



→ **Carla Sinanian.**  
Chief Strategy Officer

Our CEO engaged in a conversation with six teammates to summarise key topics of 2020 for Etex.

# We care about strategy

Our purpose is guiding our strategy. We want to inspire people around the world to build living spaces that are ever more safe, sustainable, smart and beautiful.

Therefore, in 2020, we made significant progress on our six strategic pillars by strengthening our core businesses and concluding our exit from the clay and concrete roof tiles business. We are steering a course for the future as we imagine it.

Watch the video



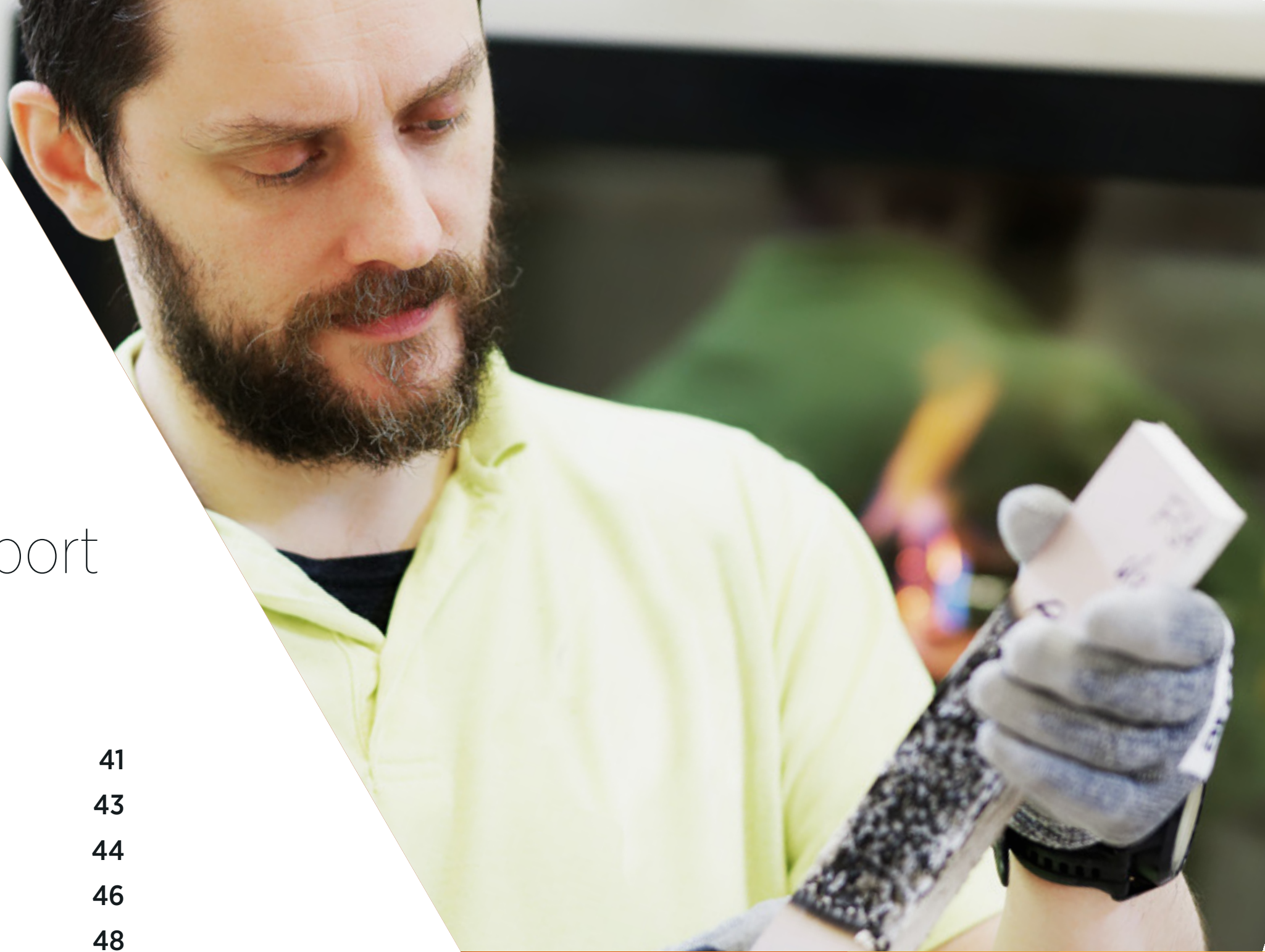


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# Social and environmental report

How we relate to our people, our communities and the world

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# Our commitment to people and planet

When it comes to our dedication to the health and safety of our people and social and environmental topics, 2020 was a watershed year. In our support of the Sustainable Development Goals of the United Nations, we made big strides last year on how to best focus our efforts. We are committed to achieving concrete ambitions based on the material sustainability topics that we identified together with our stakeholders.

## The context of our social and environmental efforts

As a global player in the building materials and solutions industry, Etex is committed to increasing its positive impact in the context of several **megatrends that shape the way we do business**, such as population growth, urbanisation, climate change and the scarcity of water and resources (see below).

Our definition of Corporate Social Responsibility (CSR) is our commitment to people and planet.

Etex is uniquely positioned to offer responses to these challenges based on our purpose of **'Inspiring ways of living'**. We want to enable people around the world to build living spaces

that are ever more safe, sustainable, smart and beautiful. To do so, we offer comprehensive building solutions and lightweight construction technologies that are affordable, technically superior, and easy and quick to install. As a significant consumer of energy and raw materials, we are responsible for developing a specific roadmap to bring this vision to life.

**The UN Global Compact:** the world's largest corporate sustainability initiative, which aims to align company strategies and operations with universal principles pertaining to human rights, labour, environment and anti-corruption, and encourages actions that advance society.

## In the company of world changers

With this goal in mind, at the beginning of 2020, Etex became **a signatory of the UN Global Compact** – a global corporate sustainability initiative committed to the ten compulsory business principles of the United Nations and its 17 Sustainable Development Goals (SDGs).

Effective stakeholder engagement and a deep understanding of their expectations help us to address the most relevant issues at every step in our sustainability journey. As the first part of our 2020 CSR roadmap, 450 Etex Senior Leaders collaborated to select the **top ten most relevant SDGs for Etex** in the context of our activities and impacts on people and planet (see graphic).



- |                               |   |
|-------------------------------|---|
| 3 Good health and wellbeing   | 8 Decent work and economic growth         |
| 4 Quality education           | 9 Industry, innovation and infrastructure |
| 5 Gender equality             | 11 Sustainable cities and communities     |
| 6 Clean water and sanitation  | 12 Responsible consumption and production |
| 7 Affordable and clean energy | 13 Climate action                         |

Climate change and resource scarcity

Productivity lag and skill gap

Changing regulations

Housing shortage

Ageing infrastructure

Technological disruption

Rapid urbanisation

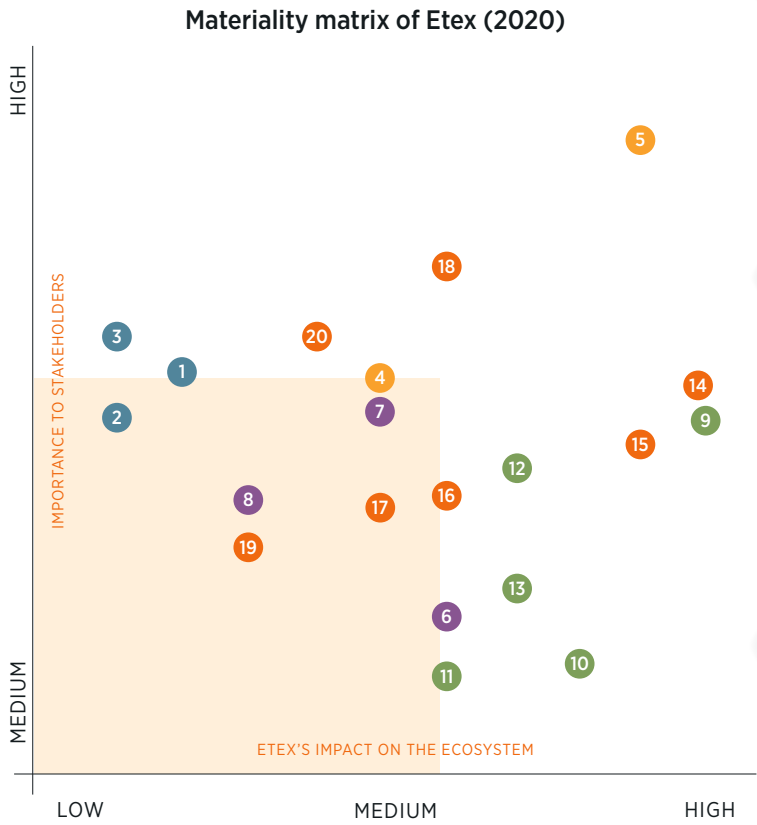


# Embracing what our stakeholders find important

As second part of our CSR roadmap, 650 stakeholders – internal personnel across functions and locations, connected suppliers and customers, external stakeholders, communities and our immediate neighbourhood – responded to a **survey on the importance of 20 sustainability topics**. During internal workshops with experts and senior managers from all divisions, these 20 topics have been shortlisted from a total list of more than 100. Through this process, the stakeholders shared their perspectives on which of these topics they find particularly important in relation to the impact Etex has.

The final stage of our 2020 CSR roadmap exercise was to **identify specific initiatives and actions** to pursue, and to define our organisation’s ambitions for the coming three years – and in the longer term. In addition to our ambition to lead our industry in health and safety, we are focussing on decarbonisation, waste reduction, water management and promoting the circular economy.

The **materiality matrix** below will guide us to set the right priorities, actions and targets. It is also a good starting point to build on our sustainability reporting, which will help us increase the transparency of our impacts and improvements.



The figures in the table below are indicating a relative weight on a scale from 0 (low) to 5 (high).

## PEOPLE

TOPIC	IMPACT ON ECOSYSTEM	IMPORTANCE TO STAKEHOLDERS	IMPACT ON ETEX	INFLUENCE ETEX HAS
1 Employee training and development	1.4	4.1	2.5	4.3
2 Employee engagement	1.0	4.1	2.8	4.5
3 Inclusion and diversity (employees)	1.0	3.9	2.6	4.0

## SAFETY & WELL-BEING

TOPIC	IMPACT ON ECOSYSTEM	IMPORTANCE TO STAKEHOLDERS	IMPACT ON ETEX	INFLUENCE ETEX HAS
4 Employee work-life balance, health and wellbeing	2.6	4.0	2.8	4.2
5 Safety management	4.2	4.4	3.5	4.7

## COMMUNITY RELATIONS

TOPIC	IMPACT ON ECOSYSTEM	IMPORTANCE TO STAKEHOLDERS	IMPACT ON ETEX	INFLUENCE ETEX HAS
6 Community engagement	3.0	3.6	3.8	4.2
7 Responsible economic growth	2.6	4.0	4.0	3.5
8 Customer and stakeholder relations and satisfaction	1.8	3.8	3.4	4.3

## ENVIRONMENT

TOPIC	IMPACT ON ECOSYSTEM	IMPORTANCE TO STAKEHOLDERS	IMPACT ON ETEX	INFLUENCE ETEX HAS
9 Energy and emission management	4.6	4.0	3.9	4.0
10 Renewable energy sourcing	3.8	3.6	3.1	4.2
11 Impact of transport and logistics	3.0	3.6	3.6	3.3
12 Water management	3.4	3.9	2.8	4.3
13 Biodiversity and ecosystem management	3.4	3.7	3.3	4.2

## FUTURE-PROOF CONSTRUCTION

TOPIC	IMPACT ON ECOSYSTEM	IMPORTANCE TO STAKEHOLDERS	IMPACT ON ETEX	INFLUENCE ETEX HAS
14 Sustainable products, services and innovation	4.6	4.0	4.1	3.7
15 Waste management	4.2	3.9	3.5	3.5
16 Circular economy	3.0	3.8	3.9	4.0
17 Responsible materials sourcing	2.6	3.8	3.7	4.2
18 Business ethics	3.0	4.2	3.2	4.2
19 Fair operating practices in the value chain	1.8	3.8	3.5	4.0
20 Pricing integrity, transparency and anti-trust	2.2	4.1	3.4	4.2

# Building a group-wide CSR data foundation

To provide our stakeholders with quantitative information about our progress and manage our actions, it is imperative for us to **report on specific CSR key performance indicators**.

This consistent KPI-based data foundation, which will be detailed in our very first Sustainability Report (to be released later this year), allows us to adhere to the rigorous reporting standards of the Global Reporting Initiative. These standards are organised into three chapters: environmental, social and economic. Voluntarily adopting these leading international standards is part of Etex's ambition to go beyond legal requirements, and to offer high transparency to our stakeholders.

# Objectively demonstrating an excellent risk exposure and management approach

At the end of 2019 and 2020, Etex received its first ESG rating: a figure used by financial institutions, external investors and other stakeholders **to gauge an organisation's resilience to material risks** in the areas of environment, social and governance. While we are not reliant on external investors, Etex is a peer to many companies that are, and we measure ourselves against the same criteria for the benefit of all our stakeholders.

Sustainalytics, an industry-leading ESG rating agency, used a rules-based methodology to measure Etex's exposure to risks and the effectiveness of our risk management approach against those of our peers. We received a rating of 19.9 out of a possible 100 for business risk in 2019. **In 2020, Etex further improved this score to 18.6 – a low-risk score in our industry, and in the top 10% of our peer group.**

# One Etex, one planet

In addition to our CSR evolution, 2020 marked an even deeper change for Etex as a whole – a change that is essential to our ability to face the future with agility, resilience and an innovative mindset.

Over the last three years, we have carefully implemented organisational structures and tools to embed a single, unified approach in everything we do. Based on the results we have achieved in 2020, these **unified standards, technologies, cross-border ways of working and shared best practices** are bearing fruit. We are proud of this change, and of our people's belief in our values.

Our activities are not just relevant for our company – or even just our industry. In reshaping ourselves to become One Etex, we also commit to **adopting a 'one planet' mentality**. We accept the responsibility of actively contributing to a healthier, safer and more sustainable world.



# Carefully managing our asbestos past

Asbestos is part of our past and we continue to manage our history with the material carefully. Our group-wide policy enforces this commitment.

## Asbestos through the years

In the past, some of our companies used asbestos as a raw material in production.

### Preventive measures

Starting in the 1970s, Etex companies took measures to reduce asbestos concentration levels in the air in their factories. These included:

- Masks and other protective gear;
- Dust extraction equipment;
- Shift from dry to wet production;
- Automation of production processes;
- Exploration of alternative materials;
- Ban of blue, brown and later white asbestos.

These measures were aligned with the legislation and based on scientific knowledge available at the time, and were considered effective ways to prevent health risks. However, scientific and medical knowledge further evolved, indicating later that this was not sufficient and that some risks persisted. Asbestos-related diseases such as mesothelioma can take an average of 45 years between the start of exposure and

the development of the disease. It is the most cause-specific asbestos-related disease. This long average latency period has slowed down or influenced the progression of scientific understanding of these diseases.

### Stringent regulations

Throughout the 1980s and 1990s, the use of asbestos was more strictly regulated and in 2005, the European Union completely prohibited its use. Etex entirely banned asbestos from the production processes of all its companies in 2002, thus prior to the European Union ban.

### The global picture

The name Eternit is used to patent the technology which was sold worldwide to multiple companies, several of which adopted and retained the name for their company as well as it being the name of the product. As a consequence, some companies today bear and/or sell products under the name Eternit while not being part of Etex.

It should also be noted that although the use of asbestos is prohibited in the EU, in many countries around the world it can still be legally used and sold.

## Health provisions

Since asbestos-related diseases have a long latency period, Etex companies may still receive claims related to former asbestos exposure. As part of our commitment to compensate victims, our company provides settlement costs for past and future claims.

Several variables affect how compensation is calculated, and these may change over time. We therefore regularly review our approach to take into consideration any new information that may become available.

## Group-wide policy

We cannot undo the past and we deeply regret that people became and still become seriously ill due to asbestos exposure. To put adequate support systems in place we established a mandatory policy that enables our companies to manage their past vigilantly. The policy is based on a three-way approach: compensate victims, prevent exposure and support research.



## About asbestos

Since its discovery and mainly since the industrialisation, this naturally occurring silicate mineral has been used and is still used worldwide in many sectors due to its technical characteristics. Asbestos is highly heat and chemical resistant, electrically non-conductive and rot-proof.

It became the norm to use asbestos in many industrial processes such as textile, plastic, food, automotive, railway, insulation, construction and building industries. However all the health implications of inhaling asbestos fibres were not yet known. Unfortunately it has taken the world decades to fully understand the risks associated with asbestos exposure.



### Compensate victims

Etex companies have to ensure that those who become seriously ill due to being exposed to asbestos in their factories receive a fair financial compensation.



### Prevent exposure

Etex companies constantly monitor the presence of airborne fibres and safely manage all buildings and landfills. In 2020 we started an asbestos awareness training involving 150 Site Managers, EHS Managers and Project Managers from all over the world. The training was focussed on our asbestos policy, the potential risk exposure, preventive health and safety measures, air monitoring, project management and communication. In the course of ongoing initiatives to upgrade sites and buildings, including sites from recent acquisitions, we also inventory and remove asbestos-containing materials.



### Support research

Etex supports medical and scientific research. We started in 2012 to support the Foundation Against Cancer and we are committed to support their research work until 2024, with a total donation of EUR 10 million over this period. It is our sincerest hope that treatment for asbestos-related illnesses will benefit from medical and scientific research in the future.



Railroad vehicles



Power plants



Home appliances



Insulation



Automotive industry



Shipbuilding



Textile



Plastics



Food industry



Construction

Former application of cement produced by some Etex companies

EUR 10 million

In donations to the Foundation Against Cancer between 2012 and 2024

# Health, safety and wellbeing

In 2020, our ongoing commitment to our zero-harm goal hasn't wavered. Etex made great strides in its health and safety engagement, standards animation efforts and risk management approach. Our organisation achieved these wins while adapting to a new way of working and the challenging conditions of the COVID-19 pandemic. Even more, our 450 Senior Leaders stated that the UN's Sustainable Development Goal 3, 'good health and wellbeing', is the most relevant one for Etex.

## When challenges become opportunities for growth

As it did for most industries worldwide, the coronavirus pandemic put health and safety in the spotlight. Ensuring the safety of our employees has always been our number one priority – but in 2020, a 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 grow during a pandemic.

**COVID-19 has changed Etex** as an organisation. We immediately deployed an agile squad to create and implement a list of preventative measures worldwide. Colleagues from across the globe and across a wide range of functions have come forward with bright ideas on how to work even more effectively in "the new normal". Etex facilities have dedicated themselves to

contributing to COVID-19 relief causes (see page 51 for more details). Thanks to careful preparation, **teleworking became the norm**, and inter-divisional collaborations have never been so numerous.

Despite all the actions taken at our premises and our awareness-building and personal protective equipment distribution, several of our teammates were unfortunately infected in their private life, some of them were hospitalised, and we tragically recorded six COVID-related fatalities in Lima and Huachipa, Peru, and one in Gacki, Poland (situation at 18 March 2021). In all cases, our HR teams have been supporting the families affected.

Our Environment, Health & Safety (EHS) teams also operate in a much more aligned way. We now work cross divisionally to **develop and act on a structured roadmap** towards achieving our health and safety goals.

## Historically low safety numbers

When it comes to safety in our plants, 2020 was also a turning point. After years of consistent performance, Etex has **successfully left its safety**

**plateau behind**, moving from a lost-time accident frequency between 1.9 and 2.6 down to 1.4. These figures are the direct result of the structural changes implemented over the last two years, which aim to transform Etex into a global, unified, simpler and more agile organisation.

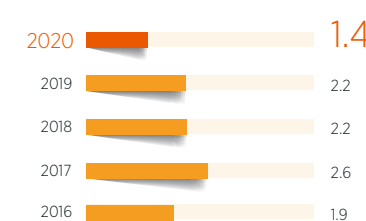
With collaboration much more fluid and best practices shared across divisional boundaries, Etex colleagues work more closely together as well as with the EHS community to ensure operational excellence. Because safety and health are directly linked to our new way of working, they are becoming more and more embedded in everything we do.

These best practices have been distilled from our learnings from incidents. A few days after every incident, safety alerts are communicated to the EHS and manufacturing teams to avoid repetition. Incident debriefs are held with plant management and EHS leadership teams after every lost-time accident, medical aid accident and any potentially serious near-miss or first aid response.

## Our health and safety performance in 2020

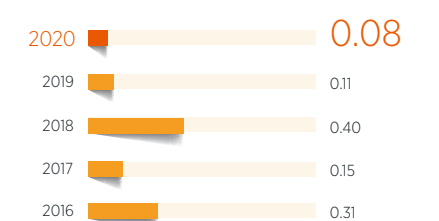
### Frequency rate of lost-time accidents

Number of lost-time accidents per one million hours worked



### Gravity rate of accidents

Level of absenteeism after an accident. The higher the rate, the more severe the accident.





# Visible leadership as a safety engagement driver

Our leaders walk the talk and engage daily in safety efforts. Several instruments are in place to assist our leaders in engaging their teams. In 2020, we introduced safety intensity as a way to measure safety engagement in all our plants. Safety conversations, near-miss reporting and safety activities are summarised in a safety intensity score for each teammate on a monthly basis. We strive to touch base on safety with every teammate as often as possible.

In 2020, the Etex EHS team transformed this structured roadmap into a concrete plan. The 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. All Etex facilities have committed to **implementing this concrete plan by the end of 2021**.

We will complement the implementation of these standards with our excellence tool, an app that facilities use to track progress according to critical standards. Work at height, energy isolation and machine safety are the three standards most important to reducing the gravity of accidents.

In addition to our adherence to HIRA requirements, **COVID-19 required us to reassess the risks involved in every task in our facilities** to ensure social distancing and the provision of additional personal protective equipment when required. This thorough last-minute risk assessment directly contributed to an increase in risk awareness, and indirectly to safer working environments.

# An introduction to critical standards at Etex

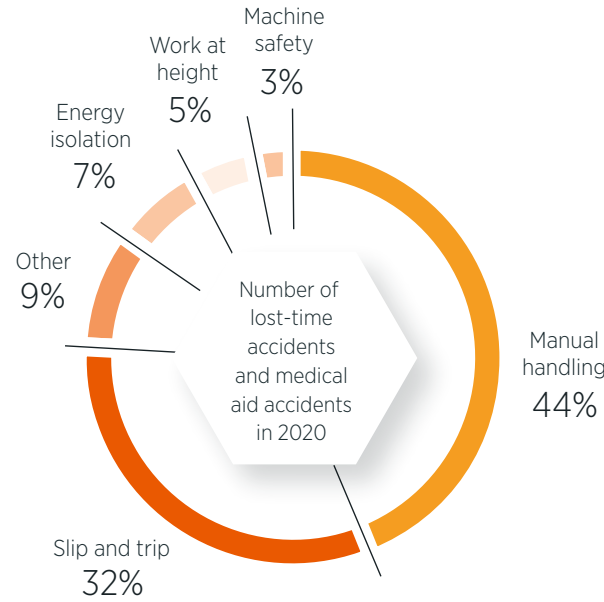
Critical standards have been developed to mitigate the risk of serious accidents and fatalities and are known as “life-saving standards”. Etex has five critical standards:

1. The **machine safety standard** stipulates that risks must be managed to ensure that machines are inherently safe to operate. It also stipulates that new machinery must comply with the CE marking indicating that a product has been assessed by the manufacturer and deemed to meet EU safety, health and environmental protection requirements or equivalent directives and standards regarding safety.
2. The **energy isolation standard** establishes a common and systematic approach intended to eliminate the risk of incidents that may arise from the unexpected energisation, start-up or release of energy when performing any tasks associated with machinery, equipment and processes (MEP).
3. The **confined spaces standard** procedure describes the process for implementing and applying safe working procedures in confined spaces at Etex.

4. The **standard for working at height** (WAH) establishes the minimum health and safety requirements for the control of risk to employees and others associated with the need to work at height. It establishes a common and systematic approach intended to eliminate the risk of injuries.

5. Interactions between people and mobile equipment also pose common hazards and risks. The **site traffic standard** was developed to prevent traffic accidents from occurring in Etex facilities. To effectively control workplace transport risks, the vehicle, the driver and the working environment must be managed appropriately.

Within the context of our critical standards, 15% of our lost-time accidents (LTA) and medical aid accidents (MAA) have the potential to be serious and thus are analysed with particular rigor.



75 LTA's and MAA's in total, from which 11 are considered as potentially serious.

# Directing assistance where it is most needed

Also new in 2020 was our **focus plan programme**. We selected five Etex plants with room for improvement in lagging safety indicators, leadership or implementation of standards, and we **launched a booster initiative to elevate them rapidly** by providing coaching, resources and assistance. 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.

# Adherence to international standards

Many of our plants are preparing to make or have completed the transition from the OHSAS 18001 standard to its replacement standard, ISO 45001, which highlights an organisation's health and safety management system.

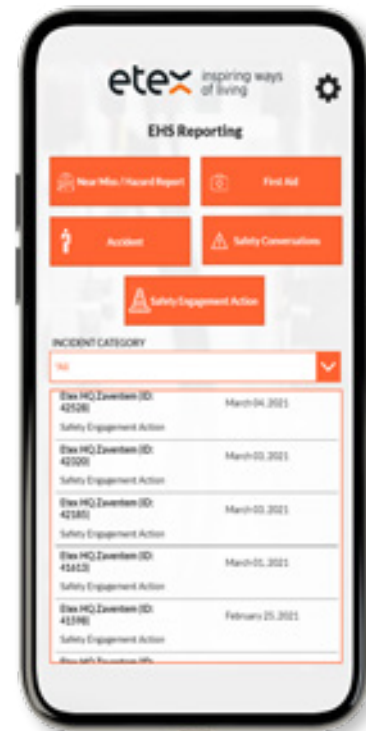
# Breathing new life into SafeStart

The Executive Committee of Etex participated in a safety workshop in October 2020, committing themselves to our updated 2021 EHS plan.

Zero harm continues to be the foundation of our health and safety policy. Between 2016 and 2018, we implemented the SafeStart behavioural safety principles across Etex. In 2020, all of our plants committed to reviving these principles and achieving the consistent level of maturity needed to sustain the momentum of SafeStart group-wide.

In addition, we have chosen to transform the SafeStart curriculum, which was developed by an external occupational health and safety organisation, into an Etex initiative. This tailor-made safety programme **will be based on our organisational values and strategic pillars**, and offer a familiar Etex look and feel.

With this ambition in sight, we 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 in safety matters, who will in turn train Etex colleagues across the globe moving forward.



# The Etex EHS app: unlocking global EHS leadership

Our IT team developed a custom EHS reporting tool accessible to all our employees worldwide to track our performance on all EHS indicators.

Thanks to this tool, Etex can report progress on leading and lagging safety indicators on a monthly basis. It also enables us to share safety alerts and even exchange learnings from incidents and 'near misses' to colleagues around the world through structured incident analyses.





# Environment

While a crucial actor in the value chain for buildings that provide real value to people's lives, the construction materials sector is also characterised by environmental challenges such as energy-intensive production and use of raw materials. Emissions, water use and the circular economy are key environmental topics for us, which we address through data-driven decision-making, increased reliance on renewable energy and further emission reduction measures. We also invest in innovations which positively impact the environmental footprint of our products' life cycle.

## Transparent environmental data through standardised reporting

To provide our stakeholders with quantitative information about our progress and to manage our actions, it is imperative for us to report on key environmental performance indicators.

In 2020, we achieved an essential milestone in our environmental data collection efforts thanks to the Etex Green Team. After an induction training session, 30 volunteers from different entities and functions all over the world defined, collected and reviewed our environmental data to ensure alignment with the Global Reporting Initiative (GRI) standards. As a result, **our now comprehensive group-wide CSR reporting capabilities unlock data-driven benchmarking and improvement**, enabling us to seize new opportunities and to keep our stakeholders informed about our progress. The environmental data, based on GRI standards, will feed into Etex's first Sustainability Report, which will be published in 2021.

## Etex UK's pathway to net zero carbon emissions

As the United Kingdom is the first nation to put a 2050 carbon ambition into law, Etex UK found this to be a useful context for setting science-based zero-emission targets, and incorporated these national goals into its own business processes. The milestone target of 2020 was a reduction of 35% in emissions compared to a baseline set in 1990. Etex UK has a good track record of progress through improving energy efficiency and investing in modern technologies.

In recent years, the decarbonisation of the electricity grid has contributed to the downward trend in manufacturing emissions, and the central Etex purchasing team helped the UK business cross the line. It negotiated a new electricity contract that took effect in April 2020 and which supplies 100%-renewable power to all Etex UK sites.

## Emissions and our move to renewable energy

In line with its CSR strategy, Etex set a clear ambition to decarbonise. In 2020, in collaboration with external partners, Etex decided to launch **seven photovoltaic projects** in Spain, Italy, France, Belgium and Germany. The first plant began producing electricity in December 2020. With a total capacity of 12 MWp, these projects will generate 18 GWh of renewable energy per year, reducing annual CO<sub>2</sub> emissions by 4,800 tonnes.

As another 2020 decarbonisation initiative, **Etex purchased 100% of the electricity consumed by all four of its divisions in Europe from certified renewable sources**. Furthermore, two Etex businesses in Chile had already received Renewable Electricity Balance Certificates for supply as early as 2018.

In 2020, we also reviewed our investment process to incorporate CO<sub>2</sub> impacts into financial project calculations. Doing so drives our investment decisions in a sustainable direction. For example, this led to our decision to move to fully electric forklift truck fleets across our activities.

Energy intensity  
(kWh/t)



% Green electricity produced and purchased/  
Total electricity consumption



% Waste recycled/Total waste  
treated externally





Comment on the results below

After recording good progress over the last years, we have seen an increase in our energy intensity and related emissions, as well as in water withdrawal intensity in 2020 compared with 2019. Lower volumes in most of our markets due to the global pandemic as well as our decision to close many of our plants for several weeks, have had an impact on higher energy and emission demand. We have also been impacted by a changing demand in some market segments, which influenced the previous trends. Very positive was the move to increased use of renewable electricity and the strong reduction in landfilled waste.

Energy	Total energy consumption (kWh)	Energy intensity (kWh/t)	% Green electricity produced and purchased/Total electricity consumption
2020	4,459,923,355	636.7	71.8%
2019	4,817,606,614	628.7	13.7%
2018	4,693,996,735	674.6	13.7%

Emissions	Greenhouse gas emission intensity - scope 1 (t/t)
2020	0.103
2019	0.102
2018	0.109

Waste	% Waste recycled/Total waste treated externally	Weight of non-hazardous waste landfill (t)	Waste intensity (kg/t)	% Waste landfilled/ Total waste treated
2020	78.3%	62,756	49.56	18.2%
2019	69.2%	84,343	42.73	26.1%
2018	62.7%	76,376	41.39	26.8%

Water	Total water withdrawal (m³)	Water withdrawal intensity (m³/t)
2020	5,762,103	0.84
2019	6,022,622	0.79
2018	5,607,124	0.81

Etex teams up for circularity

In late 2020, Etex Belgium linked up with more than ten partners to develop a circular approach for its EQUITONE brand. A jury as well as the Flemish government were convinced by the proposal and awarded a subsidy of EUR 100,000 to support the project in 2021 and 2022. A convincing factor was the fact that Etex as well as a significant number of partners across the value chain (cement producers, logistics partners, recycling companies, dealers, installers) have agreed to work together on this project.

The subsidy is intended to support action, rather than theory, which then can be analysed and learned from. It implies that for two years, several experiments will be performed to further develop a circular value chain for our EQUITONE façade solutions, which will then be valorised in sustainable customer services.

Our Bristol site: toward zero waste to landfill

The Etex team in Bristol, UK has managed to achieve and maintain a recycling rate of 100 through excellent waste segregation, increased awareness, new and improved storage, signage, and most importantly, praise where it is due. Moreover, the site team included waste management and recycling in the agenda during recent staff engagement days and the entire team received a waste awareness and management training course. Our contractors are also involved in our waste management ambitions.

Our customers are increasingly interested in the recycled content of our products. This has not gone unnoticed, and Etex is now the leading plasterboard recycler in the UK. The target at our Bristol site for 2020 was 147,000 tonnes of recycled material (+23% compared to 2019).

The Sahara Project: reducing water use through process optimisation and innovation

Launched in September 2020, the Sahara Project is funded by the Belgian government and carried out in collaboration with leading research institutions in Europe, as well as with third-party companies. This project is one of Etex's levers to improving the production of our cement-based products in terms of several environmental factors.

Our target is to produce cement-based products in a more environmentally friendly way by not only optimising the water requirements and carbon footprint of current production processes, but also by considering alternatives or emerging production techniques. We look at innovative formulations and the application of alternative new materials,

including waste streams, into end products. Our success will also contribute to lower energy consumption and improve the lifecycle quality of our products. Ultimately, the sum of our actions will help reduce the carbon footprints of these industrial activities. Overall, we have set a carbon footprint reduction target of 20%.

So far, we have initiated a preliminary lab investigation to assess new technologies and the use of alternative binders to replace Portland cement in our product recipes.



Committed to the circular economy

**Etex is fully committed to integrating our activities into the circular economy.** We actively seek new sources of alternative raw materials, replacing primary raw materials with secondary raw materials wherever possible and through strong partnerships. These enable us to continuously optimise the products, systems and solutions we provide to our customers around the world.

In our pursuit of circularity, we aim to extend the lifetime of our products. Thus, next to improving our products' technical performance

in terms of insulation, acoustics and fire resistance, we also aim for the ability to deconstruct, reuse and bring them back into our own manufacturing processes.

We also made strides regarding the **reduction of landfilled waste**. In 2020, our plants in the UK and Italy were the first to achieve the ambitious goal of zero landfilling by implementing reuse or recycling solutions for all types of waste generated on site.

Our internal motivation for and proactive initiatives towards circular value chains were also reflected in the outstanding achievements made by our fibre cement team in Neubeckum, Germany. Their actions to reduce waste along the entire manufacturing process – from raw material infeed to the loading of finished products onto trucks – were acknowledged through our Etex CEO Award 2019 (see page 49).

Innovation for sustainability

We believe that innovation is the key to achieving economic gains while reducing environmental impacts during the entire lifecycle of our product portfolio. In 2020, we stocked up our resources even further to explore how to produce solutions that are both technically superior and competitively priced, but also meet our sustainability ambitions.

For example, we reduced our water consumption in 2020 by 4.3% year-on-year. Next to our continuous efforts across the entire Etex group to further reduce the total volume of water consumed, innovation will enable us to further improve our results. As one important milestone, **we seek to avoid the use of potable water in all industrial processes**.

It is also our organisation's responsibility to ensure product liability and a full and transparent assessment of our product portfolio. **We are dedicated to assisting with product lifecycle assessment and product optimisation** in order to enable end users and architects to calculate and certify the energy performance of all 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 ranges. Looking ahead, we continue to regard partnerships and collaboration as essential to accelerating our innovation journey, and will proactively search for suitable partners such as value chain players, start-ups and universities for scientific research.





# Our people

We entered 2020 with a clear ambition in terms of the support, development and empowerment of our people. Focussing on people first is the core driver of performance. This makes our way of working just as important as our achievements, hence our focus on our values and leadership principles. However, COVID-19 forced us to adapt to collaborating in a new reality. In the face of this challenge, we achieved a number of truly admirable milestones that pave the way for a more agile, engaged and empowered future.

## Facing the future with vision, agility and collaboration

In 2018, in collaboration with an external partner, Etex introduced **'Me & Etex'**: a comprehensive engagement survey that has formed the basis to launch numerous employee engagement initiatives around the world during the next two years.

Inspired and driven by the results of our 2018 engagement survey, Etex embarked on a journey to achieve two outcomes:

1. establishing a **simpler organisation with harmonised processes**;
2. **instilling a leadership DNA** that fosters a culture of collaboration, innovation and value creation.

As we transformed our operational processes, commercial approach and ways of working to become more agile and aligned, we also engaged in a discussion with our leaders which has led to the definition of the next steps in our cultural journey. This group exercise led to an important commitment: to take a **strategic approach to leadership development** that is tailored to our context, our values and our people.

### The Etex Leadership Principles

Through a collaborative exercise we have defined our Leadership Principles and communicated them throughout our organisation in 2020.

Facing times of rapid change, disruptive technologies, dynamic market characteristics and agile competitors, **we are evolving into an organisation that is much more like a living, breathing organism** than a machine.

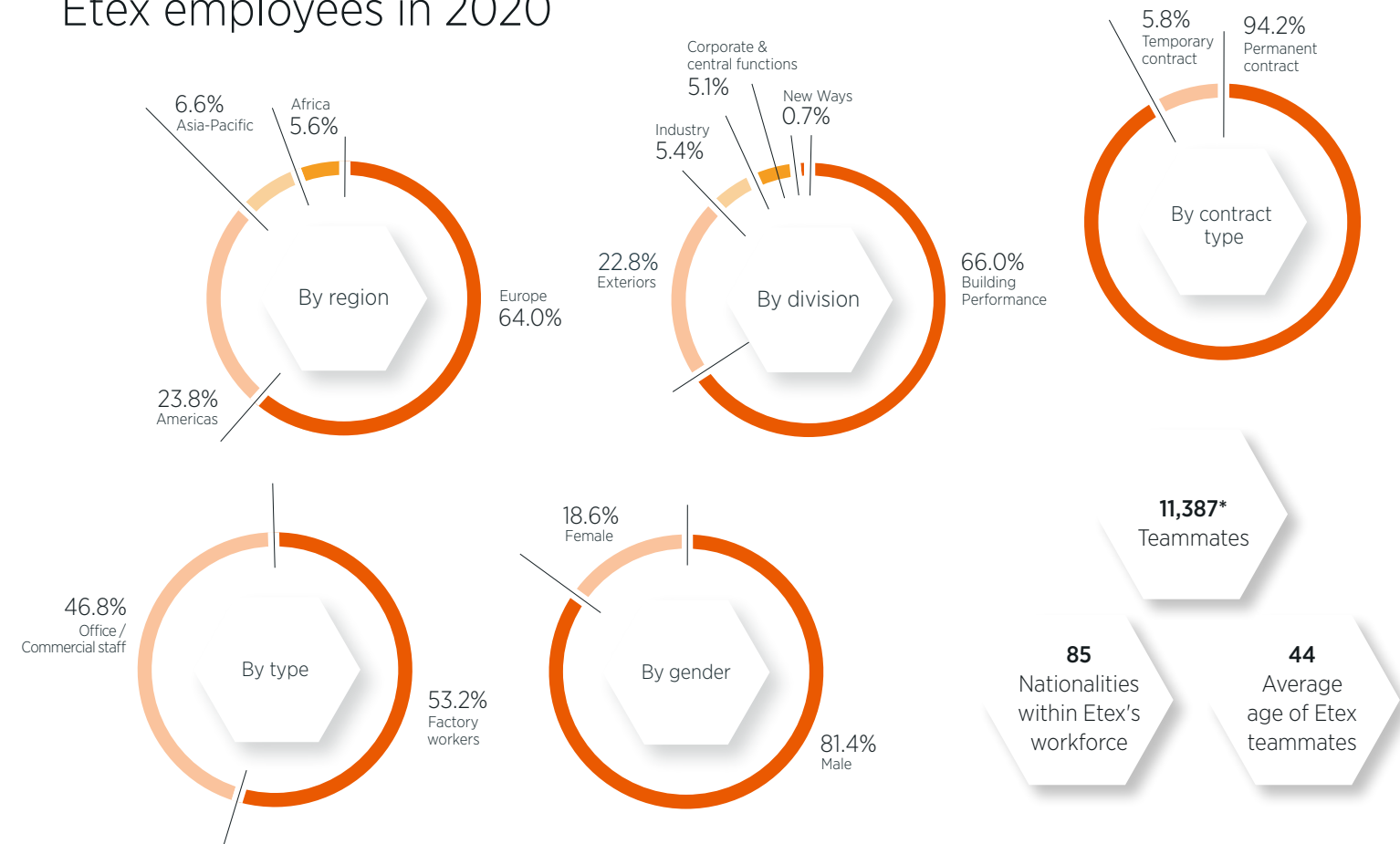
As a result, we seek to foster leaders who are the **visionaries, architects, coaches and catalysts** needed to enable the full potential of each one of us in order to grasp opportunities and overcome challenges in this new world.

This doesn't simply apply to managers and business leaders; we want to empower every single teammate to make impactful, value-adding day-to-day decisions.

### Putting a well-founded plan into practice

As of the first quarter of 2021, our **Leadership Principles are incorporated into performance review cycles**, during which Etex teammates progress relating to the principles are measured and benchmarked. Based on their progress, we can craft tailored learning and development programmes to support the growth of the leadership characteristics they need to perform their responsibilities and make decisions in an agile, informed way.

## Etex employees in 2020



\*This figure excludes the personnel of the Residential Roofing companies which have been divested in 2020 (Creton, Marley (SA) (Pty) Ltd and our 50% stake in RBB NV), as well as the personnel of Knauf's former plasterboard business in Australia, as this operation was finalised in February 2021. It does include, however, the personnel of FSI Limited, which was acquired by Etex in September 2020.



## The Etex CEO Award 2019: honouring the achievements of the year

Playing a central role in our engagement efforts is our Etex Awards programme, which we introduced in 2019. Throughout 2019 and 2020, a number of Etex Impact Awards and Etex Excellence Awards were presented to well-deserving teammates from around the world who **demonstrated strong leadership skills, lived our values and contributed measurable business impacts.**

At the end of May 2020, the winner of the **very first Etex CEO Award** was also announced by our CEO Paul Van Oyen during a virtual ceremony gathering thousands of teammates. With this prestigious award, individuals and teams achieving exceptional or transformative results for our organisation through their projects or initiatives can be nominated by a member of the Executive Committee. Among this select group of people and teams, a winner is finally chosen.

Process Engineer, Coating Supervisor and Cladding Deputy Production Manager **Michael Orlowski** was revealed as the 2019 recipient of the Etex CEO Award for his **'Zero Rejects' project.**



→ Michael Orlowski



With this project, Michael demonstrated all three Etex values when he brought people together across functional and organisational boundaries to achieve process improvements, reduce production line rejects and improve the overall quality of Etex solutions. As a result, his project had material impacts on Etex's performance.

### Adapting our engagement approach to changing times

A new edition of the 'Me & Etex' employee engagement survey was planned for distribution in 2020, but due to the difficult context of COVID-19, Etex chose instead to **connect with employees through a small-scale survey**, available to all, that was run in-house.

Staying connected and aligned with our people is one of Etex's key strategic priorities. As an organisation, we strive to measure our progress against our 2018 benchmark and **give our employees strong voices** with which to express their needs, ideas and opinions. The primary purpose of this survey was to measure our people's perceptions of Etex's response to the COVID-19 crisis.

This was a completely digital initiative and an impressive achievement, considering the agility needed to move to a new way of working in the middle of a pandemic. The survey was run in fifteen languages across the globe. An impressive 8,500 Etex teammates responded to the survey, including a very high response rate from our work floor employees.

**93% of them agreed** that we successfully connected and cared as an organisation.

**93% of them agreed** that proper safety precautions have been put in place.

### IT tools for collaboration and learning in the time of COVID-19

Thanks to thoughtful preparation and investment in supportive IT hardware and tools, the unusual and stressful circumstances of COVID-19 brought Etex teammates even further together – digitally, of course.

The pandemic pushed our organisation to **accelerate our implementation of IT platforms** to allow teammates to keep in touch with each other and customers alike. Thanks to strong support and enthusiasm across Etex, we have

successfully become more agile in the way we work, communicate and connect.

This also had an impact on our delivery of **training sessions and learning and development programmes** – which had to be converted into digital-friendly forms. In 2020 about 5,000 employees were active on our learning platform. On average they spent nine hours on learning activities (webinars not included). During the course of 2020 we have seen an increased number of logins to our learning platform, reaching between 4,000 and 5,000 per month, with a substantial increase since April.

### Introducing the Plant Manager Induction Programme

One example of a high-impact digital development initiative kicked off in 2020 is our Plant Manager Induction Programme. With this programme, we commit to **developing the skills and leadership capabilities of our Plant Managers.**

In 2020, sixteen Plant Managers from all continents gathered virtually to discuss a number of topics with a group of Senior Leaders. Eighteen learning sessions were held, tackling topics ranging from strategy, EHS leadership and Industry 4.0 to operational excellence, customer centricity, feedback culture and more.

This programme is a **direct application of two of our Leadership Principles**, 'develop ourselves and others' and 'collaborate and seek win-win outcomes'. In addition to the learning sessions, participants were also paired with an experienced mentor who was responsible for offering expert advice and guidance when needed.

Our Plant Managers had great things to say about their experiences with the programme last year and committed to continuing their learning journeys.

### Growing engagement where it counts the most

Etex teammates responsible for ensuring the safe, efficient flow of our production processes also have new opportunities to grow and thrive. In 2020, we introduced the **First Line Management Development Programme** for our first level Line Managers, a direct response to our 2018 employee engagement survey results.

It is a fact that high employee engagement is essential for strong business performance, and **leaders and managers have the biggest impact on engagement.** By empowering our first level Line Managers and supporting them to gain leadership skills, we do not only boost their effectiveness as leaders; we also invest in their engagement. This, in turn, leads to inspired, engaged Etex work floor teammates, and even safer, more productive facilities.

To guide this initiative, together with an external partner, we developed an interactive Etex Leadership Development Programme for our first level Line Managers, and a first group participated in it.

Throughout 2020, our teams worked hard **to lay strong foundations for learning and development.** At the end of 2020 and moving into 2021, learning initiatives have been rolled out via our digital learning platform, and other initiatives will be launched.



*"It is great to see that Etex has what it takes to support the plant in every challenge; this programme helped me see my job from a different perspective, understand the areas where I can improve and meet teammates who face similar issues in other plants."*

→ Marco Aurelio Vento  
Technical Director, Etex Nigeria







# Community relations and social projects

For Etex, our teammates and the communities in which they live and where they operate are key. We strive to be a long-term partner in the social and economic development of those communities. We benefit from local talent and from the supply of local goods and services. In turn, we create jobs, transfer skills and offer support to our local communities through social projects.

## Being at the heart of our local communities

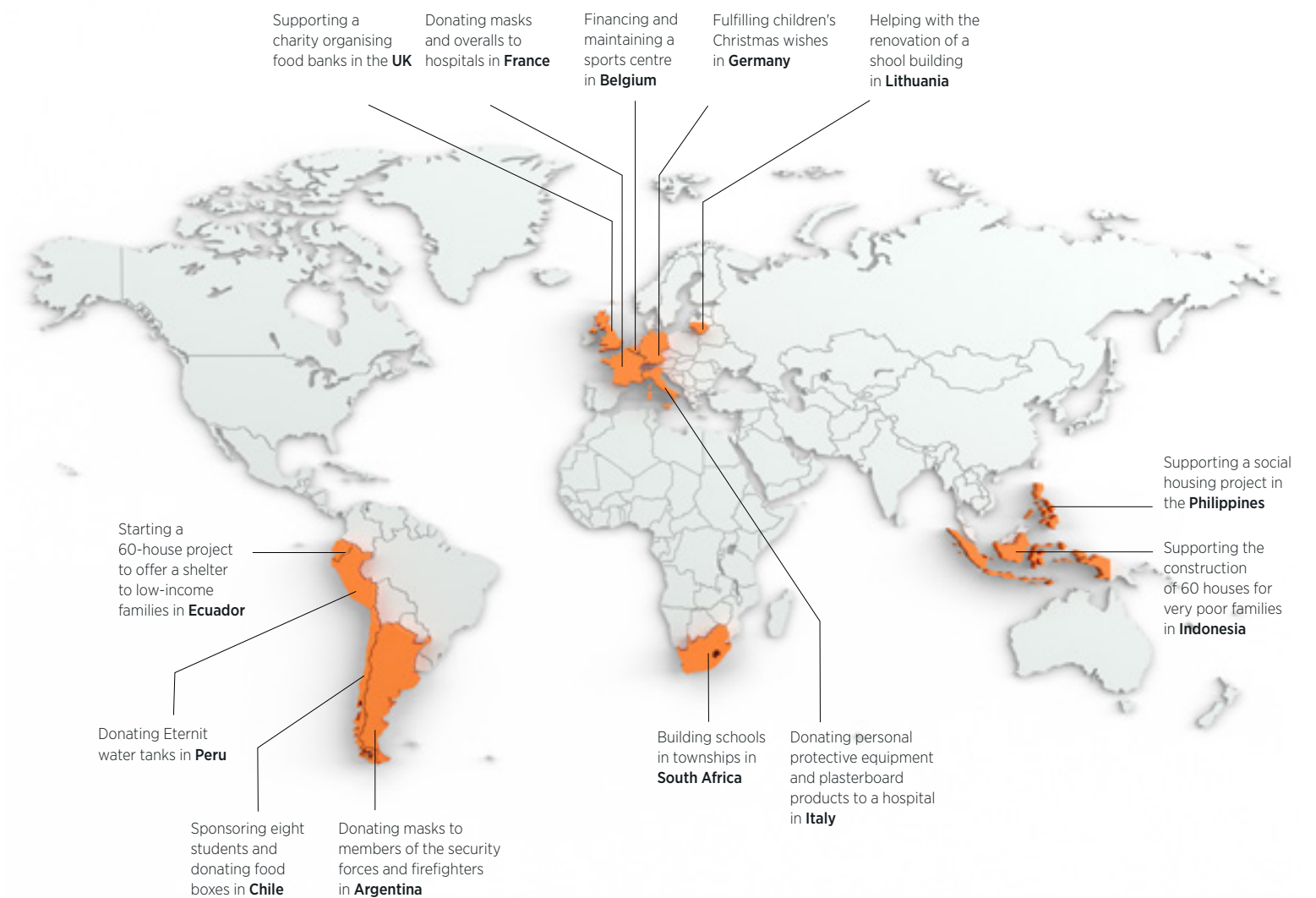
Our decentralised approach helps us ensure meaningful engagement with our local communities. We believe that our local teammates know their communities best, and we are proud of the numerous projects and actions initiated around the world that are based on what they know to be their communities' needs. **This helps us build trust and strong, long-lasting relationships.**

## Actively embracing the Sustainable Development Goals

We take the support of the United Nations' Sustainable Development Goals 11, "Sustainable Cities and Communities", and 8, "Decent Work and Economic Growth" to heart. We combine our strengths in inspiring and supporting safe, sustainable, smart and beautiful housing solutions with the knowledge of our longstanding non-profit partner SELAVIP and its network of local NGOs. But we don't

stop there; we also seek to **create value beyond our local communities by supporting particularly vulnerable people in facing social emergencies and opening up opportunities for a better future for them and their families.** While some of our engagements were temporarily slowed down due to COVID-19, this only fuelled our passion to move ahead with our social projects where possible.

### A few examples of our social projects in 2020





## Social engagement in Asia

### Philippines

Decent housing is a basic human right that affords people dignity. In the Philippines, Etex Indonesia has already been supporting several social housing projects. In 2020, fibre cement boards were delivered to support a new housing project. The installation was completed at the end of the year.

### Indonesia

In partnership with the SELAVIP foundation, Etex Indonesia sponsored the construction of 60 houses in the city of Palu on the island of Sulawesi to offer very poor families better housing conditions. In 2020, the construction materials were delivered and 40% of the project was completed. Due to COVID-19, the construction was slowed down and will now be finalised this year.

## Social engagement in Africa

### South Africa

In partnership with local NGO Ikhayalami, which pursues a vision of affordable homes and alternative technologies for all, Etex South Africa committed in 2019 to building seven schools in several townships of Cape Town. Based on a design tailor-made by

Etex to optimise the sizes of classrooms, kitchens and sanitary facilities, construction started in 2020 and the first schools are already hosting teachers and students.

## Social engagement in Europe

### Lithuania

Etex's Akmenė plant helped a regional school renovate its aging building by offering consultancy services, support in the preparation of the roof works and roofing materials.

### United Kingdom

Due to the impacts of COVID-19, many families in the UK have been put under financial constraints. Fortifying our community spirit, Etex UK worked together with the Trussell Trust, a charity that organises food banks and other crucial forms of support, such as the provision of warm winter clothing for children in need. Etex provided support in the form of manpower, products where premises or racking are in need of repair, and financial contributions. A donation of GBP 2,000 was given to each Trussell Trust food bank near the five Etex sites in Grangemouth, Ferrybridge, Newport, Bristol and Basildon.

### Belgium

A community sports centre offers great value, enabling inhabitants to come together, enjoy exercise and a healthier lifestyle, and pursue their personal sports goals. In Kapelle-op-den-Bos, a sports centre financed and maintained by Etex allows everyone in the community to enjoy its amenities for free. One special event was the "Fit & Fun 4 Kids Week" organised by Etex in the summer of 2020, which brought many smiles to the faces of everyone involved.

### Germany

Christmas is traditionally a special time for children. Together with the local charity organisation "Froschkönige gegen KinderArmut eV.", which works on the field to combat child poverty, Etex Germany invited 50 children to attach a Christmas wish to a Christmas tree that Etex teammates took upon themselves to fulfil. Etex paired every gift given by our teammates with a financial donation to the organisation to help them continue their precious work.

## Social engagement in Latin America

### Peru

Based on the fact that 30% of the population in Peru does not have direct access to clean potable water, and hand-washing is one of the basic World Health Organization recommendations to combat the COVID-19 pandemic, Etex donated 30 Eternit water tanks to the community of San Antonio de Huarochiri in the neighbourhood of our plasterboard plant in Huachipa.



Philippines



Ecuador

### Chile

Quality education is essential to our development as well-rounded human beings. It is also one of the most powerful tools in lifting socially excluded children and adults out of poverty and helping them become part of the wider community. In 2020, Etex sponsored eight talented students and funded their college education, thereby continuing our support of the important work of "Fundación Belén Educa", an organisation that offers schooling to low-income students.

### Ecuador

In partnership with the NGO "Hogar de Cristo" in Guayaquil, we started an exciting sixty-house project in 2020 to offer shelter to low-income families. Due to COVID-19, the project was forced to temporarily slow down. In 2020, Etex Colombia donated construction materials which will be used in the construction of the 60 new houses planned. The frames for the houses are based on steel framing that is easy to assemble on site, developed with our sales force in Ecuador. The prototype has been successfully completed.

## All hands on deck to help in the fight against COVID-19

As COVID-19 posed new threats to communities worldwide, Etex rose to the challenge, supporting communities and creating positive impacts in places that were particularly affected. The following are only a few examples of compelling community spirit, initiatives and leadership displayed by our teammates in 2020.

### Chile

As part of Etex's COVID-19 contingency plan, we are determined to help our direct neighbours. For example, Villa Pizarreño, a community located next to our Maipú site and home to more than 100 families – including those of our workers –, was hit hard by the lockdowns, as was the community next to our Santa Rosa facility. Etex donated more than 150 food boxes to offer some relief and contribute to food security.

### Italy

Our local Italian site took immediate action to help Lombardy, one of the regions that suffered the most from COVID-19 in the first half of 2020. Our plant in Filago donated personal protective equipment to the Papa Giovanni XXIII Hospital of Bergamo. In the context of the hospital's continuous fight against the virus, Etex Italy also contributed to the hospital's COVID-19 fund. Moreover, Etex Italy delivered two trucks full of Etex plasterboard products to the hospital. This enabled the hospital to build 150 emergency spaces for patients in the first week of April. Of course, caring about our employees was also front and centre in our strategy. When face masks were difficult to obtain, we prepared a safety kit containing four reusable masks for everyone in the plant and their families.

### Argentina

The COVID-19 situation meant increased demand for face masks, which was a particular challenge for people responsible for ensuring the safety of our communities. In this time of need and in a spirit of solidarity, the Etex Argentina plant in Mendoza donated more than 100 masks to members of the security forces and firefighters.

### France

The neighbourly spirit was also alive and well at Etex France's Auneuil plant. In the north of France, an area highly impacted by COVID-19, the plant swiftly responded to the situation and donated masks and overalls to several hospitals. Our French teammates were touched when the hospital in Gisors responded by sending a nice picture a few days later with the message: "Thanks for taking care of us".



Germany



Italy



Lithuania