



Growing  
together  
towards  
a **PURE**  
future

SUSTAINABILITY REPORT 2015

**RECTICEL**  
*The passion for comfort*

Recticel Insulation Powerwall® used in renovation project in Nijmegen,  
the Netherlands, retrofitting 270 appartments

© Tom Linster

## SUSTAINABILITY REPORT 2015



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# 01. ABOUT THIS REPORT

This first Recticel sustainability report results from a journey beginning in 2012 to define our strategy for sustainability, which subsequently became embedded in the Group Strategy in 2015. Our aim with this report is to give external and internal stakeholders insight into our sustainability journey, the strategy itself, and its most material aspects. For each of these, we have selected one key performance indicator and target to measure progress.

The report discusses the social, environmental and economic aspects of sustainability and covers the period 2013 - 2015. Recticel NV is headquartered in Brussels, Belgium, and employs on a combined basis (including pro rate share in joint ventures) about 7.598 people in 98 locations across 27 countries. This report focuses on its 100% owned subsidiaries, numbering 57 locations in 20 countries. Recticel intends to publish its second sustainability report in 2018.

This first sustainability report was drawn up in accordance with the Global Reporting Initiative (GRI) G4 guidelines, Core level. This comprehensive framework is widely used around the world for its credibility, consistency and comparability, and is now the de facto standard for sustainability reporting. For further information, go to [www.globalreporting.org](http://www.globalreporting.org).



Flexible Foams



Bedding



Insulation



Automotive

## OUR CORE VALUES



**We  
strive for  
results**

**We  
innovate  
to create  
value**

**We act  
with  
respect  
& integrity**

**We  
cooperate  
to win**

**We take  
ownership  
and feel  
accountable**

## 02. PREFACE

### WHY IS SUSTAINABILITY IMPORTANT AT RECTICEL?

Recticel is an international industrial player seeking to make an essential difference in people's daily lives in four application areas: Insulation, Bedding, Flexible Foams and Automotive. Relying on our competences and by transforming polyurethane chemistry, we are committed to finding responsible solutions to the various challenges and needs of our customers and planet.



**Olivier Chapelle**  
Chief Executive Officer

**Johnny Thijs**  
Chairman of the Board of  
Directors

To achieve this ambition, we need to think longer-term. Companies who don't embrace sustainability cannot be successful in the long run. That is why we are increasing our efforts to find innovative solutions for the major challenges in society today, such as global warming, depletion of natural resources and ageing populations. To that end, we support the United Nations' Sustainable Development Goals (SDGs) – a global partnership for people, planet and prosperity – and specifically the Climate Action and Responsible Consumption and Production SDGs, where Recticel expertise and activities are most relevant.

True to our values, we take ownership of, and feel accountable for, the impact of our activities on society and the environment. It is our ambition to increase our positive impact and reduce any negative effects throughout the entire value chain. Readyng our organisation for these challenges requires the help and full engagement of our employees, and we are confident that we can build on their talents and skills to achieve our goals.

***“Companies who don't  
embrace sustainability cannot  
be successful in the long run.”***

Olivier Chapelle

### HOW HAVE YOU EMBEDDED SUSTAINABILITY IN THE ORGANISATION?

Sustainability has always been at the heart of our activities. Our insulation solutions help avoid about 20 times more CO<sub>2</sub> emissions than the carbon footprint of all Recticel's activities combined. Sustainability has also found its way into our Automotive business line, where the customer requirement for reducing carbon emissions pushed our innovation processes to developing lightweight materials. In our other business lines, the traditional focus has been on durability and providing optimal comfort and performance during the use phase.

***“Our insulation solutions help avoid about 20 times more CO<sub>2</sub> emissions than the carbon footprint of all Recticel activities combined.”***

Olivier Chapelle

In 2012, Recticel gave sustainability a central role in its organisation by putting it in the forefront of its Group strategy. We appointed our first Chief Sustainability Officer who in 2013 spearheaded a company-wide project to raise awareness and to identify sustainability challenges and opportunities for all business lines and departments. This has triggered a number of strategic and organisational changes to firmly embed sustainability as a key driver for innovation within the DNA of Recticel.

***“We need to make sustainability a live issue in our organisation and engage all our employees in order to be successful.”***

Johnny Thijs

### **WHAT DO YOU CONSIDER TO BE THE MAIN SUSTAINABILITY CHALLENGE?**

The transition from a linear ‘take, make, dispose’ economic model to a circular economy in which waste no longer exists is certainly the biggest challenge. As a producer of durable products, we want to play a leading part in enhancing sustainability throughout the entire value chain. Partnerships with suppliers, customers, research institutes, authorities and non-governmental organisations are essential in that regard.

We need to make sustainability a live issue in our organisation and engage all our employees in order to be successful. We must translate our sustainability strategy into clear KPIs for all business lines and departments so that every employee understands how he or she can contribute to help us accomplish our sustainability goals.

## 03. ABOUT RECTICEL

### RECTICEL IN A NUTSHELL

(31 December 2015)



Belgian multinational,  
headquartered in  
Brussels, Belgium



Listed on the  
Euronext TM stock  
exchange in Brussels



European leader  
in polyurethane  
applications



**4**

Diversified activities  
over 4 business lines



**5.451**

employees



**20**

Presence in 20  
countries, including  
Asia and  
the United States



**57**

plants and offices

The information in this sustainability report concerns the 100% Recticel owned subsidiaries; joint ventures are not included in the scope.

More about Recticel: [www.recticel.com](http://www.recticel.com)

### MISSION AND VISION

In all we do at Recticel, we always try to leverage our outstanding expertise in polymer applications, particularly - but not limited - in polyurethane. We offer competitive high value added solutions to our customers, hereby creating shared value for our customers, employees, shareholders and all other stakeholders.

We aim to be the leading global provider of high value added solutions in all our core markets; this by supporting key worldwide trends such as environment protection, energy conservation, aging and increasing population and water management.

We are organised around four selected application areas: Insulation, Bedding, Flexible Foams and Automotive. We deliver semi-finished products (Flexible Foams and Automotive), as well as finished products and durable goods for end-users (Bedding and Insulation).

The **Flexible Foams division** offers a wide variety of solutions with product attributes such as silencing, sealing, filtering, carrying, protecting, supporting and comforting.

In our **Bedding division**, mattresses, slat bases and box springs are marketed under well-known brand names such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba®, Swissflex®, ... and ingredient brands (GELTEX inside®, Bultex®).

Our **Insulation division** provides finished high-quality thermal insulation products for immediate use in building projects and renovations. Our insulation products are marketed under well-known brand and product names: Eurowall®, Powerroof®, Powerdeck®, Recticel Insulation®, ...

Our **Automotive division** emphasises innovation, technological progress, superior product quality and customer care.



**STRATEGY**

Recticel’s strategy is to sustainably position the Group as the leading supplier of high value added solutions in the Group’s key markets.

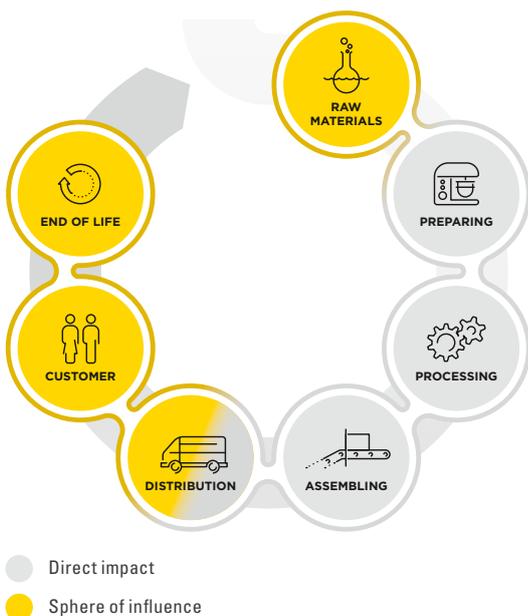
Priority is given to:

- **Sustainable innovation** in the areas of applications, products and materials, in combination with high quality and service levels, and to brand awareness among end consumers wherever applicable
- **Simplification** of the Group and the rationalisation of the manufacturing footprint
- **International expansion** outside Europe

Continuous improvement in the development of its human resources, as people and teams are key to success. Likewise, meeting sustainable development criteria in all business decisions is considered to be a mandatory contribution to long term success.

**SUSTAINABILITY ALONG OUR VALUE CHAIN**

We consider sustainability along our entire value chain, from raw materials sourcing to product manufacturing, consumption and end-of-life. We take responsibility for our own activities, but also in our sphere of influence upstream as well as downstream. To help deliver our sustainability ambitions, we invest in close partnerships with the stakeholders (suppliers, customers but also industry, authorities, NGOs) along our value chain.



## 04. SUSTAINABILITY JOURNEY



### 1778

Recticel's precursor, the *Koninklijke Buskruitfabriek* (Royal Gunpowder Mill), opens a plant on the banks of the river Scheldt in Wetteren, Belgium.

### 1952

The *Koninklijke Buskruitfabriek* buys the licence from Bayer for the production and marketing of flexible polyurethane foam.

### 1964

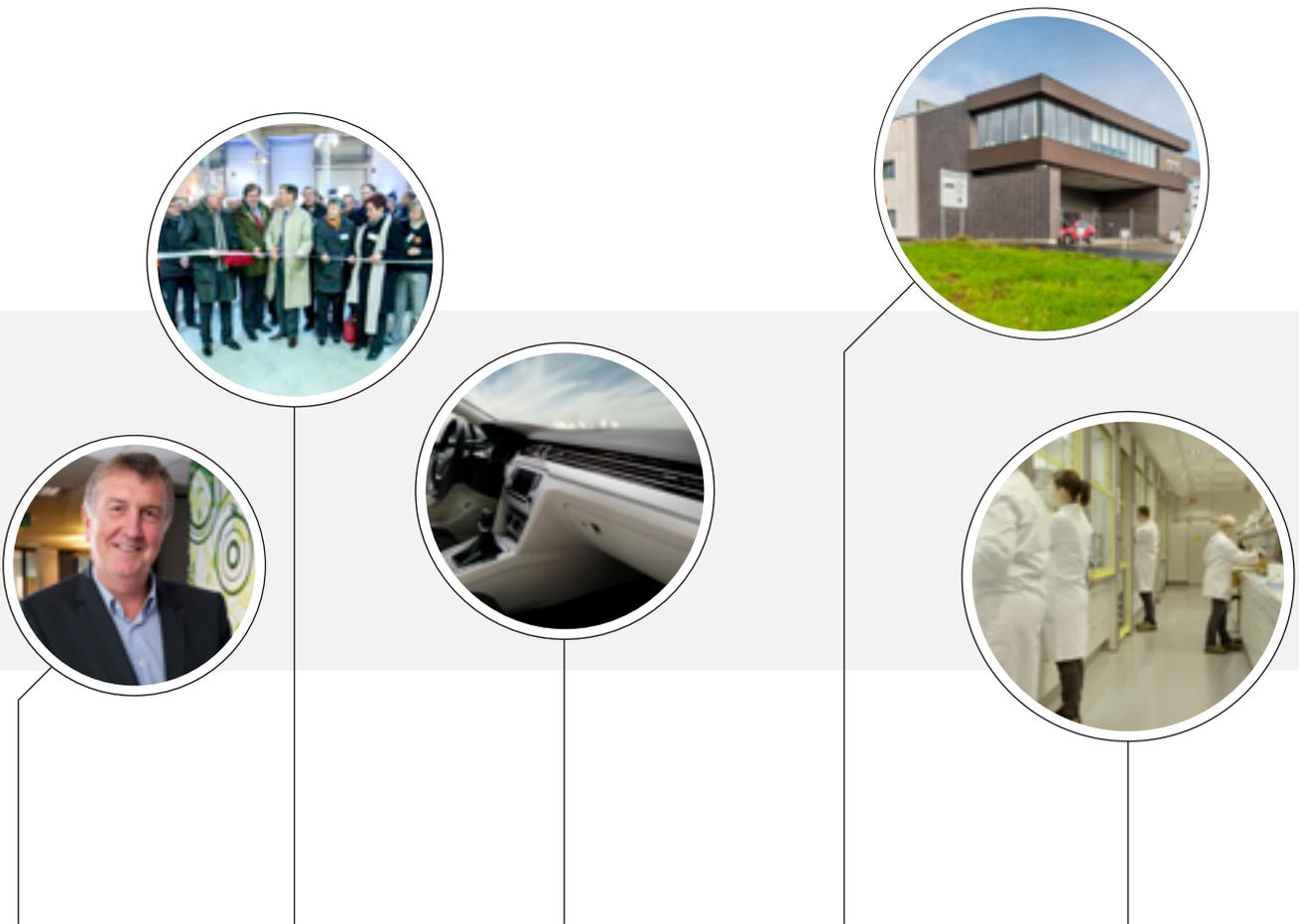
The production of rigid foams for the first time marks the beginning of Recticel's insulation activities.

### 1992

The United States Environmental Protection Agency (EPA) rewards Recticel's early phase-out of CFC in flexible foams with the Flexible Foams Phase-out Award.

### 2011

Recticel launches its internal university, RECUN, to further develop talents and competences through extensive training programmes.



**2012**

Recticel puts sustainability in the forefront of its strategy, and launches a company-wide sustainability project spearheaded by its first Chief Sustainability Officer, Jean-Pierre De Kesel.

**2013**

Recticel inaugurates its new state-of-the-art production plant in Bourges, France. With this 23 million euros investment Recticel serves the growing demand for high performance thermal insulation materials in France.

**2014**

Colo-Sense® Lite, a lightweight material developed for car dashboards, meets the need of car manufacturers to comply with stringent carbon emission regulations. The Automotive business line secures 600 million euros of new business contracts.

**2015**

Recticel invests 10 million euros in the 20,000 m<sup>2</sup> expansion of the insulation plant in Wevelgem, Belgium as part of the company's strategy to grow through sustainable solutions that create value for society and the company.

**2016**

In January, the Group's Research & Development Centre (IDC) and the Sustainability department merge to become the Sustainable Innovation Department.

## 05. A STRATEGY FOR SUSTAINABILITY



Jean-Pierre De Kesel  
Chief Sustainable  
Innovation Officer

### GROWING TOGETHER TOWARDS A PURE FUTURE

Global issues such as climate change, the depletion of natural resources and the ageing population affect our lives every day, and our actions shape the legacy we pass on to future generations. In response, Recticel has launched a number of initiatives to mitigate the negative impact of these changes on people and on the planet, and enhance the positive, in line with the UN's Sustainable Development Goals (SDGs).

Recticel has expressed its commitment to firmly embed sustainability within the DNA of the whole organisation. This requires commitment at all levels: as individuals, we need to review our assumptions and routines, and as a company, we have to systematically assess whether we are ready for the challenges ahead.

### MAKING SUSTAINABILITY STRATEGIC

In 2012, Recticel's Management Committee put sustainability in the forefront of the company's vision, mission and strategy. As a result, it has become a key driver for innovation, while supporting the other strategic building blocks such as international expansion and simplification.

In 2013, we launched a company-wide project to better understand the challenges and opportunities of sustainability, involving interviews with internal and external stakeholders, as well as sustainability workshops with representatives from all business lines and departments. This approach also enabled us to identify the aspects of sustainability that are particularly important to Recticel.

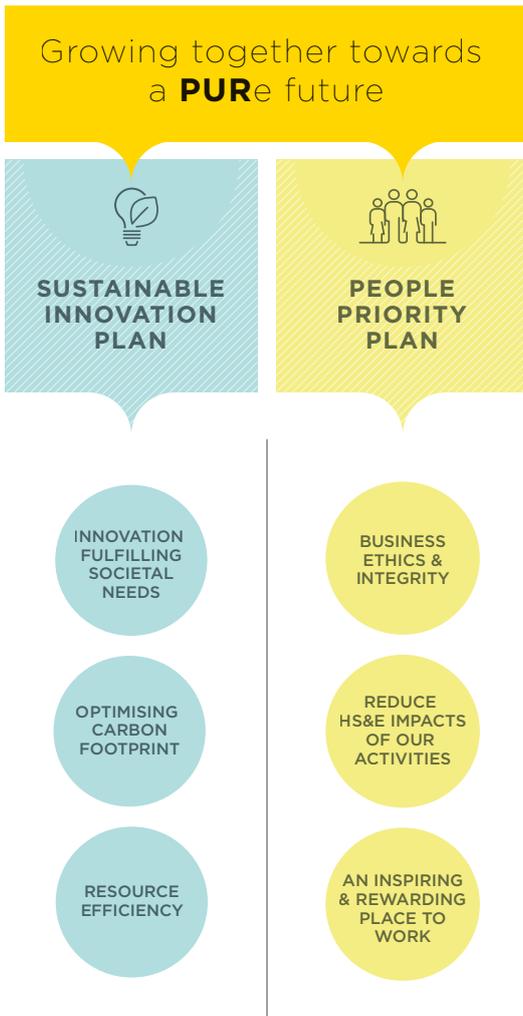
In addition, a carbon footprint analysis has given us insight into the impact of our products and activities throughout the value chain. This analysis has helped us to prioritise actions - increasing our positive impacts and reducing negative impacts, especially in the use of raw materials and at the end-of-life stage of our solutions.

### FOCUS ON PEOPLE AND SUSTAINABLE INNOVATION

Innovation and people are key in achieving these goals. For this reason, we have clustered the material sustainability aspects into two main pillars.

All aspects linked to innovation have been brought together in the **Sustainable Innovation Plan**, focusing innovative efforts on meeting the needs of society, optimising 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 have to seize these opportunities and further explore the possibilities for reuse and recycling for our products at end-of-life stage.

Achieving growth in a sustainable manner requires people's support. In the second pillar, our **People Priority Plan**, we stress our commitment to maintaining high standards of business ethics and integrity in everything we do. This commitment is reflected in our policies, demonstrating the way we do business and what we as a company stand for. In addition, we aim to ensure the health and wellbeing of our employees by providing safe and healthy working conditions, as well as an inspiring and rewarding place to work, with ample opportunity to develop talents.

**MAKING POLYURETHANE MORE SUSTAINABLE**

These two pillars are the main ingredients of our PURE Future Strategy - a PURE future, because our products are predominantly, though not exclusively, based on polyurethane (PUR), a versatile material that allows us to create successful products built to last.

Our firm commitment is to make polyurethane more sustainable over the coming years. At the same time, we will closely monitor and support the development of new polymers that combine the advantages of both thermoset (for durability) and thermoplastic (for recyclability) materials. Should development of these polymers result in increasingly sustainable and economically viable solutions, then Recticel will explore the opportunities.

**TOGETHER WITH PARTNERS**

Achieving our ambitions requires close collaboration with partners. Together with suppliers, customers, the industry, knowledge institutes and the authorities we will look at how we can reduce waste and design easy-to-dismantle eco-friendly products, in line with circular economy principles. New mechanical and chemical recycling processes should allow us to reuse materials through new value-added applications.

This first sustainability report will facilitate dialogue with our internal and external stakeholders on our sustainability strategy, and we intend to report regularly on their material aspects and on progress in other areas on our journey towards a PURE future.

## 06. INNOVATION FULFILLING SOCIETAL NEEDS



**Bart Wallaey**  
R&D Operations Manager

**Jan Meuleman**  
Group General Manager  
Automotive

Keeping to the 2°C target of the COP21 agreement, making efficient use of natural resources, fighting carbon emissions, addressing the question of a growing and ageing population - business plays an important part in meeting all of these challenges. It is up to companies to use their power for innovation to develop solutions that enable people to lead more sustainable lifestyles, reduce negative impacts and improve wellbeing. Recticel is committed to taking on this responsibility and making an essential difference in people's daily lives through innovation that fulfils societal needs.

### SHAPING THE FUTURE

In today's society, one of the more pressing global sustainability challenges is reducing carbon emissions. Legislative initiatives (and consequently customer demand) help drive business and society to address these issues, as is clear from the various carbon emission targets for vehicles and insulation standards for new and existing buildings.

Recticel actively contributes to limiting carbon emissions. Thanks to the unique properties of polyurethane, we can develop insulation boards that use less material, are compact, lightweight and comply with the most stringent energy saving regulations. We have also committed ourselves to optimising our carbon footprint throughout the entire value chain. Over many years, we have launched various initiatives to both increase our positive impacts and reduce our negative impacts (see also Chapter: Optimising Carbon Footprint, p 17).

As a company we consider it to be our mission to help sustainable development move forward. For this reason, we have made sustainability a key driver for innovation in our Group strategy. By linking our innovation processes to global sustainability, we are convinced that we create value for society as well as for the company.



## COLO-SENSE® LITE: LIGHTWEIGHT SKINS FOR THE AUTOMOTIVE SECTOR

As transportation is the fourth largest contributor to greenhouse gas emissions, car manufacturers from all over the world are focusing on ways to reduce the CO<sub>2</sub> impact of their vehicles. One way to achieve the regulatory emission limits is to minimise the car's weight. With the recent development of Colo-Sense® Lite we address this need. Jan Meuleman, Group General Manager Automotive: "Colo-Sense® Lite is a low-cost, high-quality, lightweight skin that is used for car dashboards, among other things. It weighs only 750 kg/m<sup>3</sup>, which is about 40% less than traditional thermoplastic materials, while matching the price of the cheapest alternative, PVC. Thanks to this unrivalled combination of characteristics, Colo-Sense® Lite has been widely adopted by premium OEMs, including

Porsche, BMW, Mercedes, Renault, VW and Peugeot. This innovation has helped us secure new long-term contracts with a total value of 600 million euros over the next seven years."



## SUSTAINABLE PROCESS INNOVATION: MOBILE PLANT-IN-PLANT

Sustainable innovation can take many forms. It can be a new product, business model or a new type of production process. In the automotive industry, suppliers such as Recticel are expected to be geographically close to the customer's market. When the customer relocates production facilities, for instance to an emerging market, so do we. In the past, this meant constructing a plant for the duration of the contract, typically seven years, and closing down the plant when the car model programme comes to maturity. In order to reduce the footprint implications of having to regularly relocate production facilities, we developed a new mobile plant-in-plant that is easy to assemble and disassemble. In this way, we can follow our customers to every corner of the world, using the same resources.

## LIGHT AND STRONG MATERIALS FOR NEW MOBILITY SOLUTIONS

CompoLite® is a composite material made from fibre-reinforced polyurethane, combining seemingly contradictory material characteristics: light and strong. Consequently, CompoLite® can be used in applications where light weight and sturdiness are essential, for instance in new low- or zero-emission mobility solutions or other applications where 3D design flexibility offers a competitive advantage.



Prototype electric tricycle with body panel in Compo-Lite® developed by a consortium consisting of Recticel, Ridley Bikes, hegge ID and FLANDERS DRIVE/MAKE.



Sustainable Innovation Department  
Laura Jonckheere, Nancy Haucourt

### SUSTAINABILITY INDEX: EVALUATING SUSTAINABLE INNOVATIONS

The Sustainable Innovation Department prioritises its innovation efforts and methods in line with our Sustainability Index. This internal tool, developed in 2015, allows us to analyse the environmental, economic and societal impact of new development projects. The Sustainability Index is evaluated and updated regularly whenever new elements emerge that could impact the scoring methodology.

### INNOVATION IS THE DUTY OF EVERYONE

Shaping a more sustainable future starts with curiosity, taking an interest in societal trends, (new) legislation, innovations or evolutions that change our business domains as well as impacting other areas. It requires the active involvement of everyone at Recticel.

New ideas are generated, captured and managed at various levels in the Group:

- The **business lines** are in constant communication with their markets and collate customer needs, including sustainability requirements, in order to transform them into market-driven innovation projects.
- The **Sustainable Innovation Department** guides projects that are driven by technological developments, while product development may also take place at business line level.
- The Chief Sustainable Innovation Officer is a member of the **Management Committee** which steers the company and makes strategic decisions.
- As from 2016, we will introduce **Sustainable Innovation Platforms**, a permanent dialogue between the business line innovation teams and the Sustainable Innovation Department.

#### KPI

Sustainability Index (scope: innovation pipeline Sustainable Innovation Department)

#### TARGET

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

#### PROGRESS UPDATE

40% classified as sustainable in 2015

### SHARING BEST PRACTICES WITH R&D EXPERTS WITHIN BIR&D

Recticel's Sustainable Innovation Department, which is located in Wetteren, Belgium, is continuously benchmarking the effectiveness of its innovation activities. In that regard, we regularly share thoughts with fellow researchers within BiR&D (Belgian Industrial Research and Development). "BiR&D enables us to share best practices with researchers from other major industrial companies. It is an invaluable source of information, helping us retain our position at the forefront of innovation within our industry," explains Bart Wallaeyns, R&D Operations Manager.

## 07. OPTIMISING CARBON FOOTPRINT



At the 2015 United Nations Conference of the Parties, or (COP21) in Paris, France there was world agreement, on keeping the increase in global average temperature to well below 2°C above pre-industrial levels. Recticel will contribute to this aim by reducing its carbon footprint throughout the value chain, in collaboration with its partners.



**François Petit**  
Chief Procurement Officer

**Ralf Becker**  
Group General Manager  
Insulation

### UNDERSTANDING OUR CARBON FOOTPRINT

Between 2013 and 2015, carbon footprint was calculated for different sites and products, according to the principles of the GHG Protocol. Analysis revealed that the greatest potential for reducing Recticel's carbon footprint lay upstream (raw materials) and downstream (at the end-of-life stage) in the value chain. In addition, the analysis confirmed the positive impact of some of our products since they help avoid GHG emissions during their use phase. Based on these results, we committed ourselves to increasing our positive impact, avoiding GHG emissions during product use, while also reducing negative impact by limiting the carbon footprint. There are also efforts to minimise impacts on site, for example by reducing production waste and energy consumption.

Recticel manufactures a broad range of products for various applications. Production is based primarily, though not exclusively, on polyurethane from chemicals such as polyol and isocyanate supplied by the energy-intensive petrochemical industry. Over the past few years, significant efforts have been made by our suppliers to produce these raw materials in a more energy-efficient way. In order to reduce carbon emissions **upstream**, we are in constant dialogue with our suppliers to explore new innovative solutions with similar or better properties, but using raw materials that are more CO<sub>2</sub>-efficient. This includes searching for alternatives to fossil fuel-based materials, but we will always be vigilant that any alternatives will not compromise the food chain or increase deforestation.



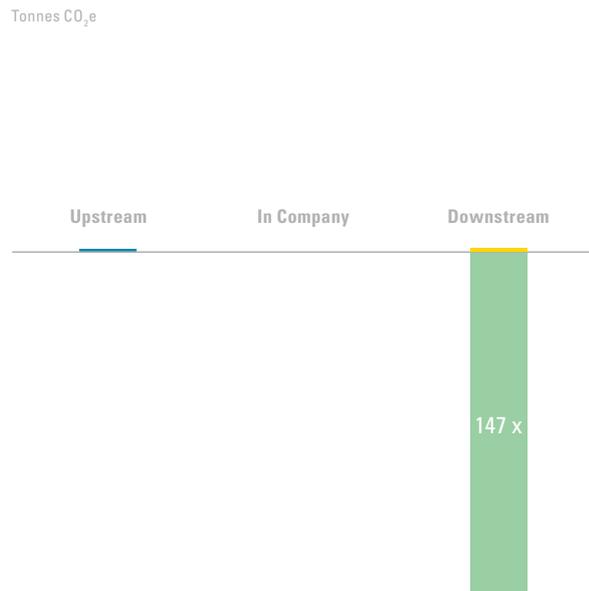
**Downstream** of the value chain, analysis revealed great potential for reducing the carbon footprint of our products at the end-of-life stage. In this regard, we are intensively researching ways to find new applications for end-of-life materials. To the same end, we are looking at the introduction of eco-design tools in the development of new products.

More importantly, some of our products have a positive impact on the carbon footprint downstream of the value chain during the **use phase**. Our insulation products contribute very significantly to preventing GHG emissions, since buildings are among the main sources of carbon emissions. Consequently, growing our insulation business and producing more efficient insulation boards will not only create economic value for the company, but will also help to limit global warming. Carbon footprint analysis revealed that carbon emissions avoided during the use phase greatly exceed the total CO<sub>2</sub> impact of all Recticel’s activities. Our insulation solutions helped avoid about 20 times more CO<sub>2</sub> than the carbon footprint of all Recticel’s activities combined.

**Business line Insulation**  
**Plant Wevelgem Carbon footprint 2013**  
(whole value chain - use phase excluded)



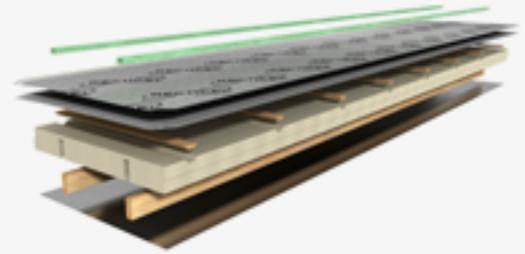
**Business line Insulation**  
**Plant Wevelgem Carbon footprint 2013**  
(whole value chain - use phase included)



- Energy use
- Non-energy use
- Freight
- Transport of persons
- Materials & services

## CREATING INNOVATION THAT SHAPES THE FUTURE: L-MENTS™

In 2015, Recticel launched L-Ments, a self-supporting thermal insulation system for multi-pitched roofs. "One of the main differences compared with traditional roof elements is that the insulation is not integrated in a wooden frame. We combine the bearing and insulating functions into one single polyurethane element, resulting in a very compact, lightweight and extremely strong system," says Ralf Becker, Group General Manager Insulation. "Because of these characteristics, L-Ments changes the insulation of roofs drastically. It takes less time to install and hence reduces the budget for a new building or renovation project. If this helps us make houses more energy efficient more quickly, than L-Ments truly offers a win-win situation."



L-Ments for pitched roof

### New polyol - 20% CO<sub>2</sub> instead of crude oil



In June 2016, Covestro launched an innovative CO<sub>2</sub> based polyol. Recticel has supported this development from the beginning and has worked with joint teams during the extensive application testing phase. We will implement the new polyol for the production of flexible foams in the fourth quarter of 2016 thus contributing to saving finite resources and mitigating global warming.

See also <http://www.recticel.com/index.php/medias/press-releases?year=>

### SELECTING PARTNERS IN SUSTAINABILITY

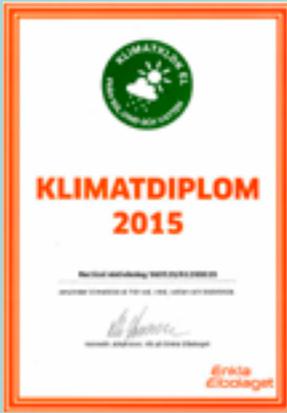
Our partners are indispensable in helping us achieve a more sustainable value chain. In 2015, we introduced the **Recticel Supplier Sustainability Requirements**, to ensure safe, environment-friendly, ethical and respectful working conditions throughout the supply chain. These requirements have already been implemented in the Automotive business line and will gradually be rolled out to other business lines.

"In the selection of new suppliers, or when we evaluate our partnerships with existing suppliers, it is our aim to work with the most efficient partners, those with efficient low-carbon and low-cost processes," says François Petit, Chief Procurement Officer. "Next to their technical capabilities, quality and financial situation, we discuss, with many partners in our value chain, how their innovations, in terms of resource efficiency, renewable materials and closing the loop, can help us achieve our carbon footprint reduction targets. Covestro's CO<sub>2</sub> polyol is a first result of this approach."

### OPTIMISING LOGISTICS

The impact of logistics on a product's carbon footprint is relatively minor. However, because of the enormous impact of transportation on society, such as traffic jams, road maintenance and health issues, we are committed to further optimising our logistics. That is why we are constantly looking for innovative ways to improve freight movements, for example by avoiding empty backloads and optimising routes to reduce distances travelled.

In addition, we aim to improve transport efficiency through thoughtful product design and innovation. For instance, we are investigating how we can increase the thermal performance of our insulation boards, thus reducing panel thickness, enabling us to carry more on each vehicle. In other business lines, we are looking into the possibility of compressing materials to reduce volume.

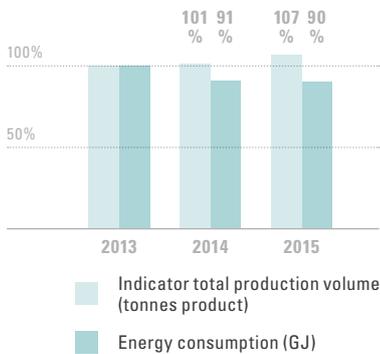


## FIGHTING CARBON EMISSIONS AT MÖNSTERÅS, SWEDEN

Many sites have already very successfully reduced their energy consumption. Over the course of six years, our Swedish Flexible Foams plant in Mönsterås plant was able to reduce its electricity consumption by 10% and cut electricity costs by 25%. In addition, the plant switched to a 100% green power supplier in 2015, generating electricity based on solar, wind and hydropower. Thanks to all of these achievements, the Mönsterås plant was awarded a Climate diploma by the Swedish energy company Enkla Elbolaget.

“As an ISO 14001 certified plant, our engaged team is always challenging our current methods and processes to find new ways to improve our efficiency and decrease our environmental impact. Here, at Mönsterås, we all have two jobs: doing our job and improving our job,” says Daniel Fermskog, Site Manager.

### Energy consumption evolution in %



### REDUCING THE ENERGY CONSUMPTION IMPACT

Regarding our own activities, carbon footprint analysis shows that our plants are responsible for around 5% of our total carbon footprint. While this is a relatively low percentage, we are 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. In 2014, we evaluated general awareness of energy reduction and made an inventory of existing and planned energy reduction projects. François Petit: “Together with suppliers, we are actively investigating the possibility of improving the energy efficiency of our heating and lighting systems in particular, and introducing renewable energy production at a number of sites.”

### KPI

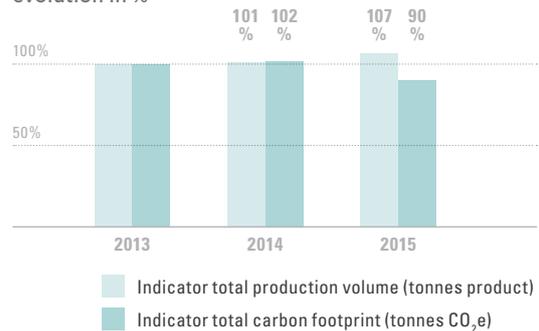
- Recticel carbon footprint expressed in tonnes of CO<sub>2</sub> equivalent (the method of calculation is derived from the GHG Protocol)
- Positive Impact Recticel expressed in tonnes of avoided CO<sub>2</sub> equivalent in use phase (using appropriate methods of calculation per type of product)
- Net Recticel Impact (whole value chain - use phase included) defined as ratio of the Recticel positive impact to the Recticel carbon footprint

### TARGET

- Reduce Recticel carbon footprint by 25% in 2020 and by 40% in 2030 compared to 100% activity level in 2013
- Increase Net Recticel Impact from 20 in 2013 to 30 by 2020 and 40 by 2030

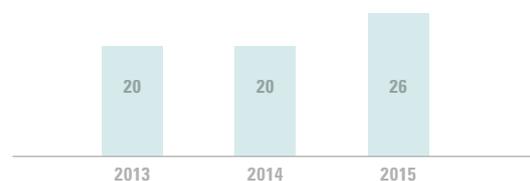
### PROGRESS UPDATE

#### Recticel carbon footprint evolution in %



#### Evolution Net Recticel Impact

(whole value chain - use phase included)



$$\text{Ratio} = \frac{\text{Recticel positive impact (tonnes of CO}_2\text{e avoided in use phase)}}{\text{Recticel carbon footprint (tonnes of CO}_2\text{e)}}$$

## 08. RESOURCE EFFICIENCY



**Philipp Burgtorf**  
Group General Manager Bedding

The European Commission is working towards a zero-waste future where waste becomes a source of wealth and job creation. It aims to embed the principles of eco-design, waste prevention, energy efficiency and reuse or recycling in the legislation of all EU countries through its [Circular Economy Package](#).

Recticel fully supports the transition from the linear 'take, make, dispose' economic model to a [circular economy](#) concept and will contribute to this ambition by increasing its efforts to prevent, reuse and recycle both production and end-of-life waste.

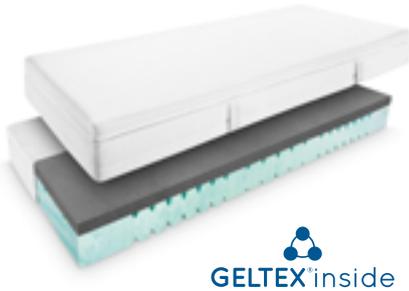
### WASTE PREVENTION

From a [waste hierarchy](#) perspective, the important first step is to prevent waste. Innovation in processes and products is key in this regard. Our Geltex® inside technology illustrates how an innovative foam formulation has helped us eliminate waste in the production process.

### GELTEX® INSIDE: LESS WASTE, MORE COMFORT

"It was our Development team's ambition to develop a foam that would exceed customer expectations from a mattress comfort point of view", says Philipp Burgtorf, Group General Manager, Bedding. "In 2012, we introduced the Geltex® inside technology, which is acknowledged worldwide as best-in-class in terms of comfort, body support and breathability. Through its unique combination of an elastic gel and air-permeable foam it offers unequalled comfort without anyone having to drill or mill the foam plate, whereas traditionally you have to take material away to create ergonomic comfort zones.





So, no production waste is generated when making mattresses with a Geltex® inside top layer. This innovation allowed us to avoid 10% production waste over a three-year period.”

### MORE WITH LESS

From our carbon footprint analysis, we learn that achieving efficiency gains in the use of raw materials and the reuse or recycling of end-of-life products brings with it enormous potential for waste reduction (see Chapter: Optimising Carbon Footprint, p 17).



Developing products containing less material is a primary example of this, and key in this process is the creation of new foam formulations. Thinner thermal insulation boards and lightweight car dashboards tell the story of how we have been able to create polyurethane products with less resource material, leading to substantial ecological benefits downstream in the value chain:

- **Thinner insulations boards:** our boards achieve better thermal performance with less material. As a result, the carbon footprint of our insulation boards is reduced, as is the carbon footprint of the buildings in which our products are used, since they take up less space.
- **Lightweight dashboards:** our Colo-Sense® Lite technology (see Chapter: Innovation fulfilling societal needs, p 13) is 40% lighter than traditional materials used in car dashboards, enabling our customers to take the lead in reducing CO<sub>2</sub> emissions in the automotive sector.

EUROWALL® 21

### REUSE AND RECYCLE

In the bedding sector, as in many other industries, using ever more material and combining different materials are pursuits regarded as synonymous with delivering better quality. From the perspective of the circular economy, efficient breaking-down of these products and finding high-quality reuse or recycling opportunities for their materials poses a stiff challenge. This can only be successful, and have significant impact, if it is done at an industry level.

## STEERING THE EUROPEAN BEDDING INDUSTRY TOWARDS A CIRCULAR ECONOMY

The EU Circular Economy Package presents a number of challenges for the bedding industry in Europe. "The industry requires a paradigm shift. We need to change the mindset. We can no longer merely produce and sell mattresses and foams, we need to think about how we can close the loop. This means reflecting on how post-consumer waste can be upcycled in new or existing applications other than bedding products," explains Philipp Burgtorf, who is also President of the European Bedding Industry Association (EBIA). "Recticel has taken the initiative to get the sector ready for the circular economy. As active members of EBIA and EUROPUR, the European Association of Flexible Polyurethane Foam Blocks Manufacturers, where Recticel chairs the Work Group on Circular Economy, we have joined forces to help shape Europe's circular economy legislation."

Together with partners in the value chain, Recticel is actively involved in a research project to look at eco-design and new end-of-life solutions for mattresses. The project is supported by the Belgian authorities and fits perfectly with the European Commission's Circular Economy Package which prompts manufacturers to take responsibility for their products at the end-of-life phase.



EBIA congress 2015:  
Philipp Burgtorf, President  
Andre Varga, General Secretary  
Frank Verschueren, former President



## RECYCLING POLYURETHANE FOAM WASTE

Avoiding waste during the production of prime polyurethane foam products is challenging. For instance, converting large blocks of prime polyurethane flexible foam into mattresses inevitably generates polyurethane trimmings. For many years, Recticel has developed **high-quality solutions to deal with polyurethane flexible foam production waste**. This waste is collected from our factories and used as a raw material in the production of recycled flexible foam for flooring, upholstery and a number of other technical applications. Currently, more than 90% of the polyurethane flexible foam produced at our sites goes towards either prime foam or recycled flexible foam products.

### KPI

Tonnes of recycled flexible foam produced

### TARGET

100% increase by 2020 compared to 2015

This increase is possible if flexible foam production waste is gradually replaced by post-consumer waste.

Due to the growing social relevance of post-consumer waste, Recticel has taken up the challenge to investigate the reuse and recyclability of end-of-life polyurethane. We are focusing our attention on finding new technologies and processes for the **mechanical and chemical recycling of end-of-life foam**. Implementing these new processes should result in a substantial reduction in our carbon footprint.

## 09. BUSINESS ETHICS & INTEGRITY



One of the Recticel core values is to act with respect and integrity in everything we do. We have created a number of codes and policies to ensure we do business in an honest and proper manner, in full compliance with all international and national rules and regulations. In this way, we aim to secure the long-term future of our organisation.



**Dirk Verbruggen**  
General Counsel & General  
Secretary

### ENSURING LEGAL COMPLIANCE WITHIN THE ORGANIZATION

Our business is built on people. Their choices and behaviours shape the trust and reputation others have in our business which, in turn, determines our success. Hence, our reputation is one of our most valuable assets, and must be protected at all times. It requires that all Recticel employees act with integrity and in full compliance with all international and national legal requirements, as well as with the **Recticel Code of Conduct**. The Code, finalised in 2012, has been circulated throughout the organisation up to plant management level, and by team leaders to their specific teams. It serves as a guide for doing business the

Recticel way, and is available to all Recticel personnel via the corporate [website](#) and the intranet. It addresses important principles such as ethics, safety, health and environment, quality, conflicts of interest, anti-trust and fraud.

For each of these principles, we have created corporate policies, which are further detailed in the **Recticel Business Control Guide** providing more specific guidelines on, for instance, purchasing, tax, treasury matters, accounting policies, investment approval, mergers and acquisitions, and HR procedures. The Guide is currently under review, and we are in the process of writing separate policies on each subject, including the Sustainability Policy, as well as defining and incorporating the Recticel Supplier Sustainability Requirements. This process is expected to be completed by the end of 2017.

### KEEPING COMPLIANCE ALIVE

In the past, we have seen the vital importance of making compliance a live issue. Recticel has worked hard on embedding corporate compliance in all policies and has developed guidelines for awareness creation, templates to report compliance issues, whistleblowing procedures and speak-up lines enabling employees and workers to address issues within the organisation in a variety of ways, for example:

The Recticel Code of Conduct guides our employees in making the right choices and ensuring we all do the right thing in every situation.

Ask yourself:

- Is it consistent with this Code of Conduct?
- Is it compliant with legislation?
- Is it ethical?
- Will it reflect well on me and the Recticel Group?
- Is it something I would like to be held accountable for?

If the answer to any of these questions is "NO", then don't do it.

**KPI**

Number of legal trainings provided

**TARGET**

Increase the number of legal trainings provided by 5% per year (cumulative) compared to 460 in 2015

- The **Compliance Committee** addresses various issues such as fraud, theft and bullying. The committee, comprising the CEO, the Chief Human Resources Officer, the Chief Audit Executive and the General Counsel, meets every two months, or whenever urgent matters require its attention.
- Recticel employees have various ways to **speak up** and report issues, either directly to their team leader or the team leader's superior, or anonymously by using the compliance reporting lines.
- Every three years, on average, Recticel plants undergo a detailed **internal audit**. The audit focuses on one main process-based aspect (for example purchasing, HR or Order to Cash), but we also check how well the Business Code of Conduct or existing whistleblowing procedures are understood, for example. In order to improve the coverage and efficiency of audits, we also intend to launch self-assessment audit questionnaires.

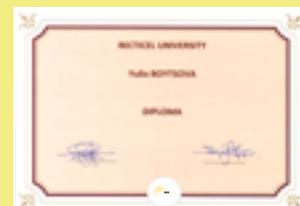
**ENSURING COMPLIANCE THROUGH EXTENSIVE TRAINING**

Continuing training is one way in which Recticel aims to ensure compliance throughout the organisation. We offer e-learning modules and, together with Recticel University, we organise face-to-face seminars on intellectual property, confidentiality, competition law, basic contract law, product liability and other subjects. Over the next few years, we aim to add a new module each year.

Dirk Verbruggen, General Counsel and General Secretary: "Introducing face-to-face seminars and e-learning modules has helped greatly in increasing legal aware-

ness throughout the Group and will remain the focus in the next few years. I am convinced that these training sessions offer good value for money in proactively reducing legal and compliance risks and avoiding or further reducing costly litigation."

*In 2015, 290 Recticel managers attended face-to-face seminars, 170 completed one or more e-learning modules.*



## 10. REDUCE HS&E IMPACTS OF OUR ACTIVITIES



**Eric Bray**  
Global Manufacturing Director  
Flexible Foams

**Joost Monstrey**  
Corporate HS&E Manager

Ensuring safe working conditions as well as minimising negative impact on the planet is the foundation of every sustainable company. Health, Safety and Environment (HS&E) have always been high on the agenda at Recticel, and it is our ambition to bring each plant up to best-in-class level. For this reason, we have reviewed our Corporate HS&E policy together with the business lines and functional departments. The reviewed policy was circulated within the organisation in 2015. This resulted in clearly defined strategic Group HS&E objectives which are currently being deployed throughout the organisation. To support the implementation of the policy, the Group HS&E manual was revised and rollout began in 2015.

### STRIVING FOR HS&E EXCELLENCE

Recticel wants its plants to reach best-in-class level in relation to health, safety and the environment, reducing work-related accidents, emissions, production leaks, fires and near misses. Each plant sets out targets, develops action plans and monitors progress to achieve these objectives. Recticel has made significant strides in reducing the number of work-related accidents in recent years but remains determined to make further progress.

At Recticel, we do everything we can to minimise the risks to health resulting from working conditions, and aim for excellence in physical, mental and social wellbeing of our employees. We consider it our moral duty to ensure everyone in our plants and departments has a safe working environment. This is firmly embedded in the DNA of Recticel and expressed through our values—we act with respect and integrity and never compromise safety.

Processing chemicals, cutting or converting products, as well as warehousing and handling activities are at the heart of our operations. Given the diversity in production processes, process safety is a key element of our HS&E strategy. Through methodical risk assessments and mitigation as well as through process improvements, we aim to make Recticel a safe and inspiring place to work, improve our safety performance while protecting the environment.





Process safety - Flexible Foams

The production process at Recticel requires the skills and capabilities of people. Through increased process control and extensive training, we aim to ensure safe working conditions. In the coming years we will put increased emphasis on the importance of respecting safety regulations and of exemplary and safe behaviour. We will also ensure that a powerful network of skilled professionals can support the HS&E requirements across the organisation. We will continue to instil a safety culture throughout the organisation, in line with our corporate values of ownership and accountability.

#### **ENGAGING EMPLOYEES IN IMPROVING SAFETY AT WORK**

Creating the safest possible working conditions requires commitment from management and engagement from employees at all levels of the organisation. For this reason, we encourage employees to report incidents. By analysing incidents and accidents, we can identify the main issues and develop a fact-based approach to reducing risks.



5S - Insulation

We are also proactive in accident prevention. To that end, all business lines have started to introduce the **5S methodology**.

“In the Flexible Foams division we have more than 850 workstations across all of our facilities. In order to reduce negative HS&E impacts, we have started to introduce 5S, a methodology which focuses on eliminating the unnecessary, sorting and organising the workplace, and sustaining new robust standards,” explains Eric Bray, Global Manufacturing Director Flexible Foams. “Roll-out started in 2015 and was completed for 38% of workstations by the end of the year. We aim to complete full deployment by the end of 2016. We have seen great engagement and enthusiasm from the employees to improve their work areas. In the end, 5S will help us improve working conditions, safety and performance.”

Another way to improve safety is to raise awareness through training, procedures and communication. In common with other business lines, Flexible Foams organises **HS&E awareness sessions and communication campaigns** so that people can see how HS&E relates to their day-to-day activities.

“We also want to make sure that the positive examples present within our business lines are known and shared as much as possible,” states Eric. “We encourage the 24 Flexible Foams plants worldwide to learn from each other.



Process safety - Automotive

For instance, we organise **HS&E seminars** where we share best practices. The outcomes are presented to the operational managers of our plants, and we encourage them to implement what they've learned from their HS&E colleagues. In this way, we can more quickly develop an overall safety culture and reduce negative impacts on HS&E."

#### ENSURING PSYCHOSOCIAL WELL-BEING

We don't just focus on work-related accidents or exposure to chemicals, we also want to ensure the psychosocial wellbeing of our employees and are committed to offering our employees a healthy work-life balance. Employee forums and two-way communication help create a better working environment. In 2015, specific programmes, such as training on how to recognise and address stress or burnout, were introduced in our Belgian plants.

#### REDUCING ENVIRONMENTAL IMPACT

Recticel contributes to the preservation of vital ecosystems by scaling up research and development in innovation, implementing responsible sourcing policies, making efficient use of natural resources (energy) and reducing carbon footprint. More information can be found in Chapters Innovation fulfilling societal needs (p 14) and Optimising carbon footprint (p 17).

Recticel Insulation in Wevelgem,  
Belgium

#### MINIMISING RISKS AND MONITORING LEGISLATION

The strategic Group HS&E objectives spur us to reduce HS&E risks to an absolute minimum. We aim to reach these targets in a structured way, by mapping the risks, defining and implementing corrective and preventive measures to limit these risks, and evaluating their effectiveness on a regular basis.

A number of Recticel plants have already implemented Health & Safety and/or Environmental Management Systems (OHSAS 18001 and/or ISO 14001 certified). The Group HS&E Manual specifies the Recticel minimum requirements for an HS&E management system at site level. Since 2015, all sites have embedded a full HS&E review in their Management System to evaluate progress made, identify gaps and adapt action plants.

In 2014, we organised a compliance survey at all sites. The information gained was used to produce a guide to ensuring compliance with all internal and external rules and regulations on health, safety and environmental risks in our activities. Through continuous monitoring of international, European and national HS&E legislation we aim to keep our policies up-to-date.

## REWARDING HS&E FORERUNNERS

Embedding an HS&E culture throughout the entire Group requires constant attention. "One of the initiatives we have recently taken to put HS&E in the spotlight is the HS&E Best Safety Performance Awards," adds Joost Monstrey, Group HS&E Manager. "We rewarded the best performing business line and plant, as well as the plant that made the most progress. In this way we celebrate success and acknowledge everyone involved. We intend to make this an annual event and hope that plants and business lines will be eager to make the trophy theirs every year."



Olivier Butel, Bedding Operations Director  
Cédric Barra, Insulation Plant Manager Bourges, France  
Mahmud Mustafa, Automotive Vice President Operations

The 2014-2015 HS&E Best Safety Performance Award winners:

- The **Lowest Accident Frequency Rate Award** values the plant with the lowest accident rate from 2014 to 2015. Since eight plants encountered no accidents during this reference period, the situation prior to 2014 was also taken into account. The Sibiu Bedding plant in Romania came out best.
- The **Best Improvement in Accident Frequency Rate Award** acknowledges the plant that has advanced the most in terms of reducing accident frequency. The Bourges Insulation plant in France evolved from 33 accidents in 2014 to zero accidents in 2015 and was thus acknowledged for its HS&E leadership.
- The **Division with Lowest Accident Frequency Rate Award** went to the Automotive division, which achieved the lowest accident rate in the period 2014-2015, averaging 2.98 (2014) and 2.94 (2015).

### KPI

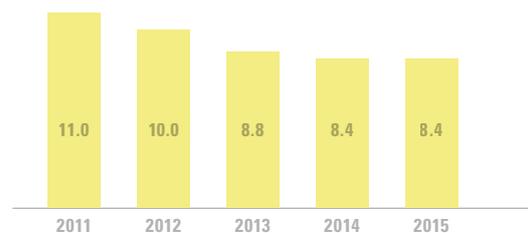
Frequency work accidents represents the average on Group level

### TARGET

< 3 by 2020

## PROGRESS UPDATE

Frequency index work accidents



$$\text{Frequency} = \frac{\text{number of accidents} \times 1,000,000}{\text{number of hours performed}}$$

# 11. AN INSPIRING AND REWARDING PLACE TO WORK



People themselves form an invaluable strategic pillar for Recticel. Their talent and skills enable us to excel and achieve our sustainable growth ambitions. In turn, we seek to offer all of our employees a stimulating and rewarding place to work, a place where they feel engaged, and contribute to reaching the company goals, and where their talents can develop. Our new HR strategy and global HR organisation will help us achieve this ambition.



**Bart Massant**  
Chief Human Resources Officer

**Seija Gadeyne**  
Group Talent Director

## MOVING TOWARDS ONE GLOBAL HR ORGANISATION

Recticel is in the process of restructuring its HR organisation at corporate, country and business line level. In 2015, among other things, this resulted in the creation of the new job title of HR Business Line Partner. "If HR is not actually in the business, it has no right to be in business whatsoever," explains Bart Massant, Chief Human Resources Officer. "The HR Business Line Partners are our link between Corporate HR, Business Line Management and Country HR."

We have set out on a journey to align the organisation around consistent, streamlined global HR processes that will help our business to grow. The new global HR strategy – internally labelled HR BACKPACK 15-17 – provides us with the basis to complete this journey by 2017."

## ENHANCING EMPLOYEE ENGAGEMENT

One of the main building blocks of the new global HR strategy is enhancing employee engagement. We want to create an environment where people feel proud to work for Recticel, where they feel motivated and empowered, and where they are eager to participate in achieving our company goals.

In 2011, we conducted a first employee engagement survey among all our white collar workers in Belgium, with the aim of gaining insight into the satisfaction, loyalty, engagement and motivation of our employees. The survey was repeated in 2013, with an 88 percent response rate.





Steering committee Meesterschap (Mastery) Bedding, Geraardsbergen, Belgium

© Ivan Mervillie

The 2013 online survey resulted in several action plans at site level. One of the main conclusions was the need to improve the internal communication flow. This led to multifunctional teams getting together regularly in each Belgian plant to decide which action points to address. In addition, plant meetings are organised to communicate on strategy and priorities.

The employee engagement survey will be extended to include blue collar staff, and will be rolled out progressively to all countries, at a rate of two more countries each year. In 2016, we will introduce the survey in Spain and the United Kingdom.

### CONTINUE EXCELLENT COLLECTIVE EMPLOYEE RELATIONS

At Recticel, we value a good working relationship with our employees. We regularly consult and exchange information with representatives of our workforce at all levels.

At Group level, there is a European Works Council Meeting (one per year) and Restricted Committee Meetings (one per quarter). Projects under consideration that could impact employees in two or more European Union countries are discussed at special meetings.

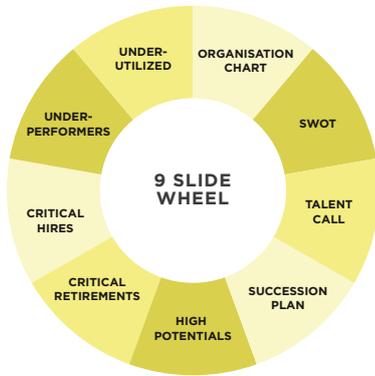
### ASSESS AND TRAIN FOR SUCCESS

At Recticel, we foster a performance-driven culture. The annual performance appraisals are crucially important in this respect. They reinforce the feedback culture, enabling managers and employees to discuss performance in a pre-structured and objective format. During these appraisals, employees have the opportunity to talk about such issues as their career development ambitions, working conditions and work-life balance. These discussions help managers understand development needs so that they can coach and further optimise their employees' performance in a more focused way.

### LIVING TALENT MANAGEMENT

Recticel is committed to retaining and developing in-house talent to increase the skills and competence level of its employees. Therefore, we have put in place various continuing programmes and initiatives to achieve this:

People Review Process



- We continuously monitor the need for development through **annual performance appraisals**;
- Employees can, at any time, introduce a motivated **development** request to develop a particular competence;
- We organise **on-the-job coaching** at all levels to update skills or when introducing new working methods.

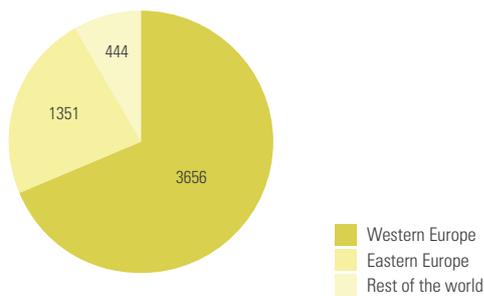
In 2015, we introduced the **People Review Process**. As part of this process, the management of each business line or function dedicates a full day with the Global HR team to discussing topics such as succession planning, people SWOT analysis, high potential identification, future recruitment and retirement planning, including knowledge transfer plans.

For those identified as having high potential, we develop a career path and a development plan. This approach helps us anticipate the succession needs of the management team internally, as well as motivate staff with high potential through concrete career opportunities and retain their knowledge, passion and skills within our organisation.

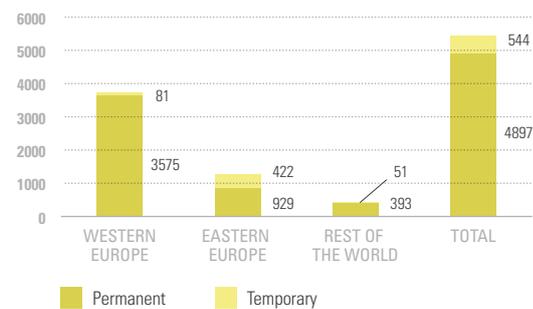
The People Review Process has been introduced at top management level, but the methodology is applicable to all levels of the organisation, stimulating home-made talent to take up new challenges in their careers.

WORKFORCE PROFILE

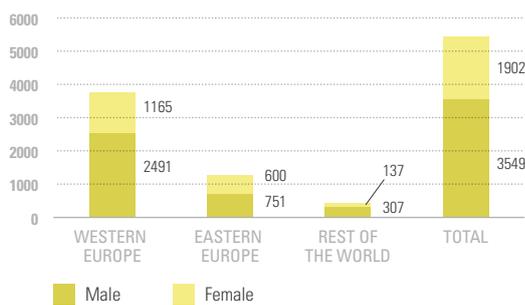
Total headcount per region



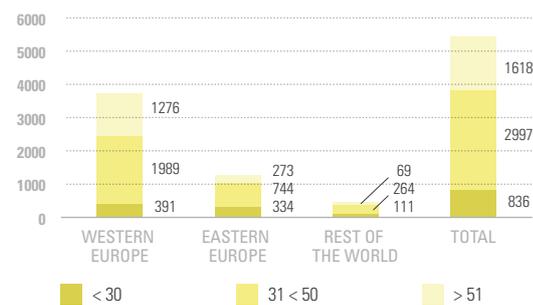
Total headcount per contract type



Total headcount per gender



Total headcount per age



Reporting period until 31 December 2015, 100% Recticel subsidiaries, joint ventures excluded. Fulltime and parttime personnel with permanent or temporary employment contracts valid at the end of the period. Headcount information excludes external agency employees.

## RECUN, THE RECTICEL UNIVERSITY

In 2011, Recticel launched its internal university, RECUN, which offers programmes that are either tuned to specific business line needs or to cross-departmental competences such as finance, project management, communication and leadership.

Seija Gadeyne, Group Talent Director explains: "Employees who start a RECUN course embark on a journey of 2-9 months. Each course begins with a mandatory preparatory phase which consists of an extensive e-learning package. During face-to-face workshops, participants form small learning groups to carry out Recticel-related assignments. Following training, we organise a Come Back day, where the participants present the results of their assignments and where facilitators, co-participants and members of the Recticel Management Committee provide individual feedback."

"Because of the very specific Recticel-related content of the assignments, RECUN provides more than just training," adds Seija. "The content of the training is immediately applicable, and it really is a catalyst to boost business. RECUN has also proved to be an excellent forum for meeting colleagues from other countries, other business lines or departments, and for sharing information informally. It creates a team spirit

and nurtures the feeling of belonging to the Recticel community. Such an internal networking platform is invaluable and just as important as the training itself."

*In 2015, 600 specialists and managers had participated in courses, for a total of over 1000 training days.*



Graduation Basic Project Management Skill training

### KPI

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

### TARGET

Two new countries each year

In 2016, in addition to Belgium, Spain and the United Kingdom will be added.

## 12. GOVERNANCE STRUCTURE

Recticel believes that good corporate governance is necessary to ensure long-term success. For this reason, the company has put in place a governance structure that allows for an optimal balance between entrepreneurship, steering and oversight. In addition to the legislative framework that ensures an ethical, environmentally and socially responsible company policy, Recticel has introduced a number of specific guidelines and codes of conduct over the years.

### BOARD OF DIRECTORS

In accordance with the Companies Code, the Board of Directors is authorised to undertake all necessary actions to achieve the company's objectives, except those that only the General Meeting is authorised to perform by law. Today, the Recticel Board of Directors has ten members. There are nine non-Executive Directors, of which five are independent. In line with legislation, Recticel is committed to women making up at least one third of the Board in due course. At the end of 2015, the Board of Directors included three female directors, reducing to two when the size of the Board was reduced in May 2016. The Board of Directors is reviewing various options to increase the number of female members.

### COMMITTEES SET UP BY THE BOARD OF DIRECTORS

#### 1. AUDIT COMMITTEE

In accordance with company law, the Audit committee governs the financial reporting process, the effectiveness of the company's internal control and risk management systems, 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. The Audit Committee has five members. All members are non-executive directors and three members, one of whom is Chair, are independent. The Audit Committee convened on six occasions in 2015. Each year it conducts an informal self-assessment of its functioning at one of its meetings, reserving the necessary time for discussion and analysis.

#### 2. REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee makes proposals to the Board of Directors regarding remuneration policy, as well as the individual remuneration of the directors and members of the Management Committee. It also makes proposals regarding the evaluation and (re-)appointment of directors.

The Remuneration and Nomination Committee consists of four members, all non-executive directors, of which three are independent. The Remuneration and Nomination Committee convened five times in 2015. Each year it conducts an informal self-assessment of its functioning at one of its meetings, reserving the necessary time for discussion and analysis.

#### **EXTERNAL AUDITOR**

Recticel has entrusted the external audit of its company and consolidated accounts to Deloitte Bedrijfsrevisoren. The external auditor conducts audits in accordance with the standards of the Belgian Institute of Company Auditors and delivers a report which confirms whether the annual accounts and the consolidated financial statements of the company reflect a true image of its assets, financial condition and results of the company. The Audit Committee investigates and discusses these bi-annual reports in the presence of the external auditor, and afterwards also with the Board of Directors.

#### **COMPLIANCE COMMITTEE**

The Compliance Committee was appointed to ensure compliance throughout the Group and address various issues such as fraud, theft and bullying. The Compliance Committee, comprising the CEO, the Chief Human Resources Officer, the Chief Audit Executive and the General Counsel, meets every two months, or whenever urgent matters require its attention.



#### **Management Committee 2015**

Marc Clockaerts, François Petit, Ralf Becker, Jean-Pierre De Kesel, Jean-Pierre Mellen, Betty Bogaert, Bart Massant, Philipp Burgtorf, Dirk Verbruggen, Jan Meuleman, Bart Wallaeyns, Olivier Chapelle

#### **EXECUTIVE MANAGEMENT**

The Board of Directors entrusts day-to-day management of the company to its Managing Director and Chief Executive Officer, Olivier Chapelle sprl/ bvba, represented by its General Manager and permanent representative Mr. Olivier Chapelle. The CEO is assisted by the Management Committee, which has an advisory role. It is not an executive committee in the sense of the Belgian Companies Code. The Management Committee consists of the chief officers and general managers of all business lines and group-wide responsibilities, such as finance, HR, legal, purchasing, IT, and sustainable innovation.

### IMPORTANT GOVERNANCE DOCUMENTS

In accordance with the Belgian Corporate Governance Code of 2009, Recticel has published its Corporate Governance Charter. The Charter contains a detailed description of the governance structure and the company's governance policy. The document is available at <http://www.recticel.com/index.php/company/corporate-governance/corporate-governance-charter>

Recticel has also issued a compliance programme to ensure an efficient risk control mechanism. This programme is based on the company's Code of Conduct which applies to all Recticel directors, corporate officers and employees. The Code of Conduct is published on the [Recticel website](#).

Important matters such as ethics, safety, health and environment, quality, conflicts of interest, anti-trust,

fraud and others are dealt with in corporate policies, which are detailed in practical manuals and guides:

- The Recticel Group **Health, Safety and Environment Manual**.
- The Recticel **Business Control Guide** details the corporate policies, providing specific guidelines on matters such as purchasing, tax guidelines, treasury guidelines, accounting policies, investment approval, mergers and acquisitions and HR procedures. The guide is currently under review.
- The Recticel **Approval Authority Guide** maps the distribution of authorisations within the Group regarding financial, social, organisational, legal and other matters.

# 13. GRI REFERENCE

## PROCESS FOR DEFINING THE REPORT CONTENT

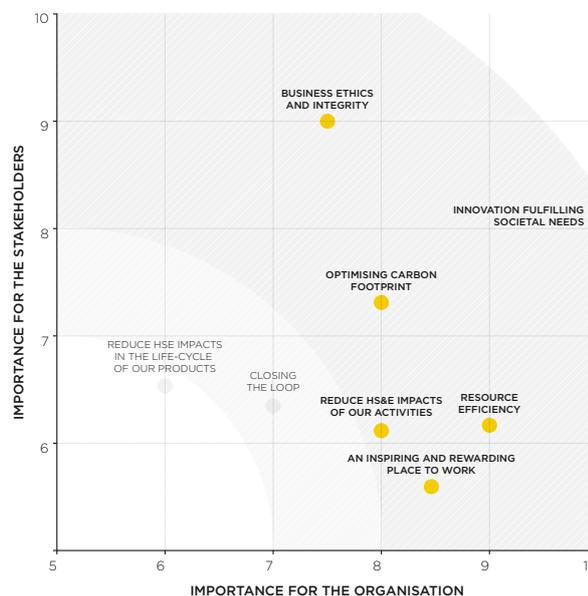
The Mancom Declaration (June 2103) officially launched the project to determine how Recticel could embed sustainability in its Group and Business Lines strategy.

According to the Business Line positions and Strategic views, priority was given to the business lines Insulation, Bedding and Flexible Foams Comfort (as the internal supplier for Bedding) because of their competitiveness and market attractiveness.

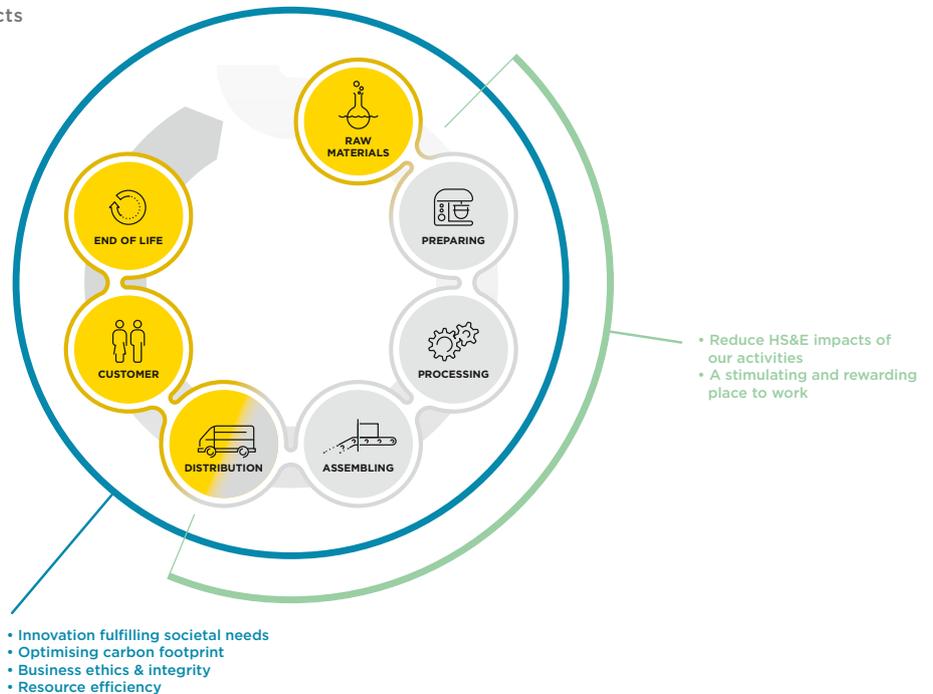
In 2013, the sustainability consultancy group Futureproofed conducted a series of telephone and face-to-face interviews with internal and external stakeholders identified by the business line management and the Sustainability team. The purpose of these interviews was to gather information from key stakeholders to identify sustainability challenges and areas of opportunity. These were further explored during workshops linking sustainability with business line challenges and opportunities. The most relevant sustainability business line projects were selected and followed up by the business lines, the Sustainability team and the Group's R&D centre.

In 2014, Recticel decided to prepare a sustainability report in accordance with GRI G4 – core level. Sustainability expert slidingdoors assisted Recticel in establishing its first Group sustainability report. The sustainability aspects which emerged during the stakeholder interviews and workshops, along with the priorities underpinning the Recticel sustainability strategy, were mapped into a longlist of material aspects.

Materiality matrix, validated 2015



## Sphere of influence material aspects



In the process of determining and validating the materiality mix, workshops with the leadership teams of the Automotive, Bedding, Flexible Foams and Insulation business lines and representatives of the departments were organised.

The teams were asked to rank a longlist of sustainability aspects according to the importance their main stakeholders would attribute to them. These stakeholders comprised authorities, board of directors, customers (including consumers), employees, investors (including financial analysts, banks), public opinion & NGO, and suppliers. They are the parties with the greatest investment in our activities, and who have the greatest impact. The materiality matrix was validated by the Management Committee in 2015.

### OUR STAKEHOLDERS

Recticel has firmly embedded sustainability as a key driver for innovation within the DNA of the organisation.

Business lines and brands will create more shared value as a result of innovation focused on societal needs, and which are in line with stakeholder expectations. The table below shows how we interact with our stakeholders and the expectations we have identified.

## STAKEHOLDER ENGAGEMENT

Stakeholders (alphabetical order)	How we engage	Key topics and concerns raised	Our response	Page	
Authorities	Research projects	Climate change	A strategy for sustainability	12	
	Stakeholder meetings		Optimising CO <sub>2</sub>	17	
	Professional associations*		Circular economy	Resource efficiency	21
			Ageing population	Innovation fulfilling societal needs	14
				Inspiring and rewarding place to work	30
Board of Directors	Dedicated meetings	Profitable and sustainable growth	A strategy for sustainability	12	
	CEO		Innovation fulfilling societal needs	14	
		Talent management	Inspiring and rewarding place to work	30	
		Risk management	Business ethics & integrity	24	
			Reduce HS&E impacts of our activities	26	
		Engage employees	Inspiring and rewarding place to work	30	
Customers (as representatives consumers)	Day-to-day contacts	Innovative products, differentiation	Innovation fulfilling societal needs	14	
	Internal and external sales force	Long-term relationship	Business ethics & integrity	24	
	Visits, meetings, fairs	Respect of sustainability requirements	Innovation fulfilling societal needs	14	
	Trainings		Business ethics & integrity	24	
		Circular economy	Resource efficiency	21	
Employees	Day-to-day contacts	Safe work place	Reduce HS&E impacts of our activities	26	
	Unions and committees	Internal communication	Inspiring and rewarding place to work	30	
	Annual performance appraisal	Career opportunities	Inspiring and rewarding place to work	30	
	Trainings	Competence development	Inspiring and rewarding place to work	30	
	Intranet	Fair treatment	Business ethics & integrity	24	
Investors, financial analyst, banks, ...	Regular contacts	Profitable growth	A strategy for sustainability	12	
	Road shows		Innovation fulfilling societal needs	14	
	Press releases	Risk management	Business ethics and integrity	24	
	Annual report presentation		Reduce HS&E impacts of our activities	26	
	Annual meeting		Optimising CO <sub>2</sub>	17	
	Plant visits		Resource efficiency	21	
Public opinion & NGOs	Meetings, conferences	Promote energy efficient buildings	A strategy for sustainability	12	
	Partnerships		Reduce HS&E impacts of our activities	26	
		take care of environment	Inspiring and rewarding place to work	30	
		Address societal changes through	A strategy for sustainability	12	
		the value chain	Resource efficiency	21	
			Optimising CO <sub>2</sub>	17	
Suppliers	Day-to-day contact	Long-term relationship	A strategy for sustainability	12	
	Visits, meetings, audits, fairs		Business ethics & integrity	24	
	Development projects	Partnership for innovation	Innovation fulfilling societal needs	14	
			Optimising CO <sub>2</sub>	17	
			Resource efficiency	21	

\* Recticel is member of:



## G4 CONTENT INDEX

G4 GENERAL STANDARD DISCLOSURES		
Profile Disclosure		Location of disclosure in report
<b>STRATEGY AND PROFILE</b>		
1. STRATEGY AND ANALYSIS		
G4.1	Statement from the CEO about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	p6-7
2. ORGANIZATIONAL PROFILE		
G4.3	Name of the organization	p4
G4.4	Primary brands, products, and services	p8
G4.5	Location of the organization's headquarters	p4
G4.6	Number of countries where the organization operates, and names of countries where either the organization has significant operations	p4
G4.7	Nature of ownership and legal form	p4
G4.8	Markets served	p8 <a href="http://www.recticel.com/index.php/company/geographical-spread">http://www.recticel.com/index.php/company/geographical-spread</a>
G4.9	Scale of the organization	p8
G4.10	Workforce	p32
G4.11	Percentage of total employees covered by CBA (collective bargaining agreements)	p32
G4.12	Organization's supply chain	p9
G4.13	Changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	NA*
Commitment to external initiatives		
G4.14	Precautionary approach or principle= approach taken to address potential environmental impacts	p6-7, p12-13
G4.15	Externally developed economic, environmental and social charters, principles, or other initiatives	p12
G4.16	Memberships of associations	p23, 39
3. IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4.17	All entities included in the organization's consolidated financial statements	p4, 8
G4.18	Process for defining the report content and the Aspect Boundaries	p37, 38
G4.19	Material Aspects identified in the process for defining report content	p12, 13
G4.20	Aspect Boundary within the organization	p12, 13
G4.21	Aspect Boundary outside the organization	p12, 13
G4.22	Restatements of information provided in previous reports	NA*
G4.23	Changes from previous reporting periods in the Scope and Aspect Boundaries	NA*
4. STAKEHOLDERS ENGAGEMENT		
G4.24	List of stakeholder groups engaged by the organization	p38-39
G4.25	Basis for identification and selection of stakeholders with whom to engage	p38-39
G4.26	Approach to stakeholder engagement	p38-39
G4.27	Key topics and concerns that have been raised through stakeholder engagement	p38-39
5. REPORT PROFILE		
G4.28	Reporting period	p4
G4.29	Date of most recent previous report	NA*
G4.30	Reporting cycle	p4
G4.31	Contact point for questions regarding the report or its contents	backcover
G4.32	In accordance, GRI Content Index, External Assurance	p4
G4.33	Policy and current practice with regard to seeking external assurance for the report	NA*

\* NA = Not Applicable

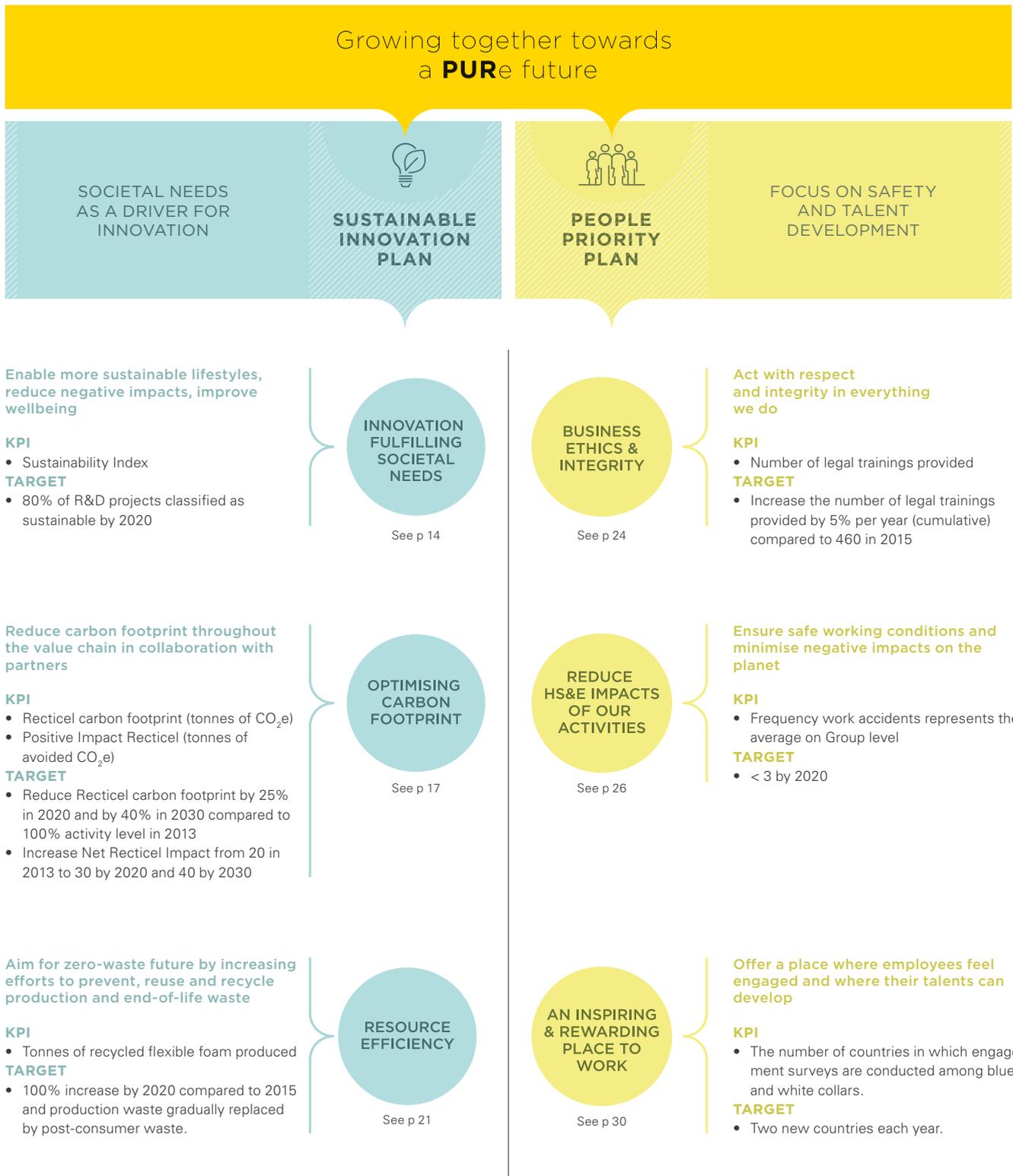
**G4 GENERAL STANDARD DISCLOSURES**

Profile Disclosure		Location of disclosure in report
<b>GOVERNANCE AND ETHICS</b>		
6. GOVERNANCE		
G4.34	Governance structure	p34
7. ETHICS AND INTEGRITY		
G4.56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	p5, 24-25

**G4 SPECIFIC STANDARD DISCLOSURES**

Indicator by Aspect		Disclosure	Answer Explanation	Location of disclosure in report
<b>ECONOMIC</b>				
ECONOMIC PERFORMANCE				
G4 EC1	value	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	See Annual Report <a href="http://www.recticel.com">http://www.recticel.com</a>	Key figures Annual Report p 15-16
<b>ENVIRONMENTAL</b>				
MATERIALS				
G4 EN2	recycled	Percentage of materials used that are recycled input materials		p21-23
EMISSIONS				
G4 EN15	direct GHG	Direct greenhouse gas (GHG) emissions (Scope 1)		p17-20
G4 EN16	energy indirect GHG	Energy indirect greenhouse gas (GHG) emissions (Scope 2)		p17-20
G4 EN17	other indirect GHG	Other indirect greenhouse gas (GHG) emissions (Scope 3)		p17-20
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK</b>				
OCCUPATIONAL HEALTH AND SAFETY				
G4 LA6	injury	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender		p26-29
TRAINING AND EDUCATION				
G4 LA10	lifelong learning	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		p30-33

# 14. SUMMARY







[WWW.RECTICEL.COM](http://WWW.RECTICEL.COM)

**RECTICEL**  
*The passion for comfort*

Avenue des Olympiadenlaan 2  
1140 Brussels  
Belgium  
[sustainability@recticel.com](mailto:sustainability@recticel.com)