

# UN Global Compact

## Etex Communication on Progress 2020

About this COP

This Communication on Progress was developed based on the Global Compact active level. It describes our progress on the integration of the Ten Principles related to sustainability in our strategy and operation for the year 2020.

**CEO Statement**

In 2020, Covid-19 showed us how society is interconnected at a global scale: We are all on the same boat. As a global community we face health and safety, social and environmental challenges, and at Etex we are firmly committed to actively contribute to finding solutions. As a new participant to the UN Global Compact, we support the Sustainable Development Goals and the Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

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|------------------------|--|
| <i>Human Rights</i>    | <p><b>1</b> Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p><b>2</b> Make sure that they are not complicit in human rights abuses.</p>   |
| <i>Labour</i>          | <p><b>3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p><b>4</b> The elimination of all forms of forced and compulsory labour;</p> <p><b>5</b> The effective abolition of child labour; and</p> <p><b>6</b> The elimination of discrimination in respect of employment and occupation.</p> |
| <i>Environment</i>     | <p><b>7</b> Businesses should support a precautionary approach to environmental challenges;</p> <p><b>8</b> Undertake initiatives to promote greater environmental responsibility; and</p> <p><b>9</b> Encourage the development and diffusion of environmentally friendly technologies.</p>   |
| <i>Anti-Corruption</i> | <p><b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery.</p>  |

With more than 13,000 employees across 42 countries Etex is a global player in the building materials and solutions industry. Our purpose is to inspire innovative ways of living in various regions of the world. We want to be holistic when we create value for our customers, employees, shareholders and other stakeholders. We are powered by people and as part of the construction industry value chain, we depend on raw materials, energy and other ecosystem services. To support the achievement of the Sustainable Development Goals, we are committed to furthering our transition and decoupling our growth from environmental and social impacts. We are set on offering building solutions that best meet the changing needs of our customers, while continuously working towards lessening our negative, and growing our positive impacts.

In this our first annual Communication on Progress, we describe our actions to integrate the UN Global Compact and its principles into our business strategy, culture and daily operations.

2020 was a milestone year in the face of an unprecedented global challenge. Addressing people's need for smart, safe, beautiful and sustainable lightweight building solutions, we could provide a very tangible contribution by inspiring ways of living despite the covid-19 pandemic. It was also a year of crisis management and resilience at its start, but mostly a year of caring and acceleration of our strategy execution, two items very closely linked to our CSR commitment. Our topline will

be challenged one or two more years, but our performance culture is in place and our eagerness to focus on sustainability and our customers is reinforced.

Corporate Social Responsibility was introduced as one of our six strategic pillars. For our 2020 CSR roadmap we actively included our employees, connected and external stakeholders in a structured approach to understand how we can best focus our sustainability efforts regarding our impacts going forward. We identified 20 material sustainability topics as well as which SDGs we can best contribute to. To fortify our culture to connect and care, we decided to implement a revamped code of conduct on safety, ethics, compliance & integrity. We boosted our health, safety & wellbeing programs, successfully advanced our actions on decarbonization, waste management, water usage and circularity and ensured to continue our social and projects for communities in particular need.

We are sharing this Communication on Progress report with our internal and external stakeholders via our [CSR website](#). Also, we invite our stakeholders to learn more about how we approach and integrate social and environmental sustainability topics at Etex through our sustainability report, to be published later this year. Their feedback will support our ambition to continuously improve and find innovative solutions along our sustainability journey.

Paul van Oyen,  
CEO

## Human Rights

Human Rights refer to the minimum standards necessary for people to live with dignity and guarantee people the means necessary to satisfy their basic needs. We acknowledge our responsibility to respect human right throughout our operations and where directly linked to us through our business relationships. We also commit to voluntary actions that seek to advance human rights and create positive impacts in areas including housing, food and education through our social projects, to support people in taking full advantage of all opportunities.

### The Etex way – our code of conduct

As outlined in [Etex' Code of Conduct](#), we do not tolerate human rights violations, and we support the relevant national laws and the applicable provisions of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic and Social Rights. We seek to avoid adverse human rights impacts and where necessary and by appropriate means, we aim to address and minimise any impacts directly or indirectly linked to our business operations, products or services.

### Engaging with our value chain

Support and respect for the protection of internationally proclaimed human rights is crucial at every step in the value chain. Through our purchasing frame contract agreement our suppliers acknowledge that they and their employees, distributors and subcontractors comply and must continue to comply, in all respects with the fundamental principles in particular in the fields of human rights, labour, environment and corruption as laid out in our Code of Conduct.

### A culture of trust and integrity

Through Etex' Code of Conduct employees are encouraged to and supported when reporting any concerns related to human rights violations. Reporting is handled confidentially, and employees will not be penalised for reporting a violation of the Code, whether a violation is confirmed after further investigation or not. These internal reporting and control functions, as well as compliance verifications are reviewed by our internal audit department.

### Confidentiality and personal data protection

As an employer, Etex protects the personal data of its employees in compliance with privacy and data protection laws. Our relationship with our business partners is also based on trust and confidentiality. In all matters, the legal and internal regulations relating to the confidentiality, handling and processing of personal data must be observed.

### Hands-on support for vulnerable groups

Human rights attach to all persons equally. Poverty and other factors can put people at particular risk to enjoy their human rights. Thus, we also seek to create value beyond our local communities, by supporting vulnerable groups in getting out of social emergency and opening up opportunities for a better future for them and their families. In 2020, we continued to combine our strengths in inspiring and supporting safe, sustainable, smart and esthetical housing

solutions with the knowledge of our longstanding not-for-profit partner Selavip and its network of local NGOs. For example, in partnership with Selavip, Etex Indonesia sponsored 60 houses in Palu City, on Sulawesi island, Indonesia to offer very poor families a better housing condition. In 2020, the construction products could be delivered and 40% of the project could be completed, with the remaining 60% to be finalized in 2021. In Ecuador, we partnered with the NGO Hogar de Cristo Housing Association, and started an exciting 60-house project in 2020 to offer shelter to lower-income families. Etex Columbia donated construction materials which will be used in the construction of these new fibre-cement houses. The prototype has been successfully completed and it is planned to have all 60 houses finalized latest in 2022. Many more examples of our social engagement to create positive impact in housing, education or food security can be found in our annual report 2020.

## Outlook

Following this eventful year, we look forward to continuing our human rights related activities in 2021.

We started to expand the work on this topic with our suppliers. In particular, we signed a contract with a supplier rating agency to include our top suppliers into our sustainability journey, including the respect for human rights. In 2021 this will encourage dialogue related to our suppliers' governance, social and environmental standards and the standards of their suppliers on how we can best work together to support the United Nations Sustainable Development Goals.

Continuing our social and community projects lies at the heart for us. For 2021 we agreed at Group level to support another four social housing projects in the Philippines, South Africa, Ecuador, and Chile. We keep encouraging all our entities to organise and support local community projects and to take human rights as fundamental criteria in the selection and decision process.

## Labour

### Ensuring our employees are treated fairly, with dignity and respect and in compliance with all applicable laws and regulations

One of Etex's primary success factors is our commitment to our employees. The clearly captures that at a minimum, all Etex companies must respect the following fundamental concepts as laid out by the International Labour Organization: protecting employees' human right to equal opportunity and non-discriminatory treatment and valuing the diversity this brings to the business; refraining from child labour and respecting minimum age levels; refraining from forced or compulsory labour and ensuring that forced or compulsory labour does not exist in their organisations; and supporting the application of fair and just remuneration.

At Etex, we recognise that every person is unique. Etex encourages the diversity of its workforce, with people of many nationalities and backgrounds working together and sharing common objectives. We provide equal opportunities. Decisions relating to hiring, job assignment, discharge, pay and benefits, promotion, transfer and relocation, termination, training and

retirement are not influenced by factors such as race, colour, religion, political opinion, gender, national or social origin, age, pregnancy, marital status, sexual preference, HIV status or disability (unless government policies promoting greater equality of opportunity or job characteristics require otherwise). The diversity of our workforce is one of our strengths, and Etex strives to maintain a culture of inclusion in line with our dedication to building one Etex family. In 2020 we began a co-operation with an organisation in Germany that employs 1.200 persons with disabilities in different workshops. In their carpentry's workshop they manufactured 11 giant insect hotels which will be installed at the entrance of Etex' owned quarries in Spain, Italy, France and Germany in early 2021, and are aimed at supporting the biodiversity of these regions.

As firmly stated, and explained in the code of conduct, anyone who believes they have encountered behaviours that are unethical or may violate the code, is encouraged to lawfully and truthfully seek advice, raise a concern or report possible misconduct. No employee will be penalised for reporting a violation of the Code, even if no violation is confirmed after further investigation. Our Internal Audit Department carries out independent reviews of internal reporting and control functions, as well as compliance verifications of items included in this Code. Any employee who violates the Code may be subject to disciplinary action by the employer, including termination, taking local law and procedures into account.

### Supporting our employees in a pandemic year

As it did for most industries worldwide, the coronavirus pandemic put health and safety in the spotlight in 2020. Ensuring the safety of our employees has always been our number one priority – but this new challenge pushed us to collectively embrace new ways of collaborating. We were compelled to rapidly adapt our behaviour to sustain the safest operating conditions with extended COVID-related provisions while continuing to serve our customers. We are very proud to say that Etex came through with flying colours. In fact, the President of Colombia, Iván Duque Márquez, publicly cited Etex as an exemplar of how to continue to work and perform during a pandemic.

COVID-19 has changed Etex as an organisation. One of our first actions was to deploy an agile squad to create and implement a list of preventative measures worldwide, but also to offer our employees the choice to work from home wherever possible. We adapted shift pattern, different working models to guarantee distance between workplaces and to provide sanitary and medical support. Etex facilities have worked to contribute to COVID-19 relief causes. For example, both a community next to our Maipu site in Chile, home to more than 100 families, including our workers, and the community next to our Santa Rosa operation were hard hit by the lockdown. So, we donated more than 150 food boxes, to offer some relief and contribute to food security.

Even though Etex took all the necessary precautions and put in place contingency plans to ensure mitigation of the risk within our premises, COVID-19 acts beyond our level of control. Unfortunately, several of our teammates got infected, some of them were hospitalised and in 2020 we recorded two deaths. In all cases our Management and Human Resources teams have been supporting the families affected.

## Occupational health, safety and wellbeing

In 2020, we have not wavered our commitment to our zero-harm goal. During this unusual year, Etex made great strides in our health and safety engagement, our health and safety standards animation efforts, and our risk management approach. When it comes to safety in our plants, 2020 was also a turning point. After years of consistent safety performance, our organisation further improved on its already low incident rate plateau, reducing it from 2.2 to 3 down to 1.5, a record low. These figures are the direct result of the structural changes implemented over the last two years, as well as a result of the roll-out and implementation of a global training and awareness initiative to offer all employees practical techniques to prevent any health and safety incident. This was combined with our good practices that we took as learnings from incidents. We communicate these learnings a few days after an incident to the EHS and manufacturing teams to avoid repetition of the incident. Moreover, incident debriefs are held with the plant management and the EHS leadership team after every lost time accident, medical accident and any potentially serious near miss or first aid incident.

In addition, all our plants committed to reviving our behavioural safety principles program and to achieving the consistent level of maturity needed to sustain the momentum of this program Group-wide. We also further tailored the programme based on our organisational values and strategic pillars, and a familiar Etex look and feel.

The Etex EHS team is in the process of completing the identification of risks in Etex factories by fully adhering to the HIRA (Hazard Identification and Risk Assessment) standard as well as five other critical standards on machine safety, energy isolation, confined spaces, work at height and site traffic safety. We are proud to note that our plant in Guangzhou (China), for instance, quickly rose to 100% implementation of the HIRA standard, a key element of the focus plant programme, in a few months' time. Plant and EHS Managers praise the focus plant programme as a booster for their own local health and safety initiatives.

As part of the focus plant programme which we newly established in 2020, we selected five Etex plants with room for improvement in lagging indicators, leadership or implementation of standards. We launched a booster initiative for these plants to elevate them rapidly by providing coaching, resources and assistance.

We also took steps in 2020 to pave the way for master trainer certification for nine candidates in 2021. These master trainers will be responsible for coaching additional trainers, who will in turn train Etex colleagues across the globe moving forward.

## Freedom of association and labour/management relations

Together with its employees and representatives, Etex constantly strives to establish fair, transparent, and constructive relationships. We do not tolerate any discrimination against any employee based on membership, or lack of membership, in a trade union.

Etex respects the right of the employee to decide whether to join associations and/or trade unions, and respects the ability to make an informed, coercion-free decision, as allowed by law. We respect individual and collective lawful freedom of expression, online and offline.

Etex shall enable consultations with employees or their representatives on key issues according to applicable laws, collective bargaining agreements or prevailing practices. Subject to business confidentiality, Etex provides employee representatives with information to facilitate meaningful consultations or negotiations on conditions of employment. Etex provides employees and employee representatives with information (subject to business confidentiality) that gives them a true and fair view of the Group's performance. If Etex or one of its Affiliates consider matters with major employment impacts such as collective dismissals, relevant employee representatives and public authorities will be notified and cooperation with them will be fostered to mitigate adverse effects to the extent practicable.

Worker's committees are in place at all Etex facilities, and in some places, additionally Works Councils, also at European level.

## Outlook

We will continue our work to bring us even closer to our goal of zero harm, to support our employees through the situation of the Covid-19 pandemic and to ensure our employees are treated fairly, with dignity and respect. Furthermore, as part of our health and safety activities, mental health is a topic in which we want to offer stronger support to our employees going forward. Because we feel that the 'second wave' of the pandemic hit people harder and is generating higher anxiety for a still undefined period, Etex will also offer resilience trainings. These trainings will equip our employees with practical strategies to navigate this period.

2021 will also see us strengthening dialogue on labour standards with our suppliers. This collaboration will also fortify our support of the achievement of the Sustainable Development Goals.

## Environment

### Our focus

Our environmental management encompasses a wide range of environmental topics and is based on established standards such as ISO 14001. In 2020, as part of our CSR Roadmap we identified which environmental topics we will focus on with specific initiatives and actions in the coming three years: decarbonisation, waste reduction, water management and promoting the circular economy.

### Structured data collection

In 2020, we achieved an essential progress to our environmental data collection thanks to the Etex Green Team. After an induction training, the Green Team consisting of 30 experts from different entities and functions all over the world defined, collected and reviewed our environmental data from all our 81 plants to ensure alignment with the Global Reporting Initiative (GRI) standards. Thanks to the Green Team's efforts our now comprehensive group-wide CSR reporting capabilities unlock new power to data-driven benchmarking and improvement, to seize new opportunities and to keep our stakeholders informed about our progress.



Overall, the evolution of our performance in key environmental indicators has been steady. Nevertheless, we can identify clear positive trends that confirm our decisions made towards less impactful operations. See Appendix.

### Decarbonisation

For our ambition of decarbonisation, in 2020 Etex decided to establish in close partnership with external partners at seven factory sites in Italy, Spain, Belgium and Germany on-site solar power generation projects. Together, these projects, with a total capacity of 12 MWp, will generate 18 GWh of renewable energy per year, reducing annual CO2 emissions by 4,800 tons.

As a further result, in 2020 Etex purchased 100% of its electricity in Europe, for all four of its divisions from certified renewable sources. Furthermore, two Etex businesses in Chile already received Renewable Energy Balance Certificates for supply from 2019 on.

In 2020, we also reviewed our investment process to take sustainability and CO2 impacts into project calculations. Doing so drives investment decision in a more sustainable direction. One example as consequence is to move to full electrical forklift-truck fleets across all activities.

### Water

We believe that a key for achieving economic gains while reducing environmental impacts on the life cycle of goods lies in innovation. In 2020 we stocked up our resources even further to explore how we can produce solutions that are not only technically superior at an excellent cost, but also meet our sustainability ambition.

For example, we reduced our water withdrawal in 2020 (vs 2019) by 4,33%. Next to our continuous efforts across Etex to further reduce the total amount of water withdrawal, innovation will allow us to take our ambition even further. As one important milestone we want to avoid the use of potable water in any industrial process.

In September 2020, we started our 3-year “Sahara project” is one of Etex lever to improve the production of our cement-based products regarding several environmental factors. Sahara stands for limitation of water usage. Our target is to produce cement-based products in a more environmentally friendly way, not only optimizing the current production in terms of water usage and carbon footprint, but also considering other alternative or emerging production techniques. So far, we initiated a preliminary lab investigation to assess new technologies and use of alternative binders to replace Portland cement in the recipes.

### Committed to a circular economy

Etex is fully committed to integrating our activities into the circular economy. We actively seek new sources of alternative raw material, replacing primary raw materials with secondary raw materials wherever possible and entering the manufacturing process at our facilities. This enables us to permanently optimize our products, systems and building solutions.

Our goal in this initiative is to extend the lifetime of our products, improve their technical performance in terms of insulation, acoustics, fire resistance, but also to be able to deconstruct, to reuse them or to bring them back into our own manufacturing processes. In 2020 our first

plants in UK and Italy achieved the ambitious goal of 'zero landfilling' by implementing solutions for any type of waste on site.

It is also our organization's responsibility to ensure product liability in line with the applicable law and a full and transparent assessment of our product portfolio. We are dedicated to assisting in product lifecycle assessment and product optimization in order to enable end users and architects to calculate and certify the energy performance of the materials we use in our products. In 2020, we reinforced lifecycle assessments (LCA) and, on this basis, environmental product declarations (EPD) for all main Etex product families. Looking ahead, we continue to regard partnerships and collaboration as essential to accelerate our innovation journey, and proactively search for suitable partners such as value chain partners, start-ups or universities for scientific research, where appropriate.

## Outlook

In line with our goals in our environmental focus areas, we aim to move firmly ahead. For example, dedicated teams we set up will also push forward to implement waste-, energy-, water management plans and good practices for each of our manufacturing sites. Expanding our successful transition in Europe, we plan to cover all our group's electricity needs to green electricity by end of 2023. In terms of our other energy needs, 2021 will see the further roll-out of a program we started to reduce our energy consumption and to research further installations of renewable energy production facilities in Spain, the UK, South Africa and Brazil. Another example which we look forward to is the further implementation of a project we started which will focus on the recycling of customer waste in our gypsum and fibre cement activities.

## Anti-Corruption

### Our focus

Etex supports the United Nations Convention against Corruption. This is a key enabling factor in maintaining a fair and supportive environment for business activity and for establishing incentives for corporate sustainability. Etex has a zero-tolerance approach to any form of bribery and corruption in all jurisdictions in which it operates. Accordingly, Etex has adopted a policy reiterating and supplementing its commitment to prohibit bribery and corruption, as set forth in the Etex Way, Etex's Code of Conduct, and providing guidance to employees in this area.

Etex's [Code of Conduct](#) summarizes Etex's policy in the field of anti-bribery and -corruption: a zero-tolerance approach extending to all activities (private and public).

### Addressing our employees and third parties

Our anti-bribery and -corruption policy ensure that all employees are aware of their obligations in relation to the relevant anti-bribery and anti-corruption laws. It provides that Etex does not tolerate any form of bribery and corruption in any jurisdictions in which it operates. This Policy explains the individual responsibility (i) in complying with anti-bribery and corruption laws around the world, and (ii) in taking all necessary steps so that Third Parties that we engage to act on our behalf, do the same.

## Awareness raising and employee training

Anti-corruption is an integral part of the interactive e-learning module of the Code of conduct which during 2020 became mandatory for all office workers to complete (once a year). The learning module will be regularly updated. In 2020, already over 70% of Etex's office workers completed the e-learning module on the code of conduct. Furthermore, in-person trainings on compliance related topics are also delivered by the Antitrust and Compliance Officer.

In addition, as of 2021, all office workers are being asked to certify that they:

- (i) have read the Code of Conduct,
- (ii) acknowledge the importance of the Code of Conduct
- (iii) understand their obligations as set forth in Code of Conduct and their duty to prevent, correct, and if necessary, report suspected violations to the Code of Conduct
- (iv) commit to conduct in line with the Code of Conduct at all times.

## Reporting systems that allow people to confidently report concerns regarding corruption, bribery, and other ethical concerns

Etex's code of conduct encourages all employees to raise concerns and report in good faith, any behaviour that may be considered to violate the code. The Code stipulates this good faith reporting will be kept confidential and should be done without fear of recrimination or vengeance. In the field of anti-bribery and -corruption, Etex's Antitrust & Compliance Officer shall review these reports to assess next steps with other relevant stakeholders. Any employee who violates the Code may be subject to disciplinary action by the employer, including termination, taking local law and procedures into account. If applicable, the employee will be asked to return all funds and/or assets gained because of violating the Code.

## Outlook

Living up to our ethical values will remain key to our organizational culture. The measures we implemented, like our mandatory learning module or the presentation of our values in our induction program will provide a strong basis that our employees can rely on. As mentioned before, in 2021 we will start to involve our top few hundred suppliers to support our sustainability journey and to ensure that they are fully aligned with our ambition to support the Sustainable Development Goals (SDG). In partnership with a specialized rating agency, we look forward to the discussions with our top suppliers on anti-corruption as part of a range of sustainability topics. Ratings on social and ethical criteria will also help guide us in any future supplier selection.

## A look towards 2021

We deeply thank all our employees and stakeholders who showed incredible commitment, motivation, and amazing efforts in our sustainability-related activities in 2020. While we are proud of the progress, we are making towards fully integrating sustainability, we are aware of the work that still lies ahead.

For the challenges we cannot tackle alone, we continue to work with our customers, suppliers and other business partners and stakeholders.

### 1. REFERENCES

- [The ETEX Way - Code of Conduct](#)
- [Annual Report 2020](#)

### 2. APPENDIX

	Indicators	2018	2019	2020
Water	Total Water withdrawal (m <sup>3</sup> )	5,607,123.95	6,023,288.91	5,875,521.79
	Water withdrawal intensity (m <sup>3</sup> /t)	0.75	0.79	0.84
Energy	Total Energy consumption (kWh)	4,695,362,261.94	4,819,548,423.83	4,456,159,454.82
	Energy Intensity (kWh/t)	632.18	628.91	636.21
	Green Electricity produced and purchased (%)	13.71	13.71	71.78
Emissions	Gross direct (scope 1) GHG emissions (t CO <sub>2</sub> e)	760,145.08	782,634.11	722,874.92
	Gross indirect (scope 2) GHG emissions (t CO <sub>2</sub> e)	173,589.88	157,764.58	71,197.87
	GHG emission intensity - scope 1+2 (t CO <sub>2</sub> e / t)	0.126	0.123	0.113
Waste	Production wastes recycled (of total waste treated externally) (%)	58.67	63.76	70.30
	Weight of non hazardous production wastes landfill (t)	76,376.41	84,324.41	62,755.95
	Production waste intensity (kg/t)	34.95	36.31	36.20
	Production wastes landfilled of total wastes treated (%)	29.78	30.67	24.99

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