

Etex Communication on Progress 2021

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 2021.

CEO Statement

Etex is a global building material manufacturer and pioneer in lightweight construction. As a Group we want to inspire people around the world to build living spaces that are ever more safe, sustainable, smart and beautiful. We want to be holistic when we create value for our customers, employees, shareholders and other stakeholders.

With more than 12,000 employees working on more than 110 sites across 42 countries, we are a global player in the building materials and solutions industry. We are powered by people and as part of the value chain of our sector, we depend on raw materials, energy and other ecosystem services. Thus, we will continue working hard to produce even better products and building solutions, to offer our employees a great place to work and for our business activities to have a smaller environmental footprint. Accordingly, we think about sustainability in our products, operations, and research & development.

As a proud 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.

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

2021 was a pivotal year for Etex. At the end of 2021, Paul Van Oyen came to the end of his seven-year mandate as CEO marked by notable achievements. I joined Etex in September, to ensure a smooth transition in my role of CEO which officially started in January 2022. Moreover, our new Chairman Johan Van Biesbroeck assumed his role mid-2021 and two new members joined the Executive Committee. Additional milestones in our portfolio shift including several acquisitions reflected our ambition to build our future on product and service solutions that support the transition towards a sustainable society and economy. In the background, COVID continued to affect people's lives, while the economy experienced major disruptions. Despite this, we posted outstanding financial results with records for revenue (EUR 2,972 million, +18.7% like-for-like; driven mostly by a booming market, especially in the home repair and

renovation segment). Our solutions are benefitting from strong market demand, which tells us that people still dream about a better place to live, inspired by us. Our daily actions also continued to be driven by our three core values: Connect and Care, Passion for Excellence and Pioneer to Lead.

Sustainability has been a strategic driver for Etex, validated by our new strategic framework. In our second annual Communication on Progress, we describe our progress regarding actions to integrate the UN Global Compact and its principles into our business strategy, culture and daily operations. It outlines the next steps we have taken in our CSR roadmap, setting the course for group-wide improvements in our sustainability priority topics: health, safety & well-being, decarbonisation, circularity, diversity & inclusion, and education. We also published our first-ever Sustainability Report in accordance with the GRI standards and started to take a closer look at the sustainability profile of our tier-1 suppliers. At the beginning of 2022, we received our own group rating as a supplier, carried out by EcoVadis, and obtained the silver medal.

We are sharing this Communication on Progress report with our internal and external stakeholders via our corporate website, through a section dedicated to [sustainability](#). Also, we invite our stakeholders to learn more about how we approach and integrate social and environmental sustainability topics at Etex in our 2021 Sustainability Report, to be published later this year. Their feedback will support our ambition to continuously improve and find innovative solutions in accordance with our sustainability journey.

Bernard Delvaux
CEO of Etex

Our sustainability governance

The Sustainable Development Goals (SDGs) highlight the needs of billions of people as well as the needs of our planet. By aligning our work with the SDGs and supporting the UNGC as a catalyst, we can focus our attention on the business opportunities this represents, while acting responsibly.

We identified the 10 SDGs that are most strategically aligned with our business competencies and where we can have the greatest impact. While we strive to continue to drive progress on all ten, we put a particular focus on the following 5 SDGs:



Our CSR roadmap is founded on structured analysis of our biggest impacts and how to manage these. As a result, we set the following sustainability priorities: health, safety & well-being, decarbonisation, circularity, diversity & inclusion, and education.

Teammates who drive our sustainability agenda forward are present throughout the organisation to help stimulating our sustainability performance with their ideas. Corporate sustainability is managed at group level by the Head of CSR, the CSR team and the heads of sustainability workstreams. The workstreams are leading the implementation of the prioritised SDGs and are monitoring progress. At the same time, our divisional leaders supervise the operational implementation of corporate sustainability right at the heart of our business. The Group's CSR strategy was set in 2020 with the support of the Sustainability Committee of the Board of Directors, as well as the Executive Committee.

As part of our ambition to share progress as well as our commitment to transparency, the group has committed to report annually on its sustainability performance based on the globally recognised framework of GRI.

Human Rights

Human Rights refer to the minimum standards necessary for people to live with dignity and guarantee the means necessary to satisfy their basic needs. We acknowledge our responsibility to respect human rights throughout our operations and where directly linked to us through our business relationships. Effective management of risks for negative incidents requires constant, transparent dialogue with the stakeholders involved.

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.

Etex entities which are covered by specific national legislation include entities in the UK and Australia, which report publicly on their compliance with the UK and Australian modern slavery acts.

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. Our over 30,000 tier-1 upstream supplier relationships are characterised by stability, fairness and long-term view, and cover predominantly local suppliers. Before entering a contractual relationship, we review our suppliers. Our purchasing frame contract agreement demands full compliance with fundamental principles in the fields of human rights. Sect. 24.2 of Etex's template raw material contract specifically states that the supplier must comply with and require their counterparts to comply with the provisions of the Etex code of conduct and business ethics. With our top 500 suppliers (in terms of spend), in 2021 we extended our dialogue and have started to delve deeper into the human rights profiles as part of their overall sustainability profiles through an external sustainability rating programme. As of 8 February 2022, 136 of our suppliers representing 24% of Etex's purchasing spend have either shared their evaluation results with us or are in the process of doing so. The learnings feed into our process, scheduled for completion this year, of ensuring that human rights and other sustainability requirements are included in all requests for proposals.

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. In addition, we have started to roll out our dedicated SpeakUp Policy which provides guidance on how to report suspected violations as set out in The Etex Way, and to offer an additional internal reporting channel, namely the SpeakUp Line. The SpeakUp Line is specifically dedicated to dealing with reports in a situation where employees do not feel comfortable in using the normal reporting lines, or where they have used such but still have concerns. This reporting tool is provided by an independent third party allowing online and phone intake which is specifically designed to preserve the confidentiality, and if need be, the full anonymity of the person reporting a concern.

We also strive to be a trusted partner regarding our human rights performance and have started in 2021 to give clients and business partners the same rigorous information about our own sustainability profile as supplier at group level. In the EcoVadis rating which rated Etex' sustainability profile, Etex scored 70 out of 100 points in the category "labor and human rights".

Confidentiality and personal data protection

As an employer, Etex protects the personal data of its employees and business partners 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, in line with the applicable law, and relating to confidentiality, handling and processing of personal data, must be observed.

Our portfolio of measures includes our Information Security Policy and Acceptable Use Policy, our Policy and Standard on Security Incident Response, user awareness trainings available in multiple languages, continuous information security risk assessments, internal audits and our phishing simulation programme to test and measure Etex's resilience against social engineering techniques.

Hands-on support to 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 2021, we continued to combine our strengths in inspiring and supporting safe, sustainable, smart and aesthetical housing solutions with the support of our longstanding non-profit partner Selavip and its network of local NGOs. Many of these projects are based on long-term partnerships. Alongside centrally supported projects in affordable housing, our local entities choose most projects.

For example, in Chile, Etex provides educational support to boost the chances of young people building the lives they aspire to. Our local teammates look back at over 20 years of engagement with the local NGO Fundación Belén Educa. The Etex engagement includes 25 university scholarships enabling young people from low-income families to get a higher education. For the last four years, around 20 Etex volunteers annually give keynote talks and tutorships, to inspire, offer advice and motivate the students to pursue career goals they may otherwise have considered out of their reach.

Another example is Etex South Africa's support to people living in informal settlements through settlement upgrades meeting local needs. The 'Blessing Educare Centre', a day care community initiative looking after 136 children aged 6 months to 6 years, needed retrofitting. Etex South Africa stepped up, ensuring better use of daylight and providing enhanced acoustics and energy-saving thermal insulation, all meeting local government codes. The solution also meant the Centre could secure local government grants and private funding. For the last 18 months, Etex South Africa has increased its collaboration projects with universities to empower young people to transform their communities through a better built environment. Since 2020, Etex has run lectures on lightweight construction and participated in projects to inspire local talents.

Outlook

We will continue with our human rights-related activities in 2022, in terms of our core business-related activities and our tangible social and community projects. We look forward to analyse our own rating as a supplier on the topic of human rights, to identify opportunities for improvement, and to learn more about challenges and opportunities regarding human rights in our supply chain through our supplier rating programme. We also plan to launch a dedicated supplier code of conduct to clarify our human rights and other sustainability-related expectations towards our suppliers even more.

In 2022 we will also continue with projects in cooperation with local NGOs that bring tangible benefits for vulnerable people. For example, some of our projects in 2022 aim at providing adequate housing for people in need. In South Africa, we extend our project with local NGO Ikhayalami in the Western Cape province to support the building of 100 houses over a two-year period. In Indonesia we work with Tukelakang Entete Foundation to support the building of 51 houses. Another example is our work with Millard Fuller Foundation for a project in Abuja, Nigeria, where we are committed to donate materials to support the building of 24 houses.

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. Our 2021 employee engagement survey called 'Me & Etex' achieved a record 84% response rate, up 16% on the 2018 survey. 15 question categories shed light on our teammates' perception, e.g., on employee-management relations, work conditions, responsiveness, customer orientation and sustainability. The strong response rates from both our factory-based employees and our office employees provides us with thorough insights into our teammates' needs and ideas across the organisation and helps us boost both their well-being and the company's performance. Based on the survey, we successfully achieved a more homogeneous employee experience across Etex, and improvements in all categories.

The Etex Code of Conduct clearly captures that, at a minimum, all Etex companies must respect the following fundamental concepts as laid out by the International Labour Organisation: 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. 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 strengthen a culture of inclusion in line with our dedication to build one Etex family. In our 2021 'Me & Etex' employee engagement survey, 76% of female and 77% of male teammates agreed that management supports diversity and inclusion. We work proactively towards more balance, with new hires for office staff showing a 55% male / 45% female split, compared to a factory staff split of 93% / 7%. In 2021, a new working group exploring equity, inclusion and diversity ran a workshop with some 30 senior business leaders. We defined topics which we want to put in focus in 2022. These include diversity and inclusion policies, fair pay and diversity and inclusion training opportunities.

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.

As reported in the chapter on Human Rights, Etex actively works towards more transparency and responsibility regarding sustainability in the value chain. This also applies to labour topics. Believing in the benefit a solid set of data provides for meaningful decision making, we advanced with the rating of our top 500 suppliers, to ensure that our demand of full compliance with fundamental principles in the fields of human rights as outlined in our purchasing frame contract agreement, are well understood and implemented. For the benefit of the communication with our suppliers, we have also started to develop a supplier code of conduct. As mentioned in the Human Rights chapter, Etex scored 70 out of 100 points in the category “labor and human rights” in the EcoVadis rating, which assessed Etex’ sustainability profile as a supplier.

Supporting our employees in another pandemic year

As it did for most industries worldwide, the coronavirus pandemic kept health and safety in the spotlight in 2021, a year marked by constant monitoring. Our COVID-19 crisis management team kept the highest standards in place to protect our teammates, enabling us to minimise business disruption.

From June 2021, we relaxed our strict rules in some countries, subject to high vaccination rates. Despite all the measures, teammates still faced the threat of infection in their private lives. Sadly, a total of 15 teammates have passed away as a result of a COVID-19 infection in Latin America, Europe and Asia in 2021. Our human resources teams have been supporting the affected families.

In line with World Health Organization (WHO) advice, Etex launched a vaccination promotion campaign, with medical specialists available to answer teammates’ questions. We encouraged our teammates to think and act appropriately to protect themselves, their families and their team. Where available, we gave teammates the opportunity to get vaccinated.

Occupational health, safety and well-being

Our commitment to zero harm remains our top priority. Even though we managed to create a strong health & safety culture, alongside policies, standards, responsibilities, training, evaluation and targeted programmes in place, we acknowledge it remains challenging to achieve zero harm. Despite our best efforts, we experienced two work accident fatalities of contractors in 2021, in Chile and Argentina. Our thoughts and condolences are with the bereaved. Independent detailed investigations have been carried out and corrective actions put in place.

2020 saw a sharp drop in the frequency of lost-time accidents and the total frequency, as well as lost-time and medical aid accidents. 2021’s performance was similar, confirming that the changes we implemented made an impact and that 2020’s record was not influenced by the early COVID containment measures. Our frequency rate of lost-time accidents¹ in 2021 for our

¹ Number of lost-time accidents per one million hours worked

employees and workers of permanent contractors was 1.43, and our total accident frequency rate² was 2.9.

This is significant given 2021's own challenges: high level of activity due to high demand; the more contagious Delta and Omicron COVID-19 variants impacting workforce availability; and raw materials and logistics adjustments resulting in alternative operations. This indicates that action taken by Environment, Health & Safety (EHS) teams and plant communities have been successful.

In 2021 our plants put tremendous effort into evaluating implementation of the HIRA (Hazard Identification and Risk Assessment) principles, posting an average score of 90%. Our teammates received an average of 21 safety training hours in 2021. We strengthened our strong health and safety culture and ownership which is reflected in the safety engagement actions shared by our teammates via Etex's internal EHS app, such as supporting awareness-raising activities and sharing learnings and information. We have succeeded in encouraging teammates not directly involved in manufacturing to engage more in this process. Their efforts have doubled during 2021.

“Inspiring ways of living” drives how Etex does business but also how we treat our teammates. Sound mental health and well-being for everyone is vital at work and beyond. “LifeWorks”, a global Employee Assistance Programme (EAP) was launched last year to provide free and confidential support and counselling to all employees and their family members, accessible 24/7 and available in their local language. It supports teammates with personal and/or work-related issues, regaining emotional balance and making positive changes in their life. Experience with an EAP at Etex Ireland since 2019 showed positive feedback from managers. Teammates appreciate knowing they can call on this confidential support when needed.

We also expanded our well-being-related initiatives. In April 2021, the ‘Etex Challenge’ kicked off, a series of 28-day challenges that promote well-being through exercise. We partnered with Oopla, a start-up organisation, to encourage teammates to dedicate time on a daily basis to do physical activities. The programme was designed to offer a wide range of activities and be inclusive, e.g., also offering exercises for teammates using wheelchairs. Some EUR 17,000 were raised for the NGO Habitat for Humanity. Over 760,000 km of distance-based activities were recorded.

Freedom of association and labor/management relations

Our commitment to maintaining fair, transparent, and constructive relationships with employees and their representatives remains unchanged. 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.

² Frequency of lost-time and medical aid accidents per one million hours worked

Etex holds regular dialogue with employee representative bodies which allow to identify any breaches of labour standards. Etex enables 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 transparent and fair view of the group's performance. If Etex or one of its Affiliates considers 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, additional 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 where we can and to ensure our employees are treated fairly, with dignity and respect. For example, following our diversity and inclusion working group's analysis, we plan to focus on data analysis, retention and progression, policies and training, as well as recruitment in 2022. We will conclude on the pay gap analysis, work on ensuring that all employees are covered by diversity and inclusion policies, roll out trainings on diversity and inclusion to strengthen awareness, and support our employees in being diversity and inclusion champions.

We look also forward to enrich our supplier engagement with our supplier code of conduct, which is planned to be finalised in 2022, and to gather experience from our employee assistance programme, the roll out of which will be finalised in 2022.

Environment

Our focus

Etex strives to ensure the preservation of the environment, to meet the expectations of the stakeholders involved and to offer its customers the greatest value added for the smallest environmental impact.

In 2021, we put particular efforts in setting the course for the two priority topics of decarbonisation and circular economy including waste management. In addition, we monitored and/or introduced initiatives regarding water management and biodiversity.

We use a wide variety of measures and aim at long term environmental successes. In 2021, 59% of our manufacturing sites were ISO-14001 certified, clearly showing their commitment to continuous improvement.

In addition, we enhanced the environmental benefits that our product portfolio provides through strategic acquisitions and investments in innovation. In fact, we have doubled our R&D resources related to sustainability and certification compared with 2019. In 2021, more than 30% of these resources were allocated to specific projects with a positive impact on environmental sustainability.

We also increased transparency towards our customers on the environmental benefits our products provide through environmental product declarations and cradle-to-cradle certified products.

By working on improvements in our production processes and through collaboration with downstream partners in our value chain we were able to record improvements in certain intensity KPIs. At the same time, our absolute footprint for 2021 shows a mixed picture, as our acquisitions as well as an increase in production have led to an overall increase in some areas of our environmental footprint. Other areas clearly show the results of our efforts to reduce our footprint.

KPIs:

	Indicators	2021	2020	2019
Water	Total Water withdrawal in megalitres	6,582.57	5,875.52	6,023.28
	Water withdrawal intensity (m ³ /t)	0,82	0.85	0.95
Energy	% Green Electricity produced and purchased	70%	72 %	17 %
Emissions	Gross direct (scope 1) GHG emissions (t CO ₂ e)	836,049.07	722,874.92	782,634.11
	Gross indirect (scope 2) GHG emissions (t CO ₂ e)	81 858.16	71,197.87	157,764.58

	GHG emission intensity - scope 1+2 (t CO ₂ e / t)	0.115	0.113	0.123
Waste	Total weight of waste generated in metric tonnes (metric tonne = 1,000 kg)	207,525.29	253,576.65	278,260.14
	% waste landfilled of total waste treated	31%	25 %	26 %

Unless otherwise specified, the figures displayed above exclude office sites and stand-alone warehouses, and all entities which were sold during 2021. They include the acquisition of a major plasterboard business in Australia for the full calendar year of 2021. Other entities acquired during 2021 will be included in the figures of next year's report. The emission figures include the following gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. Scopes were defined based on operational control.

Decarbonisation

In 2021 we set the course for further reduction of our energy consumption and a shift in energy sources and technologies on a global scale. As a result, we reduced our greenhouse gas (GHG) emission intensity based on the same scope as in 2020. However, due to new acquisitions in plasterboard and metal activities, our total emissions and emission intensity increased slightly in 2021 compared to 2020. It is also due to this change in scope that the percentage of our worldwide purchased electricity from renewable sources slightly decreased from 72% to 70%. Group-wide, in 2021 we have started to analyse possible targets to reduce our scope 1 and scope 2 emission intensity.

We also recorded progress in various local pro-active projects. For instance, we commissioned five additional photovoltaic installations on our building roofs in Spain, Italy, Belgium and Germany. Another example is Etex Australia's offer to help our business partners achieve their decarbonisation goals: clients can opt-in for certified carbon neutrality for plasterboard and metal products.

Water

Water is a precious resource. Crucially important as drinking water, to allow nature and agriculture to flourish, or as open water bodies which offer important habitats. At Etex, water is used as an input and process material in our fibre cement and plasterboard manufacturing processes. In 2021 we were further exploring opportunities to withdraw significantly less water, in particular potable water. For example, we tested the use of recycled water and increased use of rainwater in our processes, as well as the reuse of water.

An inspirational example of how healthy water bodies are supported by reducing water discharge is our fibre cement plant in Gresik, Indonesia, which has stopped discharging water to a river by setting up re-use loops for water used in the manufacturing process. The smart design of the process resulted in the plant reducing its discharge to zero.

Committed to a circular economy

We believe in resources contained in materials should remain available for the economy and society, instead of getting lost through landfilling. We unlock this potential of circularity through optimisation of our current processes related to waste management and responsible sourcing, innovation and collaboration.

As part of this effort at Etex France, we use the cradle-to-cradle (C2C) principles and increased the scope of products which are C2C certified to 117 (+25% year-on-year). Furthermore, at our Auneuil plasterboard plant we have started to pilot our 'Etex Sustainable Plant' programme with a project to increase the use of renewable energy and reduce gypsum waste generated by the construction market. For both fields, we signed agreements with a partner and plan to carry out feasibility studies in 2022.

In 2021 we also started an engineering project including our recent acquisitions, to plan the needed investments and engineering solutions to divert our total production waste from landfill back into our production process. 2021 also marked a year of intense exploration of recycling opportunities with external partners. We investigated different scenarios for technology and adaptation opportunities to our manufacturing activities, carried out lab-scale and semi-production research, elaborated on investment opportunities and identified partnerships through which we can create efficient and sustainable loops of material flows.

Despite the recent acquisitions adding to the total waste numbers, the success of our activities, in particular improvements in feeding production waste back into the production process, led to an overall reduction in the total amount of waste generated.

Biodiversity

Through the management of our own gypsum quarry operations we have a great opportunity to support biodiversity. Our initiatives are guided by the performance indicators framework for biodiversity management in gypsum quarries throughout Europe published by Eurogypsum. We are proud to see that our approach is convincing to local regulators and results in effective agreements to manage biodiversity risks and impacts related to our quarries.

For instance, our quarry in Beuda, Spain is located close to a cave which houses rare bat and micro-invertebrate species. To ensure that their habitat is not impacted by our quarry activities, fauna baseline studies were carried out in 2021, covering several seasons. We erected a fence to protect the local wildlife from people entering the cave and implemented a continuous monitoring system to gather real time information on the cave's structural health, such as water conductivity, temperature and the water column level.

Outlook

To build our decarbonisation roadmap on a solid data basis beyond our CO₂ footprint of scope 1 (direct emissions) and scope 2 (purchased energy), we will also advance towards measuring our scope 3 (indirect emissions). In addition, we will set up a mid- and long-term strategy

dedicated to decarbonisation and energy use, on the basis of which we will set a structured implementation and emission reduction plan and evaluate projects and priorities accordingly. To accelerate our activities towards a circular economy, we plan to push further towards our ambition of zero waste to landfill and use more circular input as raw material. We also aim to increase recycled packaging and reduce plastic packaging. Moreover, we plan to create a group-wide biodiversity policy.

Sustainability sharpens our identity and keeps our focus on developing future-proof solutions for customers and stakeholders. Next to advancing measures to reduce environmental footprints related to our business activities, we also plan to explore how we can promote the features of our business solutions which offer benefits to the environment and be a pro-active driver for more environmental sustainability in the construction industry.

Anti-Corruption

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 an Anti-Bribery and Corruption 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.

Addressing our employees and third parties

Our anti-bribery and -corruption policy ensures that all employees are aware of their obligations in relation to the relevant anti-bribery and anti-corruption laws. This policy explains the individual responsibility (i) in complying with anti-bribery and anti-corruption laws around the world, and (ii) in taking all the necessary steps so that third parties that we engage to act on our behalf, do the same.

As part of the EcoVadis rating of our suppliers, we also learned more, and continue to do so, about the profile of our suppliers regarding ethical business conduct and anti-corruption. This will allow us to identify opportunities to engage with our suppliers on how to foster a sound anti-corruption culture in our value chain.

Awareness-raising and employee training

In 2021 we have built on a base of awareness and in-person trainings on compliance-related topics delivered by Etex's Antitrust and Compliance Officer in previous years. We regularly update our code of conduct learning modules which include real-life examples on the topics of bribery and corruption. In 2021, 68% of all office workers completed an interactive e-learning module as part of their performance review.

In the performance review, 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 the Code of Conduct as well as their duty to prevent, correct and, if necessary, report suspected violations to the Code of Conduct;
- (iv) commit to a conduct in line with the Code of Conduct at all times.

Reporting systems that allow people to confidentially 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 behavior that may be considered as a violation to the code. The code stipulates this 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 reviews these reports to assess the next steps with other relevant stakeholders. Any employee

who violates the code may be subject to disciplinary action by the employer, including termination of employment contract, taking local law and procedures into account. If applicable, the employee will be asked to return all funds and/or assets gained as a result of violating the code.

Outlook

We see a strong culture of anti-corruption as a state which requires continuous efforts, and thus we are committed to continue our activities of awareness-raising, training and monitoring in this regard.

A look towards 2022

We deeply thank all our employees and stakeholders who showed incredible commitment and motivation, and delivered amazing efforts in our sustainability-related activities in 2021. While we are proud of the progress we are making towards fully integrating sustainability, we are aware of the work that still lies ahead. In 2022 we plan to formulate targets for our priority sustainability topics to support our ambition and ensure group-wide clarity on the direction we are taking. We also aim to improve the way in which we promote the sustainability value of our products and solutions. As a new addition to our portfolio, our recent acquisition of URSA (still subject to the customary closing conditions) signals Etex's entry into the glass mineral wool and extruded polystyrene (XPS) insulation business. These building solutions and related services support a longer life span for buildings and allow significant energy and emission savings during the use phase of buildings.

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