³⁾ until 31/3/2020 in his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE NV
⁽⁴⁾ from 31/3/2020 in his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGE NV
⁽⁵⁾ until 26/5/2020 in her capacity as Permanent Representative of IPGM Consulting GmbH
⁽⁶⁾ from 26/5/2020
⁽⁷⁾ in his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE. Decease on 19/2/2020.

2.2.5. Committees set up by the Board of Directors

2.2.5.1. The Audit committee

In accordance with article 7:99 of the Belgian Companies and Associations Code, the audit committee supervises amongst others the financial reporting process, the effectiveness of the internal control and risk management systems of the company, the internal audit, the statutory control of the annual accounts and the consolidated accounts, and the Auditor’s independence. The Audit committee’s terms of reference are included in the Corporate Governance Charter that also describes more in detail the tasks of the Audit Committee.

The Audit committee currently consists of four members. All members are non-executive directors and three members, one of which is the Chairman, are independent directors in the sense of article 7:87,§1 of the Belgian Companies and Associations Code iuncto principle 3.5 of the Corporate Governance Code 2020.

The Board of Directors organises a self-assessment of its functioning as well as an assessment of its interaction with the members of the Management committee on a regular basis. Such self-assessment starts through a questionnaire to be remitted to and completed by each individual director. The results of the questionnaire are then be discussed and further analysed during a subsequent meeting of the Board of Directors. The last assessment took place in the middle of the year 2017. The individual assessment of the directors is done by the Remuneration and Nomination Committee. A formal assessment by an external partner was scheduled for 2020 but has not yet been completed due to circumstances and is still ongoing today; the Board of Directors is of the opinion that this deviation from 9.1. of the 2020 Corporate Governance Code does not pose any particular problems.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, acts as Secretary of the Audit committee.

The composition of the Audit committee complies with the stipulations of Recticel NV’s articles of association and the relevant provisions of the Belgian Companies and Associations Code.

In accordance with Article 7: 100 Belgian Companies and Associations Code, Recticel declares that the Chairman of the Audit Committee, Mr Luc MISSORTEN, has the necessary expertise in the field of accounting and auditing. The chairman and other members of the Audit Committee also have collective expertise in the area of the Company’s activities.

The following table contains the members of the Audit committee during the financial year 2020 to date.

Name	Function	Attendance rate in 2020
Luc MISSORTEN ⁽¹⁾	Chairman	4/4
Johnny THUIS ⁽²⁾	Member	2/4
Ingrid MERCKX ⁽³⁾	Member	4/4
Benoit DECKERS ⁽⁴⁾	Member	4/4

⁽¹⁾ In his capacity as Permanent Representative of REVALUE BV
⁽²⁾ In his capacity as Permanent Representative of THUIS JOHNNY BV
⁽³⁾ In her capacity as Permanent Representative of IMRADA BV
⁽⁴⁾ In his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGES SERVICES SA

The Audit committee convened four times in 2020. Two meetings were devoted primarily to the audit of the annual accounts per 31 December 2019 and the interim accounts per 30 June 2020. All meetings also focus on the internal audit program, risk management, compliance, taxation and IFRS related accounting questions. There was at least two times a meeting with the statutory auditor and the person responsible for internal audit.

The Audit Committee conducts regularly an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same. In the beginning of 2017, a formal assessment was conducted. A formal assessment by an external partner was scheduled for 2020 but has not yet been completed due to circumstances and is still ongoing today; the Board of Directors is of the opinion that this deviation from 9.1. of the 2020 Corporate Governance Code does not pose any particular problems.

2.2.5.2. The Remuneration and Nomination Committee

The Remuneration and Nomination Committee makes proposals to the Board of Directors regarding the remuneration policy and the individual remuneration of directors and members of the Management committee and prepares and explains the remuneration report at the Ordinary General Meeting. They also make the necessary proposals regarding the evaluation and re-appointment of directors as well as the appointment and induction of new directors. The terms of reference of the Remuneration and Nomination Committee are included in Recticel’s Corporate Governance Charter.

The Remuneration and Nomination Committee consists of four members, all non-executive directors, of which three are independent directors.

Mr. Dirk VERBRUGGEN, General Counsel and General Secretary, fulfils the role of secretary of the Remuneration and Nomination Committee.

The composition of the Remuneration and Nomination committee meets the requirements with respect to the Belgian Companies and Associations Code, as well as the requirements of the Corporate Governance Code 2020.

The committee is composed as follows:

Name	Function	Attendance rate in 2020
Johnny THUIS ⁽¹⁾	Chairman	4/4
Kurt PIERLOOT ⁽²⁾	Member	4/4
Frédéric VAN GANSBERGHE ⁽³⁾	Member	0/1
Frédéric VAN GANSBERGHE ⁽⁴⁾	Member	3/3
Luc MISSORTEN ⁽⁵⁾	Member	1/1
Luc MISSORTEN ⁽⁶⁾	Member	3/3

⁽¹⁾ in his capacity as Permanent Representative of THUIS JOHNNY BV
⁽²⁾ in his capacity as Permanent Representative of CARPE VALOREM BV
⁽³⁾ until 31/3/2020 his capacity as Permanent Representative of ENTREPRISES ET CHEMINS DE FER EN CHINE SA
⁽⁴⁾ from 31/3/2020 in his capacity as Permanent Representative of COMPAGNIE DU BOIS SAUVAGE SA
⁽⁵⁾ until 24/3/2020 in his capacity as Permanent Representative of REVALUE BV
⁽⁶⁾ from 3/4/2020 in his capacity as Permanent Representative of LUBIS BV

In accordance with the article 7:100 of the Belgian Companies and Associations Code, Recticel declares that the Remuneration and Nomination committee possesses the necessary expertise in the area of remuneration policy.

The Remuneration and Nomination committee convened four times in 2020.

These meetings dealt with the fixed and variable remuneration of the executive management as well as with the election and re-election of directors. The CEO was present at the discussion about the remuneration of the other members of the executive management.

The Remuneration and Nomination Committee conducts regularly an informal self-assessment of its functioning during one of its meetings and reserves the necessary time to discuss and analyse the same. A formal assessment by an external partner was scheduled for 2020 but has not yet been completed due to circumstances and is still ongoing today; the Board of Directors is of the opinion that this deviation from 9.1. of the 2020 Corporate Governance Code does not pose any particular problems.

2.2.6. The Executive Management

The Board of Directors has entrusted the day-to-day management of the company to its Managing Director and Chief Executive Officer, “OLIVIER CHAPELLE” SRL/BV, located in 1180 Brussels, Avenue de la Sapinière 28, represented by its General Manager and permanent representative, Mr. Olivier CHAPELLE.

The Managing Director is assisted by the Management committee, of which the members (for the period 2020 to present) are indicated in the following list:

Name	Function
Olivier CHAPELLE ^{(1) (2)}	Chief Executive Officer
Ralf BECKER	Group General Manager Insulation
Betty BOGAERT	Chief Information and Digitalisation Officer
Jean-Pierre DE KESEL ⁽³⁾	Chief Sustainable Innovation Officer
François DESNE	Group General Manager Flexible Foams
Bart MASSANT ⁽⁴⁾	Chief Human Resources Officer
Jean-Pierre MELLEN	Chief Financial Officer
Rob NIJSKENS ⁽⁵⁾	Chief Human Resources Officer
Jan MEULEMAN ⁽⁶⁾	Group General Manager Automotive
François PETIT	Chief Procurement Officer
Dirk VERBRUGGEN	General Counsel & General Secretary

⁽¹⁾ In his capacity as permanent representative of OLIVIER CHAPELLE SRL
⁽²⁾ As from 20/01/2017 : Group General Manager Bedding
⁽³⁾ As from 1/1/2020 as permanent representative of SUSTAINALOGIC BV
⁽⁴⁾ Until 28/2/2021
⁽⁵⁾ As from 1/3/2021
⁽⁶⁾ Until 11/6/2020

Ad hoc Strategy committee
There were no ad hoc strategy committee meetings in 2020.

The Management committee has an advisory role vis-à-vis the Board of Directors as a whole and is not an executive committee in the sense of article 7:104 of the Belgian Companies and Associations Code.

2.2.7. Remuneration report for financial year 2020

2.2.7.1. Introduction

a) 2020 business results

- The Net sales decreased by 5.7% from EUR 878.5 mio in 2019 to 828.8 mio in 2020.
- The Adjusted EBITDA decreased by 16.8% from EUR 70.7 mio in 2019 to 58.8 mio in 2020.
- The above results are explained by a significant decline in sales in the first half of the year (-17.5%) caused by the COVID-19 lockdown, balanced by a better second half (+ 7.0% sales and 10.0% Adjusted EBITDA) despite shortages of raw materials and resulting cost increases.
- Despite the difficult business environment, the Group succeeded in undertaking a major strategic repositioning with the divestment of the Automotive Interiors operations, the disposal of the 50% participation of Recticel in the Eurofoam joint venture and the signing of the acquisition of FoamPartner.

b) 2020 remuneration outcomes

Remuneration of Board and Committee members

- In light of the Covid-19 crisis, and in line with the voluntary remuneration reductions implemented by the top management (see below), the Board of Directors of 29 April 2020 decided to reduce the director fees for the second quarter by 30%, as a sign of solidarity with the management and the employees of the company.

Remuneration of Management Committee Members

- **Impact of Covid pandemic** - The Covid pandemic has had a significant impact on the business and on the remuneration practices of Recticel in the year 2020. While a large part of the workforce was impacted by the system of temporary unemployment, Recticel implemented a pay cut of 30% for the members of its Management Committee for the second quarter. For the short term incentive, the setting of the collective objectives was delayed to take into account the dramatic business impact of the Covid pandemic in the first half of the year. In addition, the “Growth” objective was abandoned.

- **Annual bonus awards** - In accordance with our policy, Group Consolidated Net Cash Flow before dividends and Adjusted EBITDA are key drivers to determine the level of the annual bonus awards.
 - The level of Consolidated Net Cash Flow reached by the Group generated a pay out at maximum (125% of the pay out opportunity).
 - The level of Group Adjusted EBITDA was above target and generated a pay out of 92% of the pay out opportunity. For three Business Lines (Bedding, Flexible Foams and Insulation), the level of Adjusted EBITDA was higher than target and led to a pay out between 95% and 107% of the pay out opportunity.

Further details are provided in the “STI” section of this report.

- **Stock options** - The 2016 stock option grant vested on 1 January 2020; several beneficiaries exercised their rights in the course of the year. Another grant was made in March 2020 at a strike price of EUR 6.70.

- **Divestments** - On 30 June 2020, Recticel confirmed the successful divestment of its Automotive division. As a consequence, the General Manager of the Automotive division is not a member of the Recticel Management Committee since 1 July 2020. Senior leaders of the Automotive division were paid a transaction bonus in July 2020. On 30 June 2020, Recticel also confirmed the successful divestment of its participation in the Eurofoam joint venture.
- **Remuneration report** - As of the year 2020, in accordance with the most recent requirements of the Code of Companies and Associations (CCA), the section 2.2.7.8. of the remuneration report includes the comparison of the evolution of the remuneration and the performance of the company as well as the pay ratio that compares the lowest and highest remuneration levels.

c) Shareholder engagement

The Annual General Meeting held on 26 May 2020 approved the 2019 remuneration report with 73.54% of shareholder votes. In establishing its remuneration policy and its future revisions, Recticel endeavours to take into account the votes and views of the shareholders. Recticel is committed to an open and transparent dialogue with its shareholders on remuneration as well as other governance matters.

d) Looking ahead

- **Annual bonus** - Following careful consideration, the Board of Directors, upon recommendation of the Remuneration and Nomination Committee, decided that the same performance criteria as the ones used in 2020 (Group Consolidated Net Cash Flow before dividends, and Group and Business Line Adjusted EBITDA) will be used in the same proportions to award bonuses for performance year 2021. Given the volatility that is expected to continue due to COVID, the Business Line Growth objectives were not retained for the performance year 2021. The Committee will measure performance against the retained objectives throughout the year.

- **Multi-year variable** - In the context of a strategic reorientation plan, Recticel introduced a one-off strategic reorientation bonus arrangement for its CEO and one other member of the management committee in February 2020. This arrangement provides for the potential payment of a cash bonus upon the successful execution of the strategic reorientation plan provided that this occurs no later than 31 March 2022 (payment based on share price) and a potential second payment in 2023 depending on the evolution of the share price between the first payment and 31 March 2023. Payment is subject to the beneficiary still being engaged by the Company or qualifying as a Good Leaver on the relevant calculation date.

2.2.7.2. Our Remuneration Policy at a glance

The remuneration policy was reviewed and validated by the Remuneration Committee on February 25, 2019 and approved by the Board of Directors on 27 February 2019. The policy was adopted during the General Meeting of Shareholders on May 28, 2019 and became effective as of 1 January 2019. It is available for consultation on the company website. The contents of the policy were established following the requirements of the Shareholder Rights Directive, the Belgian Companies and Associations Code and the new Corporate Governance Code 2020.

a) Directors

Per policy terms, Directors receive a fixed fee / retainer and an attendance fee, whereas Committee Members receive attendance fees.

Directors	Board		Committee	
	Chair	Member	Chair	Member
Fixed fee	€ 30,000	€ 15,000	N/A	N/A
Attendance fee	€ 5,000	€ 2,500	€ 5,000	€ 2,500

In accordance with the policy, Non-Executive Board Members do not receive variable and/ or equity-related remuneration as referred to under principle 7.6. of the Corporate Governance Code 2020. Recticel considers that the Corporate Governance Code’s goals of promoting the achievement of strategic objectives in accordance with the company’s risk appetite and behavioural norms and promoting sustainable value creation are better served by remunerating the non-executive directors entirely in cash to avoid any conflicts of interest and guarantee their complete financial independence. Non-Executive Board Members are not entitled to receive benefits. Expenses incurred when travelling abroad will be arranged for by Recticel directly.

Executive Directors are remunerated in accordance with the remuneration policy for the members of the Management Committee and any director fees paid to the Executive Directors are deducted from the remuneration received as a member of the Management Committee.

The level and structure of remuneration paid to the Directors is regularly assessed against “BEL Mid” market practice.

b) Management Committee

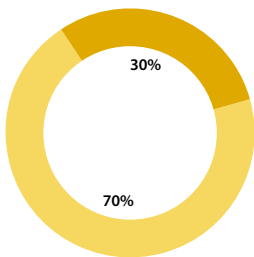
The level as well as the structure of the remuneration of the Management Committee members is reviewed annually by the Remuneration and Nomination Committee, which consequently presents a proposal to the Board of Directors for approval. When determining the remuneration levels for the members of the Management Committee, Recticel considers a Belgian frame of reference comprising companies similar in size (as compared on the basis of revenues) and exclusive of the Financial Sector. The objective is to establish target remuneration levels that, as a general rule, are at or around the median market level and this as far as the performance of the Company can afford it.

The total remuneration package of the Management Committee members consists of the following elements.

Element	Operation and performance criteria
Base Pay	Individual's role, experience, performance and market practice are considered when determining salary levels. Any director fees paid to the Executive Directors are deducted from the remuneration received as a member of the Management Committee.
Other Benefits	The Management Committee Members receive benefits in line with Recticel's remuneration policy, including hospitalization, disability coverage and a company car. Members operating through a management company do not receive perquisites and benefits, though certain costs may be invoiced separately.
One-Year Variable (STI)	<p>Operation:</p> <ul style="list-style-type: none">• For threshold performance: the bonus pay-out will be nil.• For target performance: the bonus pay-out will be 75% of base pay for the CEO and 37.5% for the other Management Committee members.• For maximum performance: the bonus pay-out will be 117.5% of base pay for the CEO. For the other Management Committee members, it is 58.00% or 58.75% depending on whether they head a Business Line or a Function• No deferral policy is applicable. <p>Performance criteria:</p> <p>The annual bonus is linked to both collective targets (both at group and divisional level, the latter only for positions with a divisional scope) and personal targets. Collective objectives are all quantitative and financially driven (e.g. Net Cash Flow, Adjusted EBITDA, ...). Personal objectives include at least one target related to sustainable development. Exceptionally, for performance year 2020, due to the COVID pandemic, the performance criteria were adjusted as follows. See the section 2.2.7.7. "Derogations" for more contextual elements.</p> <ul style="list-style-type: none">• The respective weights of the Collective Objectives and the Personal Objectives remained unchanged (70% and 30% respectively).• For Group General Managers, it was concluded that the circumstances made one of the Collective Objectives (the GROWTH objective) irrelevant. Its weight (15%) was therefore re-assigned to the two other objectives: the weight of the Group Consolidated Net Cash Flow objective was increased from 30% to 35% and the weight of the Business Line Adjusted Ebitda was adjusted from 25% to 35%.• Accordingly, for the other members of the Management Committee (for whom no GROWTH objective used to apply), the weight of the Group Consolidated Net Cash Flow objective was adjusted from 30% to 35% and the weight of the Group Adjusted Ebitda objective from 40% to 35%.

Type of collective objectives

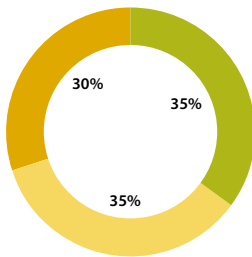
CEO & Other Members of the Management Committee



● Collective
● Personal

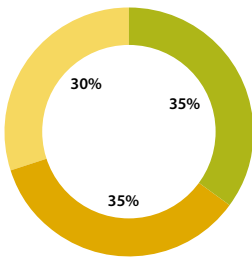
Nature of collective objectives

Group General Managers



● Combined Group Net Cash Flow
● Business Line Adjusted EBITDA
● Personal objectives

Other Management Committee Members (incl.CEO)



● Combined Group Net Cash Flow
● Group Adjusted EBITDA
● Personal objectives

Article 7:91 of the Belgian Companies and Associations Code prescribes the need to spread variable remuneration payments over a three year period in case certain thresholds are passed. The 25% threshold was passed in the case of the Managing Director and CEO, Olivier Chapelle SRL, represented by Olivier Chapelle. Hence the Board of Directors proposed to the 2020 General Shareholder meeting to approve a deviation from the said rule in line with the possibility offered by the legislation. This proposal was approved during the 2020 General Shareholders' meeting.

Element	Operation and performance criteria
Multi-Year Variable (LTI)	The long-term incentive plan is granted by means of stock options. Options granted in 2020 cannot be exercised before January 2024, nor can they be exercised later than 2 March 2027.
Dismissal period or severance pay	On termination of the employment of a member of the Management Committee by the company, Recticel will apply a notice of 12 months, unless other applicable legal mandatory provisions require to apply a higher number of months.
Pension	Members of the Management Committee employed before 2003 are included in the Recticel Group Defined Benefit Plan, members hired externally since 2003 are included in the Recticel Group Defined Contribution Plan.
Contract	The CEO and one other member of the Management Committee provide services through a management company.
Clawback	No clawback provisions are in place for the annual bonus plan, in deviation of principle 7.12 of the Corporate Governance Code 2020. Recticel considers that based on general principles of law, the company can recover payments (1) if they were undue or (2) in case of fraud. The company does not wish to renegotiate existing agreements with Management Committee members to provide for additional clawback possibilities.
Shareholding guidelines	The members of the Management Committee are encouraged to build stock ownership in the company up to an amount equivalent to 50% of their annual gross base pay over a period of 5 years, preferably by keeping part of the stocks that they purchase under the existing stock option plan.

2.2.7.3. Remuneration of the Non-Executive Directors

The following table sets out the total remuneration for each Non-Executive Director in 2020, in EUR.

In light of the Covid-19 crisis, and in line with the voluntary remuneration reductions implemented by the top management, the Board of Directors of 29 April 2020 decided to reduce the director fees for the second quarter by 30%, as a sign of solidarity with the management and the employees of the company.

Name of Director	Fixed fee	Attendance Fees
THIJS JOHNNY BV, represented by Johnny Thijs	27,750	65,500
OLIVIER CHAPELLE SRL, represented by Olivier Chapelle	13,875	21,000
COMPAGNIE DU BOIS SAUVAGE SERVICES SA, represented by Benoit Deckers	13,875	27,750
COMPAGNIE DU BOIS SAUVAGE SA, represented by Frédéric Van Gansberghe ¹	13,875	22,750
ENTREPRISES ET CHEMIN DE FER EN CHINE SA, represented by Frederic Van Gansberghe ²	3,750	2,500
IMRADA BV, represented by Ingrid Merckx	13,875	30,250
REVALUE BV, represented by Luc Missorten ³	3,750	12,500
CARPE VALOREM BV, represented by Kurt Pierloot	13,875	27,750
IPGM Consulting GmbH, represented by Anne De Vos ⁴	5,365	4,250
MOROXCO BV, represented by Elisa Vlerick	13,875	21,000
LUBIS BV, represented by Luc Missorten ⁵	10,125	36,250
Carla SINANIAN ⁶	8,509	11,750

¹ as from 31/3/2020

² until 31/3/2020

³ until 24/3/2020

⁴ until 26/5/2020

⁵ as from 3/4/2020

⁶ as from 26/5/2020

2.2.7.4. Remuneration of the Management Committee Members

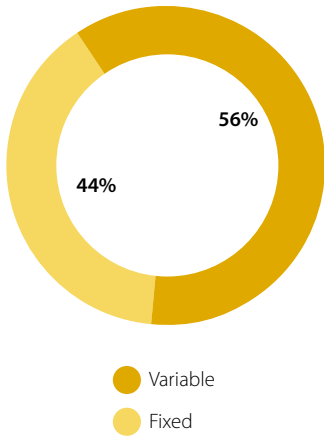
a) Total Remuneration

An overview of the total remuneration of the CEO and the other members of the Management Committee in 2020 can be found in the table below.

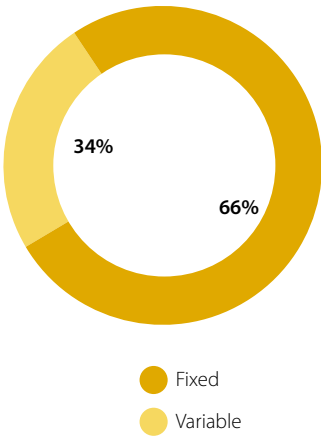
Incumbent name	1 – Fixed Remuneration		2 – Variable Remuneration		3 – Extraordinary items	4 – Pension Expense	5 – Total Remuneration (1+2+3+4)	Proportion of fixed and variable remuneration	
	Base Pay	Other Benefits	One-Year Variable	Multi-Year Variable				Fixed (1+4)/(5-3)	Variable 2/(5-3)
Olivier Chapelle SRL, represented by Olivier Chapelle (CEO)	€ 529,095 ^{1, 2}	€ 1,188	€ 570,000	€ 116,100	€ 0	€ 0	€ 1,216,383	44%	56%
Other Members of the Management Committee	€ 2,073,116 ²	€ 247,867	€ 1,053,970	€ 309,600	€ 139,686 ³	€ 336,427	€ 4,160,666	66%	34%

¹ Only the CEO receives fees as Executive Director. These are deducted from the base pay. Fees therefore are not presented in a separate column in the table above.
² The base pay takes into account the 30% pay cut implemented due to Covid in the second quarter of 2020.
³ Extraordinary items include the transaction bonus paid following the successful divestment of the Automotive division.

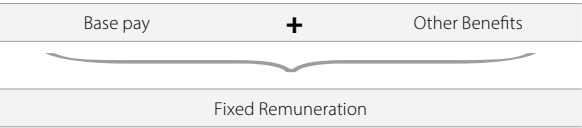
Proportion of fixed and variable remuneration - CEO



Proportion of fixed and variable remuneration - Other members



b) Fixed remuneration



Base pay

The table below shows the base pay actually paid in 2020 to the CEO and the other members of the Management Committee and how it compares to 2019.

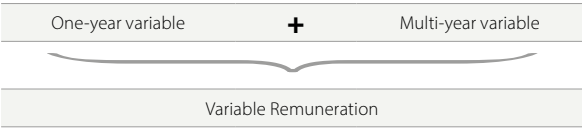
Incumbent Name	2020 with pay cut	2019	2020 vs. 2019 ²	2020 without pay cut
Olivier Chapelle SRL represented by Olivier Chapelle (CEO and Group General Manager Bedding)	€ 529,095 ¹	€ 545,400	97%	€ 570,000
Other Members of the Management Committee	€ 2,073,116	€ 2,292,998	90%	€ 2,229,551

¹ The base pay levels for Olivier Chapelle SRL include the fees received as a Member of the Board of Directors (EUR 34,875 in 2020).
² The decrease of the base pay is due to the implementation of 30% pay cut in the context of the COVID pandemic during the second quarter of 2020 and to the end of the Management Committee membership of the General Manager of the Automotive Division on 30th June 2020.

Other benefits

The amounts mentioned in the column “Other benefits” in the total remuneration table in section 2.2.7.4. a) relate to the following benefits: insurances (death, disability, medical), company car (leasing costs), fuel costs, mobile phone costs and schooling costs, and exclude pension.

c) Variable Remuneration



STI (“One-Year Variable”)

2020 Performance against Targets

The achievement of the performance targets was measured during a period of time that started on 1 January 2020 and ended on 31 December 2020. As per our remuneration policy, the evaluation of the CEO’s performance was done by the Remuneration and Nomination Committee on the basis of audited company results before presenting a proposal to the Board of Directors. The evaluation of the performance of the other Management Committee members was done by the CEO on the basis of audited company results, who then discusses this with the Remuneration and Nomination Committee before presenting a proposal to the Board of Directors.

In this report, the introduction section, the policy summary and the derogations section explain how the COVID pandemic impacted the determination of the STI objectives for the performance year 2020.

STI pay out for performance year 2020

Beneficiary	STI Objectives		% weight	Actual pay out (% base salary) ¹	Actual Amount
CEO	Collective Objectives	Group Consolidated Net Cash Flow before dividends	35.00%	43.75%	€ 249,375
		Adjusted EBITDA (Group)	35.00%	32.33%	€ 184,275
	Personal objectives		30.00%	23.92%	€ 136,350
	Total		100.00%	100.00%	€ 570,000
Other members of the Management Committee	Collective Objectives	Group Consolidated Net Cash Flow before dividends	35.00%	21.88%	€ 454,331
		Adjusted EBITDA (Business Line or Group, depending on role)	35.00%	16.46%	€ 343,001
	Personal objectives		30.00%	12.48%	€ 256,638
	Total		100.00%	50.82%	€ 1,053,970

¹ The percentage of actual bonus paid is calculated by comparing the actual amount of the bonus paid to the annual base pay without pay cut.

LTI (“Multi-Year Variable”)

(i) Grant made in 2020

Name of Director (position)	Number of options granted	Strike Price	Total Theoretical Value at Grant
Olivier Chapelle (Chief Executive Officer & Group General Manager Bedding)	120,000	€ 6.70	€ 175,920
Ralf Becker (Group General Manager Insulation)	30,000	€ 6.70	€ 43,980
François Desné (Group General Manager Flexible Foams)	30,000	€ 6.70	€ 43,980
Jan Meuleman (Group General Manager Automotive) ¹	30,000	€ 6.70	€ 43,980
Betty Bogaert (Chief Information & Digitalisation Officer)	30,000	€ 6.70	€ 43,980
Jean-Pierre de Kesel (Chief Sustainable Innovation Officer) ²	30,000	€ 6.70	€ 43,980
Bart Massant (Chief Human Resources Officer)	30,000	€ 6.70	€ 43,980
Jean-Pierre Mellen (Chief Financial Officer)	30,000	€ 6.70	€ 43,980
François Petit (Chief Procurement Officer)	30,000	€ 6.70	€ 43,980
Dirk Verbruggen (General Counsel & General Secretary)	30,000	€ 6.70	€ 43,980

¹ Member of the Management Committee until 30th June 2020.
² Represents Sustainalogic BV.

The theoretical value of the options at grant is calculated by applying the Black & Scholes formula, taking into account certain assumptions regarding dividend payment (dividend yield: 3.33%, interest rate: 0.00000001 %, and volatility

24.4%). For the grant in March 2020, the value amounted to EUR 1.4660/warrant.

(ii) 2020 Vesting

The following stock options, relating to the April 2016 grant, vested on 1 January 2020.

Name of Director (position)	Number of options vested	Strike Price	Share Price at Vesting	Value at Vesting
Olivier Chapelle (Chief Executive Officer & Group General Manager Bedding)	45,000	€ 5.73	€ 8.31	€ 116,100
Ralf Becker (Group General Manager Insulation)	15,000	€ 5.73	€ 8.31	€ 38,700
Jan Meuleman (Group General Manager Automotive) ¹	15,000	€ 5.73	€ 8.31	€ 38,700
Betty Bogaert (Chief Information & Digitalisation Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
Jean-Pierre de Kesel (Chief Sustainable Innovation Officer) ²	15,000	€ 5.73	€ 8.31	€ 38,700
Bart Massant (Chief Human Resources Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
Jean-Pierre Mellen (Chief Financial Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
François Petit (Chief Procurement Officer)	15,000	€ 5.73	€ 8.31	€ 38,700
Dirk Verbruggen (General Counsel & General Secretary)	15,000	€ 5.73	€ 8.31	€ 38,700

¹ Member of the Management Committee until 30th June 2020.
² Represents Sustainalogic BV.

François Desné was appointed as Group General Manager Flexible Foams on 19 October 2016. Therefore, no stock option grant was made to him in 2016 and no options vested in 2020.

d) Extraordinary items

Transaction awards made in 2020 - The Management Team of the Automotive Division was paid a transaction bonus as a result of the successful divestment of that Division.

e) Pension expenses

Name of Director (position)	Pension expenses
OLIVIER CHAPELLE SRL, represented by Mr. Olivier CHAPELLE, Chief Executive Officer	Included in fee
Other Members of the Management Committee	€ 336,427

For Members of the Management Committee other than the CEO, Recticel reports the actual contributions paid into the plan for DC plan beneficiaries. For DB plan beneficiaries, Recticel reports the service cost as the plan is a collective plan.

f) Additional disclosure

- Recticel did not apply any clawback provisions during the year under review.
- The following table shows the level of shareholding of the CEO and the other members of the Management Committee. It shows that the actual level of shareholding of the CEO and of the other Members of the Management Committee is higher than the policy requirement.

Level of shareholdership

Position	Number of shares held on 31 Dec. 2020	Value of the stock on 31 Dec. 2020	Total value of shares held	Actual level of shareholdershhip (% base pay *) ^b	Target level of shareholdershhip (% base pay *)
CEO	272,598	€ 10.72	€ 2,922,251	513%	50%
Other Management Committee Members	213,344 ^b	€ 10.72	€ 2,287,048	112% on average	50%

^a The base pay is the annual base pay without pay cut.
^b The total number of shares held on 31 Dec. 2020 by the other members of the Management Committee does not include the shares held by Jan Meuleman, whose membership of the Committee ended on 30th June 2020 following the divestment of the Automotive division.

The level of shareholdership is determined by comparing the value of the number of shares held on 31 December 2020 to 50% of their annual base pay on 31 December 2020. The value of the shares held is obtained by multiplying the number of shares held on 31 Dec 2020 by the closing price of the stock on that date (€ 10.72).

2.2.7.5. Share-based remuneration

The tables below detail the opening and closing balance, as well as movements during the year in terms of share-based remuneration for each of the Management Committee Members. In line with the information presented in previous tables, shares have been valued at fair value at grant and at market value at vesting.

Incumbent name	The main conditions of the share option plans					Information regarding the reported financial year								
						Opening Balance	During the year					Closing Balance		
	Specification of the plan	Award date	Vesting date	Exercise period	Strike price of the option		Share options outstanding at the beginning of the year	Share options awarded		Share options vested		Share options exercised	Share options awarded and unvested	Share options vested but unexercised
Number						Value		Number	Value					
Olivier Chapelle (Chief Executive Officer & Group General Manager Bedding)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	355,000								
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				45,000	116,100				
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00									
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21									
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90									
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		120,000	175,920			30,000	400,000	45,000	
Ralf Becker (Group General Manager Insulation)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	105,000								
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73					15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00									
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21									
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90									
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			10,000	110,000	15,000	
François Desné (Group General Manager Flexible Foams)	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00	80,000								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21									
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90									
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980				110,000	0	
Jan Meuleman (Group General Manager Automotive)	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73	95,000				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00									
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21									
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90									
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			15,000	110,000	0	
Betty Bogaert (Chief Information and Digitalization Officer)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	105,000								
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73					15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00									
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21									
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90									
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980				110,000	25,000	
Jean-Pierre de Kesel (Chief Sustainable Innovation Officer)	2014 grant	29/04/2014	1/01/2018	1-1-2018 - 28-4-2020	€ 5.64	116,814								
	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31									
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73					15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00									
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21									
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90									
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			36,814	110,000	0	
Bart Massant (Chief Human Resources Officer)	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73	95,000				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00									
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21									
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90									
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			15,000	110,000	0	

Incumbent name	The main conditions of the share option plans					Information regarding the reported financial year							
						Opening Balance	During the year					Closing Balance	
	Specification of the plan	Award date	Vesting date	Exercise period	Strike price of the option	Share options outstanding at the beginning of the year	Share options awarded		Share options vested		Share options exercised	Share options awarded and unvested	Share options vested but unexercised
Number							Value	Number	Value				
Jean-Pierre Mellen (Chief Financial Officer)	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31	105,000							
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			25,000	110,000	0
François Petit (Chief Procurement Officer)	2014 grant	29/04/2014	1/01/2018	1-1-2018 - 28-4-2020	€ 5.64	81,814							
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			21,814	85,000	5,000
Dirk Verbruggen (General Counsel & General Secretary)	2014 grant	29/04/2014	1/01/2018	1-1-2018 - 28-4-2020	€ 5.64	116,814							
	2015 grant	23/06/2015	1/01/2019	1-1-2019 - 22-6-2021	€ 4.31								
	2016 grant	29/04/2016	1/01/2020	1-1-2020 - 28-4-2025	€ 5.73				15,000	38,700			
	2017 grant	30/06/2017	1/01/2021	1-1-2021 - 29-6-2024	€ 7.00								
	2018 grant	25/04/2018	1/01/2022	1-1-2022 - 24-4-2025	€ 10.21								
	2019 grant	28/06/2019	1/01/2023	1-1-2023 - 27-6-2026	€ 7.90								
	2020 grant	3/03/2020	1/01/2024	1-1-2024 – 2-3-2027	€ 6.70		30,000	43,980			11,814	110,000	25,000

2.2.7.6. Termination indemnities

No termination indemnities were paid in 2020.

2.2.7.7. Derogations

The remuneration policy of Recticel prescribes that the targets of the short term incentive are proposed by the Remuneration & Nomination Committee to the Board at the start of the year. Due to the unprecedented impact of the COVID pandemic on the global business environment, the Board decided to delay the setting of the collective objectives of the short term incentive for the performance year 2020 by a few months.

2.2.7.8. Annual Change in Remuneration and Pay Ratio

a) Annual Change in Remuneration of Directors versus the Wider Workforce & Company Performance

The following table displays the variation of the remuneration of the CEO and the other members of the Management Committee between 31 Dec 2019 and 31 Dec 2020 against the evolution of Group Consolidated Net Cash Flow before dividends, the Adjusted EBITDA and the Net Profit. The average remuneration of the other employees for the years 2019 and 2020 will be published in the 2021 Remuneration report as the data are not available at the time of the publication of this report.

Annual change in remuneration

	2019 (in EUR)	2020 (in EUR)	2020 vs. 2019
Total remuneration of the CEO ^a	895,466	1,216,383	136%
Average total remuneration of the other members of the Management Committee ^{a,b}	440,578	473,056	107%
Group Net Cash Flow before dividends ^c	23,618,000	197,100,000	834%
Group Adjusted EBITDA ^d	114,700,000	58,841,000	51%
Net Profit (share of the Group)	24,762,000	63,155,000	255%
Sustainability KPIs	See separate sustainability report		

^a The data takes into account the 30% pay cut implemented in the second quarter of 2020 against the background of the COVID pandemic. The year on year increase reported for the CEO is mainly due to the fact that in 2019 the level of Group Adjusted EBITDA did not generate a bonus pay out. For some of the other Management Committee members heading a Business Line, the level of Adjusted EBITDA that was reached for their Business Line in 2019 generated a pay out.

^b The remuneration of the Management Committee members (excl. CEO) is presented as a Full Time Equivalent average: the total remuneration paid during that year divided by the number of Full Time Equivalent Management Committee members in that year.

^c The Group Net Cash Flow before dividends is expressed on a combined basis for the year 2019. It is expressed on a consolidated basis as of year 2020. The important year-on-year variation of the Group Net Cash Flow is due to the proceeds of the divestments of the Automotive Division and of the participation in the joint venture with Eurofoam in the first half of 2020.

^d Group Adjusted EBITDA, after IFRS 16. The year-on-year decrease is due to the Covid pandemic and the above mentioned divestments.

b) Pay Ratio

The pay ratio compares the highest remuneration of the Management Committee (that is the remuneration of the CEO) with the lowest Remuneration at Recticel NV. On 31 December 2020, the highest remuneration was 36 times the lowest remuneration; this is a pay ratio of 36:1.

2.2.8. Transactions and other contractual ties between the Company and members of the Board of Directors or members of the Management committee

Chapter VII.1. of the Recticel Corporate Governance Charter describes Recticel NV’s policy on related party transactions that are not governed by the legal conflict of interest scheme. The application of this policy is explained hereafter.

During the year 2020, two conflicts of interest arose between a director and the company as referred to in article 7:96 of the Belgian Companies and Associations’ Code . The procedure of Article 7:97 was not applied in 2020

Reference is made here to the statutory annual report, which contains an extract of the minutes of the concerned board meetings in this regard.

2.2.9. Insider trading and market manipulation

The company policy regarding the prevention of insider trading and market manipulation is further explained in chapter VII.2 of Recticel’s Corporate Governance Charter as well as in the new Dealing Code which has been adopted by the Board of Directors and published on the website of Recticel (www.recticel.com).

These measures include the implementation of restrictions on the execution of transactions («closed periods») applicable since 2006.

Mr. Dirk VERBRUGGEN was appointed as Compliance Officer, responsible for monitoring the observance of these regulations.

2.2.10. Diversity policy

Recticel strives to create a community where everyone is included and respected, bringing people together for a better world. We believe that a diverse team improves the quality of decision making, and ultimately improves overall performance.

Recticel has currently not established a formal specific diversity policy, but is an equal employer in all aspects of recruitment and selection, and is committed to a fair and consistent approach to recruitment and selection. Recticel works actively to develop a positive employer image amongst the internal and external stakeholders. Recticel commits to hire all candidates irrespective of age, disability, gender reassignment, marriage or

civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation or hours of work.

Recticel also commits to offering learning opportunities to all employees irrespective of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation or hours of work.

Recticel is proud to be present in 20 countries, with employees of different nationalities.

Currently one woman is represented in the Management Committee. Furthermore, one third of the members of the Board of Directors is a woman, in accordance with article 7:86 of the Companies and Associations Code.

The selection process of the members of the Board of Directors is described in the Corporate Governance Charter of Recticel, with the aim to come to a composition that is diverse in all its aspects, both at the level of gender, background, professional experience, competence and education.

2.2.11. Relationships with the reference shareholders and other elements related to possible public takeover bids and others

Here follows the overview of the shareholders who, under the statutes of the law, have addressed a notification to the company and to the FSMA:

Name	Date of notification	Number of shares	Percentage of shares at the moment of notification ⁽¹⁾	Percentage of shares at balance sheet date	Percentage of voting rights attached to shares at balance sheet date ⁽²⁾
compagnie du Bois Sauvage SA ⁽³⁾	13/05/2015	15 094 410	28.17%	27.08%	27.24%
Own shares	13/05/2015	326 800	0.61%	0.59%	0%
Subtotal (own shares included) ⁽³⁾	13/05/2015	15 421 210	28.78%	27.67%	27.24%
BNP Investment Partners	12/05/2016	1 615 744	3.01%	2.90%	2.92%
KBC Asset Management NV	19/05/2018	1 648 964	3.01%	2.96%	2.98%
Janus Henderson Group Plc	15/10/2020	1 669 584	3.01%	2.99%	3.01%
Candriam	18/01/2021	1 675 560	3.01%	-	-
Public	Not applicable	33 711 858		60.48%	60.83%
Total (excluding own shares)		55 416 120			100.00%
Total (including own shares)		55 742 920		100.00%	

⁽¹⁾ The percentage of shares is calculated based upon the number of existing shares at the moment of the notification.

⁽²⁾ The percentage of voting rights is calculated based upon the 55 742 920 existing shares per 31 December 2020 based upon the information the Company has received from its shareholders per 31 December 2020, which can be different from the actual situation. The calculation has been adjusted to take into account the suspension of the voting rights of the 326,800 own shares held by the Company as foreseen by the law.

⁽³⁾ The number of own shares of the company was included in the notification, given the fact that they are legally deemed to act in concert with the Company for the purposes of the applicable transparency disclosure rules. On 8 November 2018, the Financial Market Authority (FSMA) was informed (transactions by leadership) that 50,000 shares were acquired additionally.

The company has not concluded a relationship agreement with the main shareholder Compagnie du Bois Sauvage SA in accordance with principle 8.7 of the Corporate Governance Code 2020, as there is a sufficient line of representation of the main shareholder through its representation within the Board of Directors.

The capital structure, with the number of shares and warrants of the company can be found in the chapter “Information on the Share” on the Recticel website (www.recticel.com).

An amendment of the articles of association of Recticel can only be obtained, following the special majorities of article 37 of the Articles of Association.

The Board of Directors submits its proposals regarding the appointment or re-election of directors to the general meeting of the shareholders. The Remuneration and Nomination Committee recommends one or several candidates to the Board, taking into account the needs of the company and following the appointment procedure and the selection criteria drawn up by the Board for that purpose. The composition of the Board is determined based on the necessary diversity and complementary skills, experience and knowledge.

The general meeting of the shareholders appoints the directors of their choice with a simple majority of the votes cast. Directors can likewise be dismissed “ad nutum” by the general meeting with a majority of the votes cast, before the normal expiry of his or her term of office.

If a position of director becomes vacant as a result of resignation, incapacity or death, the Board may provisionally fill the vacancy, upon recommendation from the Remuneration and Nomination Committee.

There are no legal or statutory limitations on transfer of securities. There are no securities with special control rights. There are no legal or statutory restrictions on the exercise of voting rights, for as far as the shareholder is legally represented at the Ordinary General Meeting, and his/her voting rights have not been suspended for any reason.

There are no agreements between the Company and its directors or employees that would provide for compensations after a public takeover bid, the directors resigning or departing without any valid reason, or the employment of the employees being terminated.

The following agreements, whereby the company is party, contain the clauses that take effect, undergo changes or end, in the event of a change of control over Recticel SA/NV:

- The “Facilities Agreement” of 4 December 2020 between Recticel SA / NV and Recticel International Services NV on the one hand, and Belfius Bank NV, BNP PARIBAS FORTIS NV and KBC BANK NV on the other, for an amount of EUR 305,000,000, whereby each bank participating in the Loan, in the event of a change of control over the Company or over a subsidiary that also acts as a debtor, has the right to request prepayment or cancellation of the credit obligation, and if banks holding a special majority of the total amount of the Credit, requesting this, the total Credit will have to be canceled and prepaid.

- The Recticel Group’s Stock Option Plans of April 2014, June 2015, April 2016, June 2017, April 2018, June 2019 (warrant plans April 2014, June 2015, April 2016, June 2017, April 2018, June 2019, March 2020) issued by the Board of Directors Administration that contain a clause 6.2. which gives the beneficiaries the right to exercise their warrants, if applicable under the conditions determined by the Board of Directors, immediately in the event of a change of control (that is, in the event of a transfer, in one or more transactions, more than fifty percent (50%) of the voting rights) or in the case of the launch of a public share purchase offer.

These clauses were specifically approved by Recticel’s General Shareholder Meeting or will be submitted for approval at the General Meeting on 25 May 2021.

In line with article 7:151 of the Belgian Companies and Associations Code, for such a clause to take effect requires the approval of the General Shareholder meeting.

The Board of Directors is not aware of shareholder agreements that give rise to restrictions on the transfer of securities and / or the exercise of voting rights.

The board of directors does not currently have any authority to issue shares. The Board of Directors is authorized to acquire own shares of the Company as long as the fractional value of the Company’s shares held in portfolio does not exceed 20% of its issued capital, at a unit price that may not be less than 20%. below the average of the last twenty closing prices on Euronext Brussels prior to the date of acquisition, and not higher than the same average plus 20%. This purchase authorization is valid until 17 July 2022.

2.2.12. Statement on non-financial information

The statement on non-financial information in accordance with article 3:6, §4 of the Belgian Companies and Associations Code has been enclosed to the statutory annual report of Recticel NV/SA and the consolidated annual report of the Recticel Group.

2.3. Non-financial Information Statement

In 2020, we made significant progress in our Sustainability journey, leading to a renewed Sustainability Strategy for 2021-2025. Working closely with our stakeholders, we have now defined the six most important material aspects for Recticel with the biggest potential to turn sustainability into a keener competitive edge.

This chapter contains a detailed description of our path to transformation during 2020, including our strategies and the various steps in their execution. For a fuller description of the renewed Sustainability Strategy, please consult Chapter 1 of this report.

2.3.1. Introduction

Recticel's sustainability journey started in 2013 with the Management Committee's declaration to put sustainability at the forefront of the Group strategy.

A company-wide project was launched to determine how to embed sustainability in its Group and division strategy. Interviews were conducted with key internal and external stakeholders to identify sustainability challenges and areas of opportunity¹. These were further explored during workshops with the business lines and functions. The sustainability aspects that emerged were mapped out in a longlist of material aspects. These formed the basis of materiality matrix workshops involving the business lines and functions.

The six most important aspects for Recticel and society were clustered in a **Sustainable Innovation Plan**: Innovation fulfilling societal needs; Optimising Carbon Footprint; Resource Efficiency; and a **People Priority Plan**: Business Ethics and Integrity; Reduce HS&E impact of our activities; An Inspiring and Rewarding Place to Work. A key performance indicator and 2020 target was selected for each material aspect. In 2015, the sustainability strategy was embedded in the Recticel Group strategy.

In 2016 we published our **first separate sustainability report**² covering the years 2013-2015 and drawn up in accordance with the Global Reporting Initiative (GRI) G4 guidelines. This first report provided insight in our sustainability journey, the strategy and the six material aspects, seven key performance indicators and targets chosen to measure progress. In September 2017, the EU Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and was transposed into Belgian national law. The Directive recommends using internationally-recognized frameworks and standards to prepare and publish sustainability reports.

Our **second sustainability report** covering the years 2016-2017³ was drawn up in accordance with the GRI Standards, Core. It was published in 2018 and provided transparency on progress against our 2020 targets.

The reporting over 2018, 2019 and 2020⁴ was prepared using the recommendations of the GRI Standards, Core. We integrated the **reporting on non-financial information** such as environmental, social, human rights, anti-bribery and anti-corruption topics in our **annual report**, and provided transparency on progress against our 2020 targets. The information about diversity is available in our Corporate Governance Statement. Limited assurance by an independent auditor was performed over 2017 - 2020 on the seven KPIs covering the six material aspects.

On 30 June 2020, Recticel divested its Automotive business line and Eurofoam joint venture. As a result, on 31 December 2020, 40 fully-owned Recticel subsidiaries employing **4,194 people in 19 countries were in scope**; joint ventures and Automotive being excluded.

On 10 November 2020, Recticel announced the acquisition of FoamPartner⁵. After closing of the deal expected in the first quarter of 2021, 1,100 FoamPartner employees will be merged with the Flexible Foams business line into the new Recticel Engineered Foams division.

Renewed sustainability strategy 2021 - 2025

In 2020, Recticel started the revision of its 2015 - 2020 sustainability strategy. The description of this process, the evolution of the material aspects and KPIs selected that shape the renewed sustainability strategy 2021- 2025 can be found under 1. *Presenting the renewed Recticel.*

2.3.2. Activities of the company

Recticel is an international industrial player with an ambitious goal: to take the daily experience of comfort to a new level in quality and innovation. We rely on our expertise in the transformation of polyurethane chemistry to meet customer and societal challenges responsibly, and to generate added value for our clients, shareholders, partners and employees. For a further description of the activities of Recticel and the Recticel Group, reference is made to Chapter I of the annual report of Recticel as published on the website of Recticel under <https://www.recticel.com>

It was created to respond to key societal challenges, such as energy conservation, CO₂ reduction, and an aging and increasing population. Sustainability shapes our portfolio strategy and our innovation priorities, and as a result, it nourishes our long-term competitiveness. The long-term needs and challenges of our sectors and our society are our compass.

Our activities position us in a sustainable way as the leading supplier of polyurethane and polymer-based solutions in our markets for durable (consumer) goods such as insulation panels (50-year lifespan), mattresses (10-year lifespan), and highly specialized technological applications with attributes such as silencing, sealing or carrying.

2.3.2.1. A strategy for sustainability: Growing together towards a PUnre future

2.3.2.1.1. Recticel's ambition

Recticel's ambition is to lead the transition to a circular economy and a low-carbon society within our industry. *Growing together towards a PUnre future* expresses our firm commitment to reducing any negative effects of our activities and to optimising Recticel's positive impact across the value chain, from raw materials sourcing to product manufacturing, consumption and end-of-life.

Since 2013, sustainable innovation is a key driver at the heart of our Group strategy.



Fit²

Bedding
Flexible Foams



Low Lambda

Insulation



Silencing

Flexible Foams
Insulation



Corporate
Sustainability

Bedding
Flexible Foams
Insulation

¹ Sustainability report 2016, page 37-38 - <https://www.recticel.com/sustainability-innovation/sustainability/reports.html>

² Sustainability reporting | Recticel - 2015 - <https://www.recticel.com/sustainability-innovation/sustainability/reports.html>

³ Sustainability reporting | Recticel - 2017 - <https://www.recticel.com/sustainability-innovation/sustainability/reports.html>

⁴ Annual & half-year reports | Recticel - 2018, 2019, 2020 - <https://www.recticel.com/investors/annual-half-year-reports.html>

⁵ Recticel realises a key step in its strategic transformation with the acquisition of FoamPartner | Recticel - <https://www.recticel.com/recticel-realises-key-step-its-strategic-transformation-acquisition-foampartner.html>

Considering the entire value chain, Recticel is a **climate-positive company**. Our thermal insulation solutions for building renovations and new constructions contribute to a low-carbon society. In 2020, **CO₂ emissions avoided by these insulation solutions offset more than 46 times the carbon footprint of all Recticel activities combined**.⁶ In addition, Recticel is also a low-carbon intensive company⁷. We will start to report on this topic from 2021 onwards.

In our Flexible Foams business line, innovative lightweight solutions have been developed to speciality applications in car engine compartments that require superior silencing properties.

In Bedding, the traditional focus has been on durability and providing optimal comfort during the use phase. In recent years, we have directed our research efforts to eco-design and repurposing our valuable polyurethane materials after their usage phase.

Carbon footprint reduction over the entire value chain has always been a clear driver in our Insulation business line. Sustainability is now also high on the agenda of more and more customers of our Bedding and Flexible Foams business lines.

Our path to circularity

Our products are predominantly, though not exclusively, based on polyurethane (PU). This versatile material allows us to develop long-lasting high-quality and durable solutions that promote comfort in our daily life such as insulation panels or mattresses.

From the start of the sustainability strategy in 2015, Recticel put the challenge of readying polyurethane for the circular economy front and centre. Through clear focus and long-term partnerships across our value chain, we have laid the foundations for our two paths to circularity. **Mechanical recycling**, or re-using end-of-life polyurethane and transforming it into a new value-added product, and **chemical recycling** or breaking down end-of-life polyurethane to its original chemical building blocks and transforming them endlessly into virgin polyurethane

In the coming years, we will continue to support the upscaling of chemical recycling technologies. It is the economically and environmentally most viable path to process the high volumes of end-of-life material while closing the loop. Until then mechanical recycling will be the intermediate technology of choice.

2.3.2.1.2. Sustainable innovation programmes driving the change

Our Sustainable Innovation Department, the strategic R&D Centre of the Group, is organized around three innovation programmes that benefit our customers in their markets: Fit², Low Lambda, and Silencing. More information on these market-driven innovation programmes can be found under *1.5 Our Sustainability Strategy*

The fourth, or **Corporate Sustainability innovation programme**, is dedicated to exploring new ways to prepare polyurethane for circularity polyurethane over the entire value chain: from raw materials, to production, to end-of-life.

2.3.2.1.2.1. Raw materials

Innovation and efficiency initiatives have reduced our use of raw materials and are complemented by our choice of lower-carbon raw materials with bio-based or recycled content. In partnership with Covestro, Recticel was in 2018 the first company worldwide to use a CO₂-based polyol in its flexible foam production for products such as mattresses.

Two projects centred on rigid foam for insulation applications, illustrate this commitment to become less dependent on fossil resources:

Carbon4PUR

Carbon capture and utilization is also at the heart of the Carbon4PUR project, a EU Horizon 2020 Research and Innovation Programme project. As a contribution to the circular economy, the use of process gases from steel industry is being investigated in order to move closer to the goal of climate neutrality.

With Covestro as project coordinator, the consortium of research-oriented industry and application-oriented science has been working together on an interdisciplinary basis since 2017. In doing so, the 14 partners of the innovation project are focusing on expanding the technology platform that Covestro first successfully implemented in 2015 for the use of CO₂ as new, alternative feedstock for the chemical industry.

Now, carbon monoxide (CO) derived from steel mill process gases is also to be tapped as a raw material source for circular plastics. So far, the project is a success story. As a result of the various process steps conducted by the project partners, CO and various gas mixtures were successfully converted by Covestro in Leverkusen, Germany, into polyols as intermediates for polyurethane. These high-performance materials were upscaled and then tested in rigid foams for insulation boards by Recticel. Currently, the technology is being assessed by the academic partners University of Leiden, TU Berlin, and South Pole.

In 2020, Carbon4PUR was recognized Project of the Month by the European Commission's CORDIS. <https://cordis.europa.eu/>

The Carbon4PUR project started on 1 October 2017 with a duration of 36 months. Due to the Covid-19 impact, the consortium decided to extend the project until 31 March 2021.

For more information: <http://www.carbon4pur.eu>



This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 768919. The information contained in this document has been prepared solely for the purpose of providing information about the Carbon4PUR consortium and its project. The document reflects only the Carbon4PUR

consortium's view and the European Commission is not responsible for any use that may be made of the information it contains.

SWEETWOODS

SWEETWOODS, a Bio-Based Industries Joint Undertaking (BBI JU) funded project, focuses on bio-based materials such as wood to replace fossil fuel. SWEETWOODS aims at demonstrating the successful and profitable production of high-purity lignin, derived from low-quality wood residues and sugars, on an industrial level. Recticel will test its use in rigid foam applications such as insulation panels.

The first phase construction works of the Granuul Biotech's flagship plant were finished in 2020. It is now ready to ship out industrially representative samples of high purity near-native lignin and wood sugars at ton scale. The construction of the second phase, where hydrolysis, separation processes, and lignin drying will be established, has started. Graanul Biotech estimates that an industrial supply of novel lignin and sugars will be available in the last quarter of 2022.

One of the goals of the SWEETWOODS project is to establish markets for lignin and sugar-based platform chemicals. In collaboration with the partners of SWEETWOODS, Recticel is currently evaluating on lab scale which (depolymerised) lignin types are most suitable for incorporation in rigid foam for insulation boards. The most suitable candidates will be further upscaled and screened on a semi-industrial scale.

⁶ The 2020 results expressed in tonnes of CO₂e can be found in the 'Summary Table' at the end of the Non-Financial Information statement

⁷ Carbon intensity in tonnes of CO₂e/mio EUR revenue (scope 1 and 2)

The SWEETWOODS project started on 1 June 2018 and will end on 31 May 2023.

For more information: <https://sweetwoods.eu>



SWEETWOODS has received funding from the Bio-Based Industries Joint Undertaking under the European Union's Horizon 2020 Research and Innovation programme, under grant agreement N° 792061. The SWEETWOODS project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.



Since 2020, Recticel also participates in research initiatives funded by the European Commission's Marie Skłodowska-Curie Actions (MSCA) - <https://ec.europa.eu>. Along with individual fellowships for PhD candidates and those carrying out more advanced research, the MSCA help develop training networks, promote staff exchanges and fund mobility programmes with an international flavour. They encourage collaboration and sharing of ideas between different industrial sectors and research disciplines – all to the benefit of the wider European economy. MSCA also back initiatives that break down barriers between academia, industry and business. Recticel is proud to be part of two such projects in the field of raw materials:

VITRIMAT

On 1 March 2020, VITRIMAT started up for a period of three years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement. VITRIMAT has the ambition **of bridging a critical training gap between on the one hand cutting-edge European academic research on vitrimers and on the other hand industrial developments of daily life products** by offering a world-class multidisciplinary and inter-sectoral training platform.

Vitrimers are a **new class of materials**, rewarded by the 2015 European Inventor Award, **combining the best features of thermoplastic and thermoset materials**. VITRIMAT aims at strengthening the European leadership on vitrimers by combining the expertise of six academic partners-pioneers in vitrimers and advanced composite materials with one national technical centre and eight industrial partners, including Recticel, that are world leaders in the chemistry adhesives, thermosets and composites for consumer goods, construction and automotive applications.



VITRIMAT has received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie Grant Agreement N° 860911. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

For more information: <https://vitrimat.eu>

NIPU-EJD

On 1 January 2021, NIPU-EDJ started up for a period of four years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement. NIPU-EJD is a **European Joint Doctorate program aiming at novel Non-Isocyanate PolyUrethanes** and is set up by a consortium formed by seven academic beneficiaries together with eight non-academic partners including Recticel.

The program vision of NIPU-EJD is to create a new generation of high-skilled, creative, entrepreneurial scientists, who will be the future leaders in the emerging and important area of sustainability towards the development of sustainable non-isocyanate polyurethane (NIPU) systems. From industrial prospective, NIPU-based systems represent the most sustainable alternative to conventional polyurethanes in different sectors (insulation, coatings, etc.), responding the urgent needs for sustainability in terms of raw materials innovation, improved safety, production processes and recycling.



NIPU has received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie Grant Agreement N° 955700. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

For more information: <http://www.nipu-ejd.eu/consortium/>

Production

Including sustainability in our production processes positively impacts our carbon footprint and increases our operational excellence. Together with industrial partners and knowledge institutes, we explore ways to reduce production waste and design products that are eco-friendly and easy to dismantle.

We have developed a **fiber-bonded foam technology** which in a first step allowed us to transform flexible polyurethane foam production waste into new acoustic insulation building applications. These panels reduce sound by up to 12 dB while conserving energy. We have further optimized this technology to now also be able to process polyurethane originating from end-of-life mattresses. These recycled materials were introduced in products from the Simfofit®, Silentwall®, Silentfloor® and Silentpart® range.

We continue to explore the possibilities of fiber-bonded foam for other application areas, such as automotive and industry. As for Bedding, our German brand Schlaraffia introduced a concept bed using recycled foam instead of virgin foam in its bedframes and headboards, on the 2020 IMM professional furniture fair in Cologne. Covid-19 interrupted and delayed new sustainable introductions.

End-of-life

New mechanical and chemical recycling processes will allow us to recycle valuable end-of-life materials, paving the way for new value-added applications. Mechanical recycling re-uses end-of-life polyurethane and transforms it into a new value-added product, while chemical recycling breaks down end-of-life polyurethane to its original chemical building blocks and transforms these into virgin polyurethane again.

Recticel has engaged in a number of partnerships to set up an effective collection and reuse of end-of-life materials via **mechanical recycling**. On 1 January 2021, the Belgian authorities introduced the extended producer responsibility (EPR) for mattresses. Recticel is one of the founding fathers of **Valumat**, a Belgian non-profit organization created by actors across the mattress industry, that will carry out the obligations for **collecting and recycling of end-of-life mattresses in Belgium**.

We are also supporting the mattress collection and recycling initiative in the Netherlands where the EPR scheme will start in the course of 2021.

As early as 2013, the French authorities introduced the collection and recycling of mattresses and furniture. **Eco-Mobilier** has been set up to organise the collection, sorting, recycling and reusing of these end-of-life material streams. Recticel is part of the **Valpumat** project, or Valorization of the PolyUrethane of MATtresses, launched in order to develop new ways of mechanical recycling of mattresses. Since 2020, Recticel processes end-of-life foam in one of its plants in France transforming this valuable material into innovative acoustic building insulation solutions.

Until now, collection and recycling of end-of-life materials have been put in place for durable flexible polyurethane products such as mattresses or sofas with a lifespan of up to 10 years. Recticel is closely monitoring emerging initiatives, such as in France, to sort, collect and recycle end-of-life material in the construction sector. Recticel contributes to the energy efficiency of buildings by providing rigid foam polyurethane insulation solutions with a lifespan that exceeds 25 years.

PUReSmart

We are proud to participate in, and be the project leader of, the **groundbreaking PUReSmart chemical recycling project**. The project is funded by the European Union's Horizon 2020 Innovation and Research programme to develop a complete circular product life cycle and turn polyurethane into a truly sustainable material: recover the used material (e.g. mattresses) and turn them into building blocks for existing or new products.

The PUReSmart consortium is an end-to-end collaboration spanning the entire polyurethane reprocessing value chain and gathering nine partners from six different countries. The project aims to breakdown polyurethane into its two building blocks being polyol and isocyanate in an optimized mass balance to have full one to one circularity.

Project partner Covestro, leading producer of advanced polymers and high-performance plastics, has recently started operating a pilot plant for flexible foam recycling at its Leverkusen site to confirm the positive laboratory results achieved to date. The first phase is to focus on recycling one of the raw materials, before the recovery of the second component is also to be piloted from summer this year. Covestro's goal here is to industrialize chemical recycling processes for used flexible foams and ultimately to remarket both recovered raw materials.

Despite the impact of the Covid-19 pandemic, the project team managed to remain on schedule with regard to the intermediate project deliverables. In several work packages, breakthrough steps are already made. This will move the whole project far beyond the state-of-the-art. This is also proven by several patents related to the smart chemolysis process and the earlier decision by Covestro of a scale-up from laboratory scale to semi-industrial level on short-term for the chemical recycling process.

The PUReSmart project started in January 2019 and will end in December 2022.

More information on the current project status can be found on the PUReSmart - <https://www.puresmart.eu>



This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 814543. The PUReSmart project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

In 2019, Recticel signed the Declaration of the **Circular Plastics Alliance** which promotes voluntary actions for a well-functioning EU market in recycled plastics. The declaration lays out how the alliance will reach the target of 10 million tons of recycled plastics used to make new products every year in Europe, by 2025. This target was set by the European Commission in its 2018 Plastics Strategy as part of its efforts to boost plastics recycling in Europe. The Circular Plastics Alliance will focus on five priorities: collecting and sorting; recycled plastic content; R&D and investments, including chemical recycling; and monitoring.

Recticel also supports the **Moonshot initiative** - <https://catalisti.be/moonshot/> launched by the Flemish government in Belgium. In this ambitious industrial innovation programme hosted by Catalisti, Flemish universities, research institutes and industries join hands to develop breakthrough technologies by 2040 to create new climate-friendly processes and products. On 10 January 2020, a first series of innovation projects received support worth more than 18 million euro to make Flemish industries carbon circular and low in CO₂ by 2050. Recticel has joined the Advisory Board of two Moonshot programmes: MOT1 *Biobased Chemistry* - and MOT2 *Circularity of Carbon in Materials*. <https://moonshotflanders.be>

2.3.2.1.3. Focus on people and sustainable innovation – six important material aspects

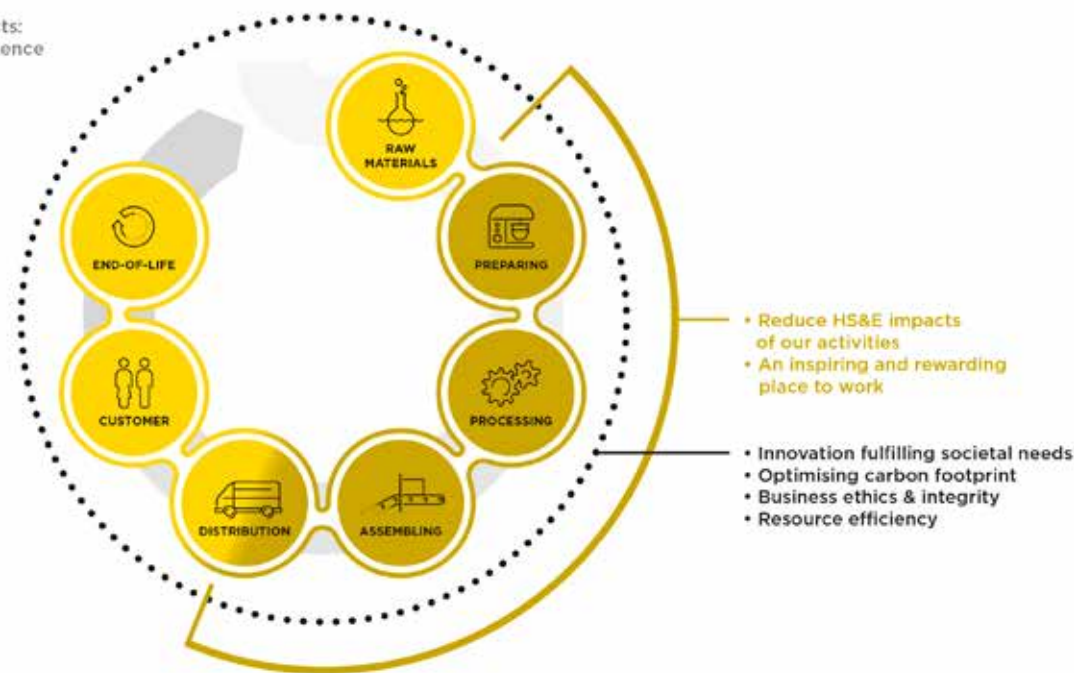
Innovation and people are key in achieving our ambitions. Our business lines will create more shared value through innovation focused on societal needs and aligned with stakeholder expectation. The outcome of the sustainability project conducted between 2013 and 2015 to establish our sustainability strategy was that our stakeholders – customers (including consumers), employees, the Board of Directors, authorities, financial analysts and suppliers - ranked six material aspects as the most important priorities for Recticel and for society.

These have been clustered in to two pillars:



All aspects linked to innovation have been brought together in the **Sustainable Innovation Plan**, focusing innovative efforts on meeting the needs of society, optimizing the carbon footprint throughout the value chain and the efficient use of resources. New societal needs and the transition towards a circular economy bring with them opportunities to differentiate ourselves and create shared value. We seize these opportunities and further explore the possibilities for reuse and recycling our products at end-of-life stage while intensifying our focus on production waste reduction.

Material aspects:
sphere of influence



Sustainability is considered **along our entire value chain**, from raw material sourcing to product manufacturing, consumption and end-of-life. We take responsibility for our own in-company activities and for those within our sphere of influence, upstream as well as downstream.

Recticel supports the **Sustainable Development Goals (SDG)** launched in 2015 by the United Nations. This universal set of targets and

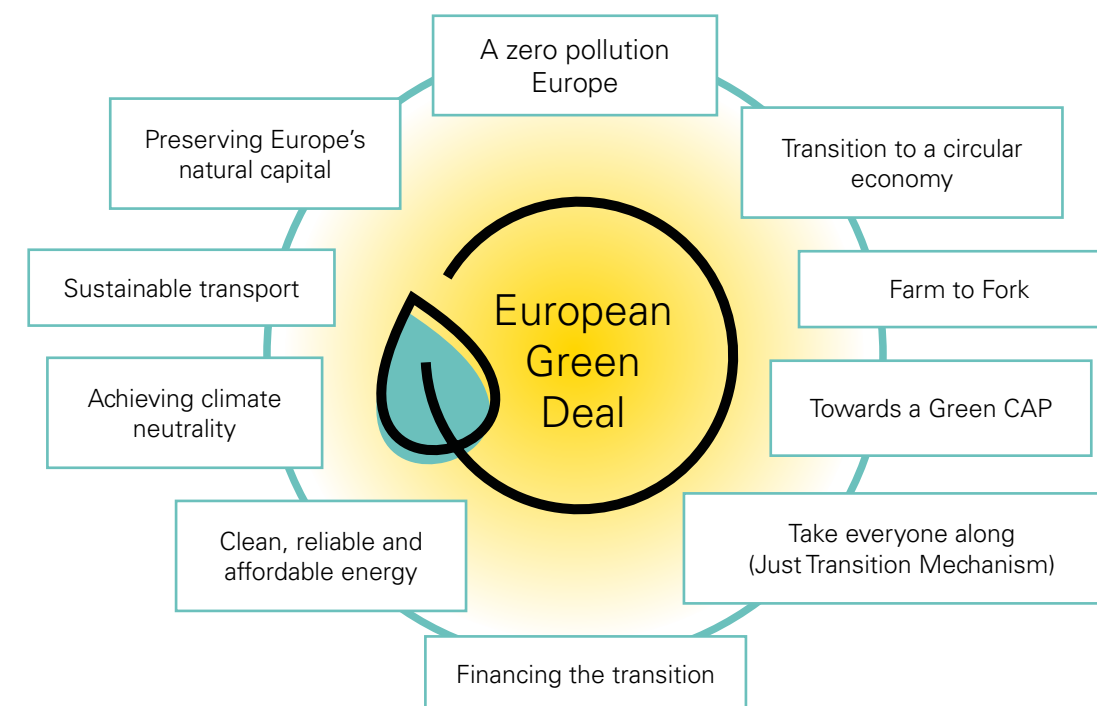
indicators is designed to help countries and end poverty, protect the planet and ensure global prosperity as part of a new sustainable development agenda. By upholding recognized standards and principles on human rights, labour, the environment and anti-corruption, business makes an essential contribution to the SDGs.

Recticel has identified five SDGs that are most impactful, relevant and strategically embedded in our company's sustainability strategy:

European Green Deal

The European Green Deal is the European Commission's plan to make the EU's economy sustainable by turning climate and environmental challenges into opportunities and making the transition just and inclusive for all. Recticel

fully supports these objectives. Its renewed sustainability strategy 2021 – 2025⁸ will continue to advance the key policy areas of the European Green Deal.



⁸ See 1.5. Our Sustainability Strategy



2.3.2.1.4. Risk management

Since the beginning of our sustainability journey, we see sustainability as an opportunity to create shared value for the company and society. Our sustainability journey is closely interwoven with the Recticel Group risk management assessment, which enables Recticel to identify, manage and mitigate the main issues that could impact our business.

Assisted by the Audit Committee, the Board of Directors defines the Group’s major risks. Placing sustainability at the centre of Recticel’s strategy takes these risks into account, and avoids or minimizes any adverse effects of potential risk on the company.



COVID-19 response: Recticel is taking every precaution

We never compromise on safety

In the first quarter of 2020, the world was shaken up on an unprecedented scale by the impact of a new coronavirus, Covid-19. As the COVID-19 pandemic continues, we are taking every precaution to protect our employees, customers, suppliers, shareholders and their families from its impact. A Covid Crisis Team presided by the CEO, comprising the Chief Human Resources Officer, the Corporate HS&E Manager and the HS&E Managers from the business lines, closely monitors the pandemic’s evolution and adapts its Group Health & Safety guidelines accordingly.

Crisis Response Teams have been activated in every country and are monitoring the situation closely to ensure that the correct actions are taken, in line with Group as well as local guidelines and local legislation. In 2020, less than 5% of Recticel employees tested Covid-19 positive. All infections seem to have occurred outside the Recticel premises.

Business continuity

As a responsible company, we are committed to remaining flexible and responsive to the situation as it evolves, so that we can help our customers and communities through the challenges ahead.

In the first half year the impact of a -17.5% sales decline could be mitigated to a great extent by cost saving measures and the implementation of temporary unemployment. The second half of 2020 was marked by significant sales fluctuations varying from one business segment or country to another, influenced by the subsequent waves of the Covid pandemic and the related precautionary measures taken by national governments. In this difficult context, Recticel managed to generate a robust 7.0% sales growth in the second half of 2020 and a 10.0% increase in Adjusted EBITDA. ⁹

2.3.2.2. Recticel targets & results

For the six material aspects described hereabove, Recticel defined different targets to be met by 2020. These targets are measured through seven key performance indicators (KPI).

The summarized overview of our 2020 results can be found in the ‘Summary Table’ and in the ‘Sustainability Strategy Summary’ followed by the ‘Independent limited assurance report’ at the end of this Non-Financial Information statement. The results over 2020 exclude the Automotive business line due to its divestment. The results over the previous years have not been restated.

2.3.2.2.1. Targets related to the environment

2.3.2.2.1.1. Innovation fulfilling societal needs

Target: 80% of active R&D projects classified as sustainable by 2020 according to the Sustainability Index.

KPI: Sustainability Index (scope: innovation pipeline Sustainable Innovation Department (hereinafter “SID”))

Result 2020: 58% (scoring performed over R&D projects active in November 2020.)

As in 2019, the result this year remains stable due to the strict assessment methodology we developed in 2015. It is almost impossible for certain R&D projects pursuing 100% sustainability objectives to reach the threshold value to be considered sustainable. In the spirit of the sustainability strategy, we continue to pursue our 80% target. In 2020, we reviewed our scoring methodology during the limited assurance process and revised it subsequently. According to our calculations, we would have reached our target for 2020 if we had used the revised Sustainability Index.

Background

Our continued growth depends on our ability to respond to complex and dynamic societal needs. This is why we strive to develop innovative solutions that maximize resource efficiency, reduce carbon emissions and support sustainable, healthy lifestyles. Sustainability is at the core of Recticel’s strategy, and sustainable innovation programmes, led by our Sustainable Innovation Department (SID), shape our company’s future.

Sustainability index

In 2014, Recticel developed its own methodology to score all research and development projects, spearheaded by the Sustainable Innovation Department. The resulting Sustainability Index, now in its 2nd generation, is a way to measure, track and compare the sustainability performance of active R&D projects. It comprises criteria linked to Planet and People aspects. Projects are scored by the Programme Innovation Manager, Corporate Sustainability Innovation Manager and corporate sustainability experts.

In the **Planet** aspect, criteria such as carbon footprint, reduced by saving resources, recycling and reusing end-of-life materials, are considered. The **People** aspect concerns criteria for social responsibility, such as health, safety and environment (HS&E) as well as social impact.

Each development is rescored on an annual basis or when the project enters a new phase, with scorings reviewed when significant changes are made to a project’s scope, or when important new research data have become available. People or Planet criteria can be rescored either in a positive or negative way depending on new insights or developments on the market or the product.

2.3.2.2.1.2. Optimising carbon footprint

Target 1: Reduce Recticel Carbon Footprint Indicator by 25% in 2020 and by 40% in 2030.

KPI: Recticel Carbon Footprint Indicator expressed in tonnes of CO₂ equivalent compared to the 100% activity level in 2013 (scope: production sites). The method of calculation is derived from the Cradle to Grave method.

Result 2020: 82 % (18% reduction vis-à-vis the 2013 basis)

There have been no fundamental changes in carbon footprint reduction. Without the Automotive divestment, we would have seen a slight improvement of the carbon footprint reduction in 2020.

Target 2: Increase Net Recticel Impact Ratio from 20 in 2013 to 30 by 2020 and 50 in 2030.

⁹ See Recticel Annual Results 2020 - Solid 2nd half 2020 and Strategic Repositioning | Recticel - <https://www.recticel.com/recticel-annual-results-2020-solid-2nd-half-2020-and-strategic-repositioning.html>

KPI: Net Recticel Impact Ratio (whole value chain) defined as ratio of the Recticel Positive Impact to the Recticel Carbon Footprint. The Recticel Positive Impact is expressed in tonnes of avoided CO₂ equivalent in use phase (using appropriate method of calculation per type of product and using appropriate conversion factors calculated by a third party).

Result 2020: 46.

The growing impact of the Insulation volume continues to have a positive impact on the multiple. This is clearly reflected in the 12% increase of the multiple compared to 2019.

Background

The aim of the 2015 United Nations COP 21 Paris Agreement is to limit the increase of the global temperature above pre-industrial as much as possible. Recticel contributes to this aim by optimizing its carbon footprint throughout the value chain, alongside its partners.

We focus on introducing raw materials with lower GWP (global warming potential) values as well as lower-carbon impact raw materials, improving the energy efficiency of our activities, and developing more sustainable products and end-of-life solutions that support a circular economy.

We estimate that, in 2020, **the CO₂ emissions avoided by our insulation solutions offset over 46 times** our carbon impact throughout the value chain, making the growth of this business a priority.

To optimize our carbon footprint, we want to reduce our negative impact and increase our positive impact in a significant way. In line with these goals, we focus on areas in our value chain where the biggest progress in carbon footprint reduction can be made: **upstream (raw materials)** and **downstream (usage and end-of-life phases)**.

Upstream

Together with our suppliers, we explore innovative solutions and investigate more sustainable raw materials such as a CO₂ polyol. Polyols and isocyanates are fossil fuel-derived raw materials used to make polyurethane. The production of these chemicals is energy-intensive. Thus, our suppliers strive to optimize energy efficiency and find alternatives to fossil fuels.

Covestro developed a revolutionary new polyol that replaces 20% in weight with a by-product of the CO₂ captured from a nearby facility. Recticel supported this innovative development from the beginning and was the first worldwide in 2018 to implement it for the production of flexible foam used in mattresses.

We are also exploring the incorporation of lower-carbon impact materials including recycled building blocks.

Two projects centred on rigid foam for insulation applications, illustrate this commitment:

Carbon4PUR – Sustainable Plastics made by CO/CO₂

Carbon capture and utilization is also at the heart of the **Carbon4PUR** project, a EU Horizon 2020 Research and Innovation Programme project. As a contribution to the circular economy, the use of process gases from steel industry is being investigated in order to move closer to the goal of climate neutrality.

With Covestro as project coordinator, the consortium of research-oriented industry and application-oriented science has been working together on an interdisciplinary basis since 2017. In doing so, the 14 partners of the innovation project are focusing on expanding the technology platform that Covestro first successfully implemented in 2015 for the use of CO₂ as new, alternative feedstock for the chemical industry. Recticel will test its use in rigid foam applications such as insulation panels.

SWEETWOODS

SWEETWOODS, a Bio-Based Industries Joint Undertaking (BBI JU) funded project, focuses on bio-based materials such as wood to replace fossil fuel. The project aims at demonstrating the successful and profitable production of high-purity lignin, derived from low-quality wood residues and sugars, on an industrial level. Recticel will test its use in rigid foam applications such as insulation panels.

Since 2020, Recticel also participates in research initiatives funded by the **European Commission's Marie Skłodowska-Curie Actions (MSCA)**. Along with individual fellowships for PhD candidates and those carrying out more advanced research, the MSCA help develop training networks, promote staff exchanges and fund mobility programmes with

an international flavour. Recticel is proud to be part of two such projects in the field of raw materials:

VITRIMAT

On 1 March 2020, VITRIMAT started up for a period of three years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement. VITRIMAT has the ambition of bridging a critical training gap between on the one hand cutting-edge European academic research on vitrimers and on the other hand industrial developments of daily life products by offering a world-class multidisciplinary and inter-sectoral training platform.

NIPU

On 1 January 2021, NIPU started up for a period of four years. The project receives funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement. NIPU-EJD is a European Joint Doctorate program aiming at novel Non-Isocyanate PolyUrethanes and is set up by a consortium formed by seven academic beneficiaries together with eight non-academic partners including Recticel.

More information on these research projects can be found in 1.1.2.1.3. Sustainable innovation programmes driving the change.

Downstream

Together with **industry peers and knowledge institutes** we investigate the impacts of closing the materials loop. Polyurethane is a thermoset material characterized by high durability. Our products contain materials that can be reused or recycled for other value-added purposes at their end-of-life phase. The goal of these research projects is to find economically viable solutions for waste streams that also benefit the environment.¹⁰

Energy consumption

Although the biggest impact on carbon footprint reduction is situated upstream and downstream, we are also fully committed to reducing the impact of our **energy consumption**. Since 2013, we have systematically recorded annual energy costs and consumption data across the Group and have strived to make our operations more energy-efficient.

In 2020 we introduced our **Electricity Sustainability Roadmap**, an ambitious action plan to reduce the CO₂ impact related to electricity usage by 75% in 2025.

We will reach that target following three paths in parallel:

- 1) Build up and implement an **energy saving plan** at each plant;
- 2) Develop **smart efficient lighting**;
- 3) Selectively implement a number of **solar panels and wind mills** projects to generate green electricity.

The Roadmap prioritizes our plants in Europe. The three paths have been defined based on the lessons learned from projects on energy usage that have already been carried out, as well as from extensive energy audits conducted in 19 plants.

End 2020, a total of 30.000 m² of solar panels covers the roofs of Recticel sites. The contract for an additional 26.000 m² has been signed and will be implemented by summer 2021, almost doubling the solar energy potential. An initiative to install 47.000 m² of solar panels is currently being analysed and would, if it goes ahead, double again our capacity. A series of projects to increase our green energy production are under review such as adding windmills to our green energy mix.

2.3.2.2.1.3. Resource efficiency

Target: 100% increase of recycled foam produced by Recticel by 2020 compared to 2015. The increase is possible if flexible foam production waste is gradually replaced by post-consumer waste.

KPI: Tonnes of recycled flexible foam produced by Recticel.

Result 2020: -34% (vis-à-vis the 2015 basis).

Background

Our target for resource efficiency is to recycle flexible PU foam for which we are using two technologies: bonded foam (a discontinuous process) and fiber-bonded foam (a continuous process). We initially only processed postproduction foam with the intention of gradually replacing it by postconsumer foam. We have succeeded in introducing postconsumer foam in fiber-bonded foam applications such as acoustic insulation boards. These volumes are

¹⁰ See 1.1.2.2.1.3 Resource Efficiency

rapidly growing. In 2020, we recycled the end-of-life foam equivalent of 100,000 mattresses. As for the bonded foam technology, where volumes are decreasing, we expect to be able to introduce postconsumer foam in the course of 2021. As a result, we did not reach our 2020 target.

Recticel supports the transition from the linear 'take, make, dispose' economic model to a circular economy by seeking new ways to prevent and reuse production waste and to mechanically and chemically recycle end-of-life waste while minimizing demand for constrained natural resources.

Our expertise lies predominantly in polyurethane applications for durable (consumer) goods such as insulation panels (50-year lifespan), mattresses (10-year lifespan), and highly specialized technological applications with attributes such as silencing, sealing or carrying.

Our R&D efforts and Corporate Sustainability Programme aim to reduce waste and enable production of end-of-life foam to be recycled in value-added new solutions.

New mechanical recycling solutions

For many years, Recticel has used the production waste of polyurethane as a raw material to make bonded foam. This recycled foam is supplied to customers who utilize it in flooring, upholstery and technical applications.

In the traditional process of recycling flexible foams, foam flakes are coated with isocyanate, pressed into a block, infused with steam and then dried in an energy-intensive process.

In the **new fiber-bonded foam process**, foam flakes are mixed with fibers and melted in a continuous process that does not require drying. We introduced a first application based on this new technology, an acoustic thermal insulation panel and continue to explore new applications for automotive, industry and bedding.

The production waste from fiber-bonded foam products can be reused in the process, and end-of-life material can be recycled, thus closing the materials loop.

Valpumat

The Valpumat project, or **Valorisation of the PolyUrethane of MATtresses**, is one of the nine winners of the first Eco-innovation challenge launched in 2017 by Eco-mobilier. Eco-mobilier is a non-profit eco-organisation approved by the French Ministry of Ecology, Sustainable Development and Energy. It organises the collection and recycling of used furniture and mattresses.

The Eco-innovation challenge was originally set up to explore new ways of recycling mattresses and to develop new value-added applications based on polyurethane. Recticel and Tesca Group, a French manufacturer specialising in textiles and seat components for the automotive industry, have teamed up to tackle this innovation challenge.¹¹

Mechanical recycling options are under investigation as well as developing effective sorting methods. After a mechanical recycling process, the valuable polyurethane material is transformed into acoustic insulation solutions for buildings. Applications for the automotive and industrial industry are also in scope. As of 2020, Recticel only processes **end-of-life foam in one of its plants in France** and transform this valuable material into acoustic building insulation solutions.

New chemical recycling solutions

In 2015, we expressed our firm commitment to make polyurethane more sustainable over the coming years. This included closely monitoring and supporting the development of new polymers that combine the advantages of both thermoset (for durability) and thermoplastic (for recyclability) materials. Since then, we have engaged with knowledge institutes and suppliers to join forces.

PUReSmart

We are proud to participate in and be the project leader of the **groundbreaking PUReSmart chemical recycling project** funded by the European Union's Horizon 2020 Innovation and Research programme to develop a complete circular product life cycle and turn polyurethane into a truly sustainable material: recover the used material (e.g. mattresses) and turn them into building blocks for existing or new products. The PUReSmart projects aims to breakdown polyurethane into its two building blocks being

polyol and isocyanate in an optimized mass balance to have full one to one circularity.

For more information see 1.1.2.1.3. Sustainable innovation programmes driving the change.

2.3.2.2.2. Targets related to social matters and personnel

2.3.2.2.2.1. Reduce HS&E impacts of our activities

Target: Frequency work accidents = < 3 by 2020 (number of accidents x 1,000,000 / number of hours performed).

KPI: Frequency work accidents represents the average on Group level for all our plants and offices.

Result 2020: 5.3

Background

We see an increase in the results compared to 2019 due to the divestment of Automotive in 2020. At the same time, there is a positive evolution with regard to the number of severe accidents that is decreasing. Still, too many minor behaviour-based accidents occur resulting in a stagnation of the frequency.

Our ultimate goal is to be incident-free. We work relentlessly to eliminate the possibility of and/or potential for work-related incidents, emissions, spills, fires and near-misses. The Recticel Corporate Health, Safety & Environment Policy defines strategic objectives to **minimize risks for people and the planet**. Through risk assessments, mitigation initiatives and process improvements, we aim to make Recticel a safe place to work and to visit.

Corporate HS&E Policy

The Recticel Corporate HS&E Policy defines strategic objectives to **minimize all HS&E risks and environmental impacts inherent to the company's activities and products**. This is above and beyond our basic obligation to comply with all applicable health, safety and environmental regulations.

We perform root cause analyses and implement corrective and preventive actions on critical operations. Recticel foaming sites adhere to strict regulations (such as SEVESO and/or COMAH), and several plants have certified health & safety and/or environmental

management systems (OHSAS 18001 and/or ISO 14001-certified). Recticel is an active member of national and European professional associations such as EUROPUR, PU Europe, Essenscia and Federplast.

The Group HS&E Manual provides guidance for the implementation of the HS&E Policy. Recticel recognizes the need for personal initiative, professional and safe behaviour, safety awareness and respect for each other and the environment to implement the HS&E policy. QHS&E managers in our business lines drive and support the change in safety culture by developing operational standards, improving working environments, raising awareness and training personnel.

Corporate HS&E and Sustainability Steering Committee

Management commitment to HS&E is reinforced by our **Corporate HS&E and Sustainability Steering Committee** (CHSSC) spearheaded by our CEO. It defines Group strategies and policies regarding HS&E and sustainability, advises and assists the business lines with their implementation and follows up on progress. By sharing knowledge and unifying HS&E practices, such as standardized root cause analysis, and HS&E rules company-wide, we seek to make our processes more efficient.

In 2018, we selected an integrated Group HS&E reporting tool to support alignment, improve follow-up and reporting, underpin best practices and facilitate the monitoring of changing regulations. The pilot project in 2019 showed that the selected tool did not fully meet our requirements. A new test phase was therefore set up in Q1 2020 involving HS&E teams from several major Bedding, Flexible Foams and Insulation business line sites covering different countries. The global rollout will take place in the second quarter.

We never compromise on safety

We continue to raise awareness on safety. It is embedded in our Core Value of acting with respect and integrity. Since 2018 we hold every year a **Recticel Global Safety Day**. It relays the important message: safety is everyone's responsibility. Through our **Simply Safe** initiative across all business lines and in every site we introduced a clear framework of Golden Safety Principles and Golden Safety Rules displayed on posters at all our sites.

¹¹ <https://www.eco-mobilier.fr/nine-innovative-and-ambitious-projects-in-order-to-find-new-ways-of-recycling-and-recovering-materials/>

Our **Stop. Think. Act!** mantra reminds everyone that we should all try to change our habits to guarantee a safe working environment. Whenever we notice a hazard, or whenever we start a new task, we should **stop, think** and then **act**. In 2020, during the COVID-19 pandemic, we launched a **digital game-based safety learning** to train all our employees on critical safety aspects. New topics related to our Golden Safety Rules and general topics will be added on a regular basis.

See our corporate website for more information. <https://www.recticel.com/sustainability-innovation/sustainability/health-safety-environment.html>

2.3.2.2.2.2. An inspiring and rewarding place to work

Target: Add two new countries each year where the engagement survey is rolled out.

KPI: The number of countries in which engagement surveys are conducted among blue and white collars.

Result 2020: Not rolled out due to Covid-19 impact

In 2020, our focus was to follow-up on the insights gained from the engagement surveys executed in the previous years. For this purpose, we organised information sessions and workshop at all levels of the different business lines and in the local plants throughout the world. These groups reviewed the findings of the surveys and discussed the conclusions.

Background

Recticel’s skilled and creative employees enable us to excel and achieve our sustainable growth ambitions. Success comes from being able to attract, motivate and retain a talented pool of workers. We seek to offer all our employees a stimulating and rewarding place to work, a place where they feel engaged, contribute to company goals, and where their talents can develop. We foster a collaborative and result-driven culture based on cooperation, respect, integrity and accountability. We encourage colleagues, customers and partners to innovate

together to deliver winning solutions. Our human resources strategy aims to ensure the availability, engagement, motivation and continuous development of our employees.

We act with respect and integrity

Recticel strives to create a community where everyone is included and respected, bringing people together for a better world. We believe that a diverse team in terms of gender, nationality and professional experience improves the quality of decision making, and ultimately improves overall performance. Recticel is present in 19 countries with many nationalities and will, as from 2021, introduce a new KPI to increase the number of female senior managers.¹²

Recticel is an equal employer and training and development, and is committed to a fair and consistent approach to recruitment and selection. Recticel wants to hire all candidates irrespective of age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation or hours of work.

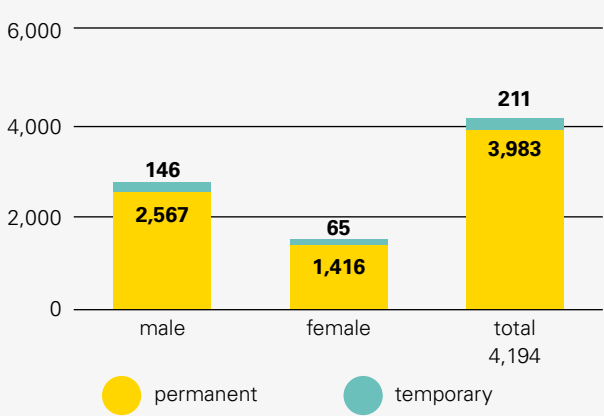
Recticel is an equal opportunity employer who offers men and women the same opportunities to develop their talents, build a career and balance work-life by offering the opportunity to work full-time or part-time at every stage of this career.¹³

Currently one woman is represented in the Management Committee. Furthermore, one third of the members of the Board of Directors is a woman, in accordance with article 7:86 of the Belgian Companies and Associations Code.

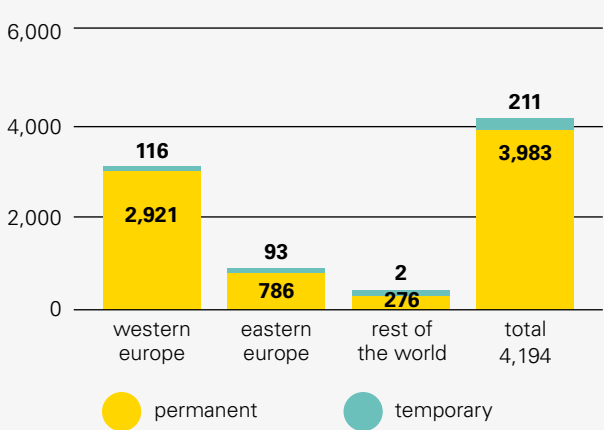
The selection process of the members of the Board of Directors is described in the Corporate Governance Charter of Recticel, with the aim to come to a composition that is diverse in all its aspects, both at the level of gender, nationality, background, professional experience, competence and education.

See also 1.5 Our Sustainability Strategy

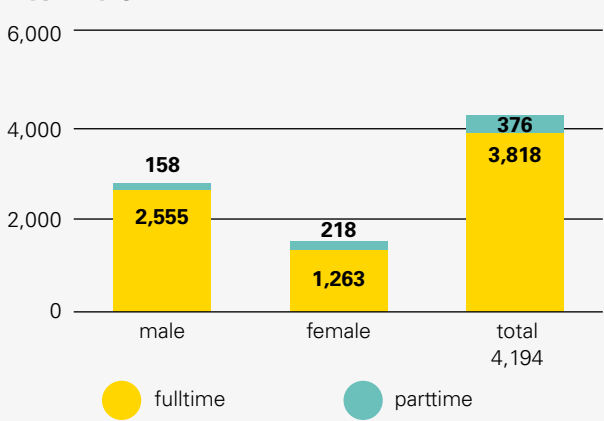
Total number of employees by employment contract by gender



Total number of employees by employment contract by region



Total number of employees by employment type by gender



2.3.2.2.3. Targets related to ethics and integrity

2.3.2.2.3.1. Business ethics and integrity

Target: Increase the number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed by 5% per year (cumulative) compared to 460 in 2015.

KPI: Number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed.

Result 2020: 2,866 (623% increase vis-à-vis the 2015 basis)

Due the impact of the Covid-19 pandemic, the number of training courses attended has decreased with 46% compared to 2019. When including the Automotive Business Line, the Result for 2020 is 3,243 (705% increase vis-à-vis the 2015 basis), and the number of training courses attended has decreased with 39% compared to 2019. Only a very limited number of in-person trainings have been organised in 2020. Trainings for specific target groups on “Pricing” (which was the topic of the Competition Law training) and “Protecting Technical Know-How” were delivered via MS Teams. In addition, Recticel offers four non-compulsory trainings via an e-learning platform to all office employees on EU Competition Law Compliance, Bribery Policy/UK Bribery Act, Intellectual Property, and Product Liability.).

Background

The legal training creates, increases and maintains awareness with Recticel employees regarding legislation as well as internal codes and policies to limit the company’s risks of non-compliance.

Acting with respect and integrity is one of our core values. Respectful behaviour acknowledges the worth, dignity and uniqueness of others. We have created **codes and policies** to ensure we do business honestly, respectfully, and in full compliance with international rules and regulations.

¹² See 1. Presenting the Renewed Recticel
¹³ See also the Diversity Statement in the Corporate Governance Statement

A clear set of **values** and respectful behaviours unites our organisation. Redefined in 2016, our values align our actions and attitudes towards internal and external stakeholders. Behaviours associated with the five key values give direction to our employees and stakeholders.

Recticel highly values the importance of legal training, especially for those **target groups** who, due to the nature of their professional activities, are at a higher risk of being exposed to noncompliant situations, bribery or corruption. Our Corporate Legal Team regularly provides face-to-face training sessions and subject specific e-learning modules.

The range of **mandatory Legal e-learning**s for all Recticel office employees comprises three modules: “Basics of Contract Law”, “Data Protection”, and “Ethics Policy.” The status “completed” is only achieved if the office employee obtains a test result of minimum 80% at the end of each module.

Ethics and compliance as part of our DNA
Corporate compliance is embedded in all our policies. We have developed guidelines for awareness creation, templates for reporting compliance issues, whistleblowing procedures and speak-up communication channels that enable employees to address issues in a variety of ways.

Recticel is aware of corporate risks, and we apply due diligence to both our own operations and supply chain. Where specific risks or exposure to noncompliant situations, bribery or corruption have been identified, policies are implemented that provide guidelines on how to avoid or mitigate them. Recently, the whistleblowing procedure has been updated, translated in 14 languages and published in early 2020 in order to complement our Ethics Policy of 2017.

2.3.2.2.4. Targets related to human rights

Regarding the respect of human rights, Recticel has, as a precautionary measure, taken over the obligation in its purchasing conditions that its suppliers do business in an ethical, correct, transparent, trustworthy and social responsible way and that they guarantee that nor their personnel or subcontractors are involved in discrimination, violation of human rights, corruption, violation of antitrust laws, child labor, forced labor, slavery or other unacceptable labor working conditions or terms. In this framework, the suppliers need to comply strictly with the ‘Recticel Supplier Sustainability Requirements (RSSR)’. At first request of Recticel the suppliers need to be able to demonstrate that they respect this RSSR. Recticel will put a control mechanism in place to conduct audits within the supply chain based on risk assessment and report over its results as of 2021.¹⁴

Summary
The table below provided a summary of Recticel’s sustainability strategy regarding its six material aspects, the seven KPIs and targets.

SUMMARY TABLE

RECTICEL’S MATERIAL TOPICS AND RELATED KPIs


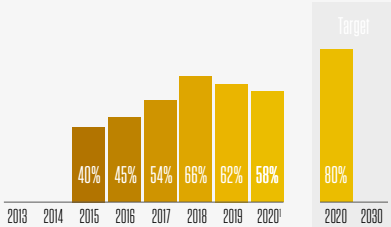
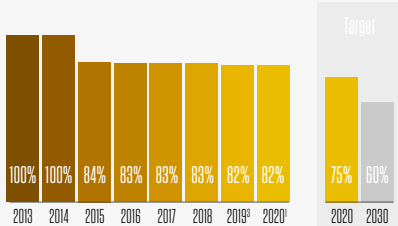
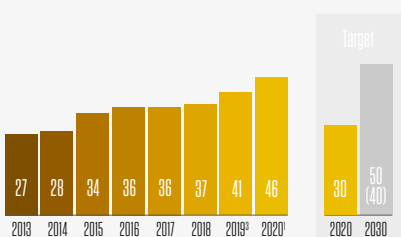
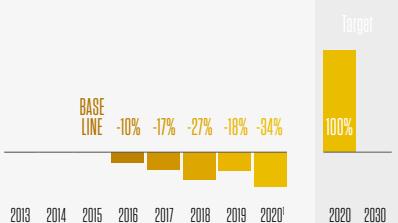
(table subject to PwC limited assurance)(*)

MATERIAL ASPECT	KPI	2016	2017	2018	2019	2020*
INNOVATION FULFILLING SOCIETAL NEEDS	Sustainability Index (Percentage of active R&D projects classified as sustainable)	45%	54%	66%	62%	58%
	Recticel carbon footprint (tonnes of CO ₂ e)	1,082,707	1,090,548	998,407	969,543	921,784
OPTIMISING CARBON FOOTPRINT	Positive impact Recticel expressed in tonnes of avoided CO ₂ e in use phase	38,767,116	39,391,355	36,898,355	39,723,922	43,042,050
	Tonnes of recycled flexible foam produced by Recticel	5,567	5,129	4,534	5,044	4,063
RESOURCE EFFICIENCY	Number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules	425	526	4,631	5,309	2,866
	Work accident frequency rate	5.8	6	5.8	4.4	5.3
REDUCING HS&E IMPACTS OF OUR ACTIVITIES						
INSPIRING & REWARDING PLACE TO WORK	The number of countries in which engagement surveys are conducted among blue and white collars	3 countries	2 countries	2 countries	5 countries	Not organised due to Covid-19 impact


(*) The Independent Limited Assurance report by PwC covering 2020 can be found as an annex to the Non-Financial Information Statement of Recticel.


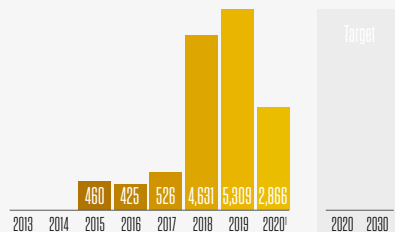
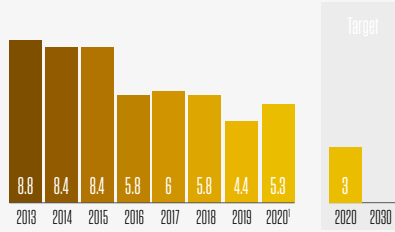

¹⁴ See 1.5 Our Sustainability Strategy

SUSTAINABILITY STRATEGY SUMMARY

<div></div> <h2>SUSTAINABLE INNOVATION PLAN</h2>																									
MATERIAL ASPECT	KPI	TARGET																							
INNOVATION FULFILLING SOCIETAL NEEDS	Sustainability index. (scope: innovation pipeline Sustainable Innovation Department)	80% of active ² R&D projects classified as sustainable by 2020 according to the Sustainability Index.	 <table><thead><tr><th>Year</th><th>Index (%)</th></tr></thead><tbody><tr><td>2013</td><td>-</td></tr><tr><td>2014</td><td>-</td></tr><tr><td>2015</td><td>40%</td></tr><tr><td>2016</td><td>45%</td></tr><tr><td>2017</td><td>54%</td></tr><tr><td>2018</td><td>66%</td></tr><tr><td>2019</td><td>62%</td></tr><tr><td>2020¹</td><td>58%</td></tr><tr><td>2020 Target</td><td>80%</td></tr><tr><td>2030</td><td>-</td></tr></tbody></table>	Year	Index (%)	2013	-	2014	-	2015	40%	2016	45%	2017	54%	2018	66%	2019	62%	2020 ¹	58%	2020 Target	80%	2030	-
	Year	Index (%)																							
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2018	66%																								
2019	62%																								
2020 ¹	58%																								
2020 Target	80%																								
2030	-																								
OPTIMISING CARBON FOOTPRINT	Recticel Carbon footprint indicator expressed in tonnes of CO ₂ equivalent compared to the 100% activity level in 2013. (scope: production sites) The method of calculation is derived from the Cradle to Grave method.	Reduce Recticel Carbon Footprint Indicator by 25% in 2020 and by 40% in 2030.	 <table><thead><tr><th>Year</th><th>Indicator (%)</th></tr></thead><tbody><tr><td>2013</td><td>100%</td></tr><tr><td>2014</td><td>100%</td></tr><tr><td>2015</td><td>84%</td></tr><tr><td>2016</td><td>83%</td></tr><tr><td>2017</td><td>83%</td></tr><tr><td>2018</td><td>83%</td></tr><tr><td>2019³</td><td>82%</td></tr><tr><td>2020³</td><td>82%</td></tr><tr><td>2020 Target</td><td>75%</td></tr><tr><td>2030 Target</td><td>60%</td></tr></tbody></table>	Year	Indicator (%)	2013	100%	2014	100%	2015	84%	2016	83%	2017	83%	2018	83%	2019 ³	82%	2020 ³	82%	2020 Target	75%	2030 Target	60%
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2020 Target	75%																								
2030 Target	60%																								
RESOURCE EFFICIENCY	Net Recticel Impact Ratio (whole value chain) defined as ratio of the Recticel Positive Impact to the Recticel Carbon Footprint. The Recticel Positive Impact is expressed in tonnes of avoided CO ₂ equivalent in use phase. (using appropriate method of calculation per type of product and using appropriate conversion factors calculated by a third party)	Increase Net Recticel Impact Ratio from 20* in 2013 to 30 by 2020 and 50 (40) by 2030. We have reached our 2020 target three years early and have amended our 2030 target to 50. * We have reviewed our method of calculation. The original results over 2013, 2014, 2015 were 20, 20, 26.	 <table><thead><tr><th>Year</th><th>Ratio</th></tr></thead><tbody><tr><td>2013</td><td>27</td></tr><tr><td>2014</td><td>28</td></tr><tr><td>2015</td><td>34</td></tr><tr><td>2016</td><td>36</td></tr><tr><td>2017</td><td>36</td></tr><tr><td>2018</td><td>37</td></tr><tr><td>2019³</td><td>41</td></tr><tr><td>2020³</td><td>46</td></tr><tr><td>2020 Target</td><td>30</td></tr><tr><td>2030 Target</td><td>50 (40)</td></tr></tbody></table>	Year	Ratio	2013	27	2014	28	2015	34	2016	36	2017	36	2018	37	2019 ³	41	2020 ³	46	2020 Target	30	2030 Target	50 (40)
	Year	Ratio																							
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2020 ³	46																								
2020 Target	30																								
2030 Target	50 (40)																								
RESOURCE EFFICIENCY	Tonnes of recycled flexible foam produced by Recticel.	100% increase by 2020 compared to 2015. The increase is possible if flexible foam production waste is gradually replaced by post-consumer waste.	 <table><thead><tr><th>Year</th><th>Change (%)</th></tr></thead><tbody><tr><td>2013</td><td>-</td></tr><tr><td>2014</td><td>-</td></tr><tr><td>2015</td><td>-</td></tr><tr><td>2016</td><td>-10%</td></tr><tr><td>2017</td><td>-17%</td></tr><tr><td>2018</td><td>-27%</td></tr><tr><td>2019</td><td>-18%</td></tr><tr><td>2020</td><td>-34%</td></tr><tr><td>2020 Target</td><td>100%</td></tr><tr><td>2030</td><td>-</td></tr></tbody></table>	Year	Change (%)	2013	-	2014	-	2015	-	2016	-10%	2017	-17%	2018	-27%	2019	-18%	2020	-34%	2020 Target	100%	2030	-
	Year	Change (%)																							
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2020 Target	100%																								
2030	-																								

¹ The results over 2020 exclude the Automotive business line due to its divestment. The results over the previous years have not been restated.
² Scoring performed over R&D projects active in November 2020
³ We have updated one of the emission factors for the carbon footprint calculation of the Insulation business line. The impact is not material.

<div>  SUSTAINABLE INNOVATION PLAN </div>	
COMMENTS	EVOLUTIONS
As in 2019, the result this year remains stable due to the strict assessment methodology we developed in 2015. It is almost impossible for certain R&D projects pursuing 100% sustainability objectives to reach the threshold value to be considered sustainable. In the spirit of the sustainability strategy, we continue to pursue our 80% target. In 2020, we reviewed our scoring methodology during the limited assurance process and revised it subsequently. According to our calculations, we would have reached our target for 2020 if we had used the revised Sustainability Index.	In 2021, we will introduce our revised method of scoring.
There have been no fundamental changes in carbon footprint reduction. Without the Automotive divestment, we would have seen a slight improvement of the carbon footprint reduction in 2020.	Our actions are directed toward raw materials with lower-carbon footprint impact, as well as increasing the use of end-of-life flexible PU foam. In 2021 - 2022 we want to introduce new products with bio-based or recycled content.
The growing impact of the Insulation volume continues to have a positive impact on the multiple. This is clearly reflected in the 12% increase of the multiple compared to 2019.	We expect that the positive impact of further Insulation growth will continue. In addition, our actions as described above to reduce the Recticel carbon footprint will also impact the value. For 2030 we foresee that we will almost double our multiple from 46 to 75.
Our target for resource efficiency is to recycle flexible PU foam for which we are using two technologies: bonded foam (a discontinuous process) and fiber-bonded foam (a continuous process). We initially only processed postproduction foam with the intention of gradually replacing it by postconsumer foam. We have succeeded in introducing postconsumer foam in fiber-bonded foam applications such as acoustic insulation boards. These volumes are rapidly growing. In 2020, we recycled the end-of-life foam equivalent of 100,000 mattresses. As for the bonded foam technology, where volumes are decreasing, we expect to be able to introduce postconsumer foam in the course of 2021. As a result, we did not reach our 2020 target.	We have decided to use from now on only end-of-life (postconsumer) flexible foam for mechanical recycling. For 2025, we have set a target of 5,000 tons, the equivalent of more than 250,000 mattresses.

<div></div> <div>PEOPLE PRIORITY PLAN</div>																							
MATERIAL ASPECT	KPI	TARGET																					
BUSINESS ETHICS AND INTEGRITY	Number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed.	Increase the number of legal training courses provided by the Corporate Legal Team and the IP Officer (SID) as face-to-face meetings attended and e-learning modules completed by 5% per year (cumulative) compared to 460 in 2015.	 <table><tr><th>Year</th><th>Value</th></tr><tr><td>2015</td><td>460</td></tr><tr><td>2016</td><td>425</td></tr><tr><td>2017</td><td>526</td></tr><tr><td>2018</td><td>4,631</td></tr><tr><td>2019</td><td>5,309</td></tr><tr><td>2020</td><td>2,866</td></tr><tr><td>Target 2020</td><td>-</td></tr></table>	Year	Value	2015	460	2016	425	2017	526	2018	4,631	2019	5,309	2020	2,866	Target 2020	-				
Year	Value																						
2015	460																						
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2017	526																						
2018	4,631																						
2019	5,309																						
2020	2,866																						
Target 2020	-																						
REDUCE HS&E IMPACT OF OUR ACTIVITIES	Frequency work accidents represents the average on Group level for all our plants and offices.	Frequency = < 3 by 2020 <div>number of accidents x 1,000,000</div> <div>number of hours performed</div>	 <table><tr><th>Year</th><th>Value</th></tr><tr><td>2013</td><td>8.8</td></tr><tr><td>2014</td><td>8.4</td></tr><tr><td>2015</td><td>8.4</td></tr><tr><td>2016</td><td>5.8</td></tr><tr><td>2017</td><td>6</td></tr><tr><td>2018</td><td>5.8</td></tr><tr><td>2019</td><td>4.4</td></tr><tr><td>2020</td><td>5.3</td></tr><tr><td>Target 2020</td><td>3</td></tr></table>	Year	Value	2013	8.8	2014	8.4	2015	8.4	2016	5.8	2017	6	2018	5.8	2019	4.4	2020	5.3	Target 2020	3
Year	Value																						
2013	8.8																						
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2016	5.8																						
2017	6																						
2018	5.8																						
2019	4.4																						
2020	5.3																						
Target 2020	3																						
AN INSPIRING AND REWARDING PLACE TO WORK	The number of countries in which engagement surveys are conducted among blue and white collars.	Two new countries each year.	 <table><tr><th>Year</th><th>Countries</th></tr><tr><td>2015</td><td>Belgium</td></tr><tr><td>2016</td><td>Belgium + United Kingdom, Spain</td></tr><tr><td>2017</td><td>Poland, Romania</td></tr><tr><td>2018</td><td>Sweden, Norway</td></tr><tr><td>2019</td><td>Belgium, United Kingdom, Spain + France, the Netherlands</td></tr><tr><td>2020</td><td>Not organised due to Covid-19 impact</td></tr></table>	Year	Countries	2015	Belgium	2016	Belgium + United Kingdom, Spain	2017	Poland, Romania	2018	Sweden, Norway	2019	Belgium, United Kingdom, Spain + France, the Netherlands	2020	Not organised due to Covid-19 impact						
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¹ The results over 2020 exclude the Automotive business line due to its divestment. The results over the previous years have not been restated.

<div>  PEOPLE PRIORITY PLAN </div>	
COMMENTS	EVOLUTIONS
<p>Due the impact of the Covid-19 pandemic, the number of training courses attended has decreased with 46% compared to 2019. When including the Automotive Business Line, the result for 2020 is 3,243 (705% increase vis-à-vis the 2015 basis), and the number of training courses attended has decreased with 39% compared to 2019. Only a very limited number of in-person trainings have been organised in 2020. Trainings for specific target groups on “Pricing” (which was the topic of the Competition Law training) and “Protecting Technical Know-How” were delivered via MS Teams. In addition, Recticel offers four non-compulsory trainings via an e-learning platform to all office employees on EU Competition Law Compliance, Bribery Policy/UK Bribery Act, Intellectual Property, and Product Liability.</p>	<p>In 2021, as soon as the closing of the FoamPartner acquisition has been successfully completed, all new office employees will be invited to follow the range of mandatory e-learning courses comprised of ‘Ethics Policy’, ‘Data Protection’, and ‘Basics of Contract Law’². The training needs for those target groups who, due to the nature of their professional activities, are at a higher risk of being exposed to noncompliant situations, bribery or corruption will be assessed as well.</p>
<p>We see an increase in the results compared to 2019 due to the divestment of Automotive in 2020. At the same time, there is a positive evolution with regard to the number of severe accidents that is decreasing. Still, too many minor behaviour-based accidents occur resulting in a stagnation of the frequency.</p>	<p>We continue to work on our Golden Safety Rules & Principles to change safety awareness and behaviour. We will therefore further rollout game-based learning modules for all blue and white collar employees. It offers a new way of mastering the basic safety guidelines and of testing the understandings based on real-life situations and problems. New software will be implemented in 2021 to standardize and improve the reporting company-wide.</p>
<p>Due to the Covid-19 pandemic the engagement survey could not be rolled out. In 2020, our focus was to follow up on the insights gained from the engagement surveys executed in the previous years. For this purpose, we organised information sessions and workshop at all levels of the different business lines and in the local plants throughout the world. These groups reviewed the findings of the surveys and discussed the conclusions.</p>	<p>Triggered by the first lock-down in 2020, the Recticel Management Committee launched a work-group to reflect upon New Ways of Working at Recticel. The workgroup was composed of employees from a wide variety of professional backgrounds, including different Business Lines, Functions, and Countries. As an outcome of this process, the Management Committee validated two areas in which the company shall further explore and intensify its efforts as from 2021: Employee Wellbeing; Engagement and Motivation; Communication.</p>

² For “Data Protection”, “Ethics Policy” and “Basics of Contract Law” the status “completed” is only achieved if the office employee obtains a test result of minimum 80% at the end of the module.

2.3.3. Independent limited assurance report on selected sustainability indicators of the non-financial information statement



INDEPENDENT LIMITED ASSURANCE REPORT ON SELECTED SUSTAINABILITY INDICATORS OF THE NON-FINANCIAL INFORMATION STATEMENT 2020 OF RECTICEL NV AND ITS SUBSIDIARIES

This report has been prepared in accordance with the terms of our contract dated 12 October 2020 (the "Agreement"), whereby we have been engaged to issue an independent limited assurance report in connection with selected Sustainability Indicators in the non-financial information statement 2020 as included in the Annual Report of Recticel NV and its subsidiaries as of and for the year ended 31 December 2020 (the "Report").

The Directors' Responsibility

The Directors of Recticel NV ("the Company") are responsible for the preparation and presentation of the information and data in the selected Sustainability Indicators presented in the Summary Table "Recticel's material topics and related KPIs" as included in the non-financial information statement 2020 of the Annual Report of Recticel NV and its subsidiaries (the "Subject Matter Information"), in accordance with the criteria disclosed in the Report (the "Criteria").

This responsibility includes the selection and application of appropriate methods for the preparation of the Subject Matter Information, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility of the Directors includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the legal requirements in respect of auditor independence, particularly in accordance with the rules set down in articles 12, 13, 14, 16, 20, 28 and 29 of the Belgian Act of 7 December 2016 organizing the audit profession and its public oversight of registered auditors, and with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express an independent conclusion about the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement contract.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter Information does not comply, in all material respects, with the Criteria.

PwC Bedrijfsrevisoren bv - PwC Reviseurs d'Entreprises srl - Risk Assurance Services
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In a limited-assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable- assurance engagement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Subject Matter Information in respect of the Criteria. The scope of our work comprised the following procedures:

- assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the Subject Matter Information as of and for the year ended 31 December 2020 presented in the Report;
- conducting interviews with responsible officers including site visits;
- inspecting internal and external documents.

The scope of our work is limited to assurance over the selected Sustainability Indicators presented in the Summary Table "Recticel's material topics and related KPIs" for the year ended 31 December 2020, as included in the non-financial information statement 2020 of the Annual Report of Recticel NV and its subsidiaries. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Report.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the selected Sustainability Indicators presented in the Summary Table "Recticel's material topics and related KPIs" for the year ended 31 December 2020, as included in the non-financial information statement 2020 of the Annual Report of Recticel NV and its subsidiaries, do not comply, in all material respects, with the Criteria.

Other matter - Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Company, in connection with their Report as of and for the year ended 31 December 2020 and should not be used for any other purpose. We do not accept or assume and deny any liability or duty of care to any other party to whom this report may be shown or into whose hands it may come.

Sint-Stevens-Woluwe, 16 March 2021

PwC Bedrijfsrevisoren BV/Reviseurs d'Entreprises SRL
represented by

Marc Daelman
Registered auditor