

SUSTAINABILITY REPORT 2022



INTRODUCTION

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



- About this report
- Foreword by the CEO

ABOUT THIS REPORT

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

KEY FEATURES

- › Publication date: 28 September 2023
- › Reporting period: 2022
- › Included entities, unless noted otherwise: factories, warehouses and offices under the operational control of Unilin, also referred to as Mohawk Industries, Inc. Flooring Rest of World segment. For mergers, acquisitions and disposals of entities during the reporting period, only the statistics for the periods during which the entities were part of Unilin were included. The consolidation applied in this report is not the same as for our financial statements as the latter are consolidated at Mohawk Industries, Inc. level. Up- and downstream entities outside of Unilin are out of scope.
- › Restatements of information: none.
- › External assurance: none.
- › Financial data disclaimer: in case of differences with financial data published in one of our financial reports, the data in the latter take precedence.

PUBLICATION TEAM

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FOREWORD

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

Dear reader,

Since our inception in 1960, circularity has been in our DNA. Reusing materials is at the heart of our history: our founders used a waste material from the local linen industry, flax loam, and turned it into flax shive boards. So our first raw material was a locally sourced, renewable waste material. The flax industry shrank while our business grew, so we quickly made the switch to another sustainable and circular raw material to produce our boards: wood, and more specifically low-grade wood that would otherwise be incinerated. In the past decades we further improved upon this and invested in our own recycling plants. Today more than 90% of the wood we use in our chipboards is recycled wood originating from demolition sites, worn-out furniture, and so on.

But since our founding we have diversified: over the past six decades, Unilin has grown into a world-class industrial company. Today we design, develop and manufacture everything you need to make a house a home: laminate flooring, luxury vinyl tiles, vinyl on rolls, multi-layer parquet, carpet tiles, broadloom carpet, wood-based con-

struction panels and decorative panels, industrial flooring, wall and roof systems and insulation boards. Innovation has been the driving force behind our growth over all these years. We even made innovation part of our core business, with a business unit that focuses solely on intellectual property rights. We are now an organisation with over 8 000 employees and manufacturing plants in Europe, Asia, Oceania and South America. So we have a significant impact on the planet and its inhabitants, a responsibility we do not take lightly.

In 2022 we launched One Home, our group-wide sustainability strategy with ambitious targets in several domains. We look into the environmental impact of our products and production processes, but also at how we live at home, at work and on our planet. Our One Home strategy fits perfectly with our Unilin purpose: we push boundaries to improve people's quality of life by creating better spaces.

As a team of passionate entrepreneurs, we are committed to excellence, we have clear customer focus and we respect all of our stakeholders. We constantly innovate

because we believe there's a solution to every problem. That is our ethos. Through this sustainability report, we want to share our goals and our progress, but also the obstacles we face. Third parties such as the Science Based Targets initiative and Cradle to Cradle Certified® were important sources of inspiration for the development of our strategy. They still play an important role in guiding us towards a more sustainable future and verifying some of our targets and achievements. But we also assess the sustainability of our products through our innovation framework and life cycle analyses, providing our R&D teams with the data needed to improve our products or develop better solutions. There is still a lot of work to be done to improve the sustainability of our activities, homes and society. But with a clear vision, a common goal and the passion and motivation of our people, I am confident we will make major strides in the coming years!

Bernard Thiers
CEO Unilin



CORPORATE PROFILE

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



- More than 60 years of history
- Unilin today

MORE THAN 60 YEARS OF HISTORY

A group of strong divisions



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

5 DIVISIONS, 1 GLOBAL TEAM

Unilin is a worldwide leader in interior design and construction.

We believe that the whole is more than the sum of its parts. More innovation, more entrepreneurship, more passion and more solutions for our customers. What unites us is our drive to make the impossible possible.

All of our colleagues share a unique way of working: the Unilin DNA. Our business culture is built on 4 strong values: passion, entrepreneurship, excellence and respect. This allows us to innovate, take initiative and continue to push boundaries. Unilin is proud to be part of Mohawk Industries.

MORE THAN 60 YEARS OF HISTORY

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

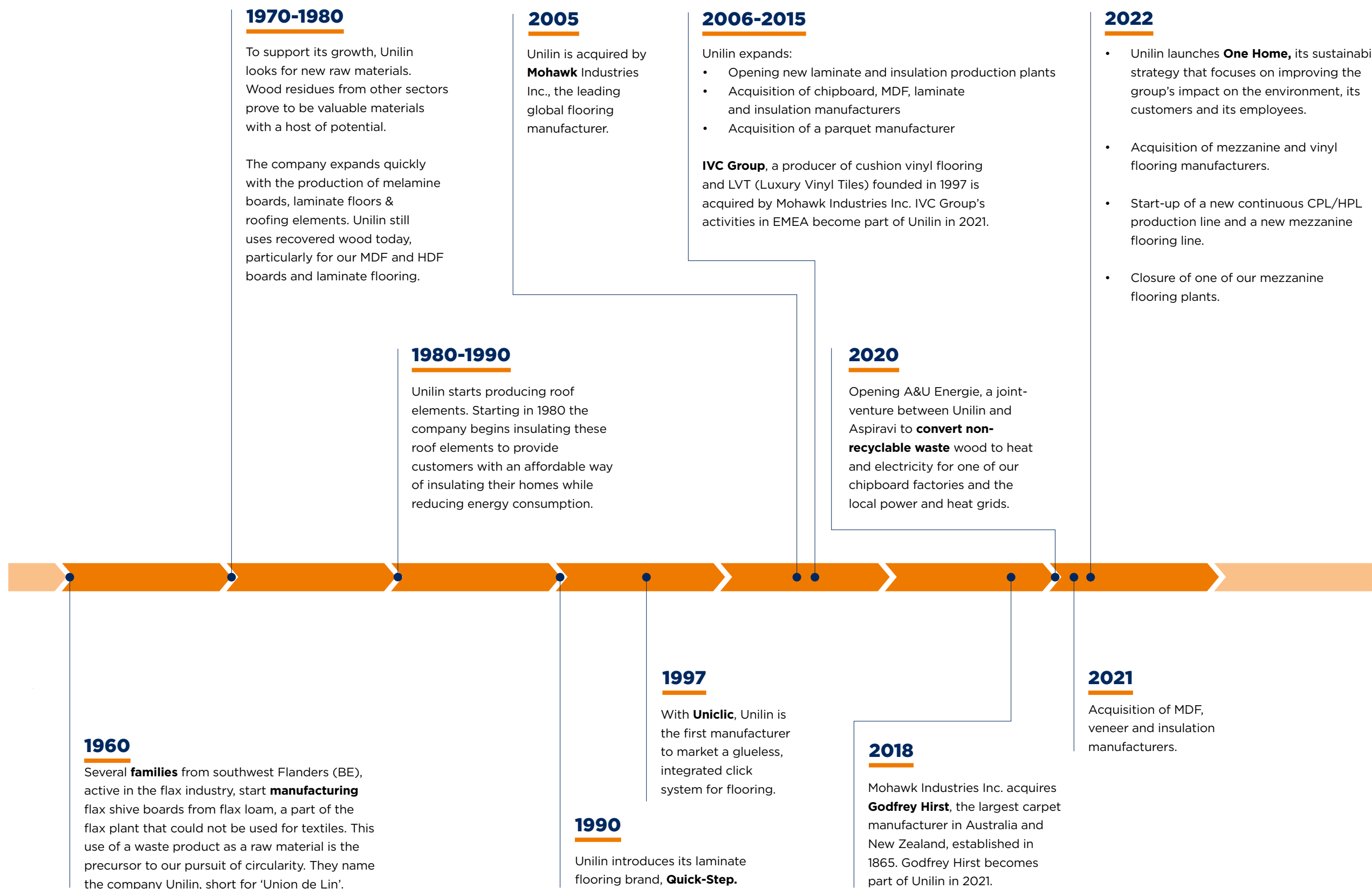
Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



UNILIN TODAY

Organisational facts & figures

Unilin represents Mohawk Industries' Flooring Rest of World segment. Mohawk Industries, a leading global floor manufacturer, with approximately 40 900 employees and a \$11.7 billion net sales in 2022. Mohawk has more than 14 000 employees in EMEA. Unilin has 8 475 employees.

Introduction

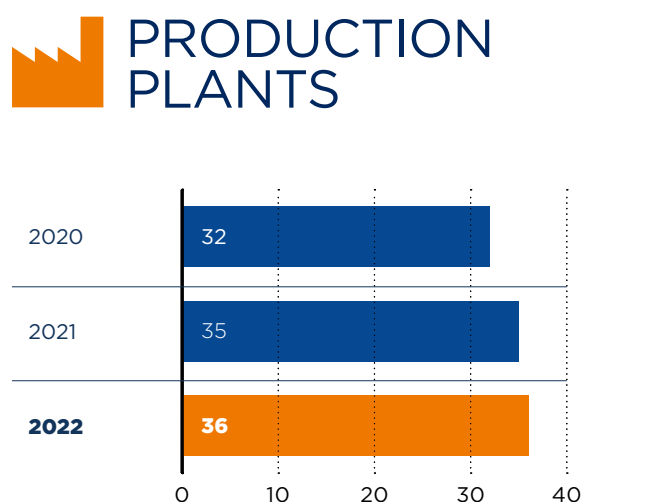
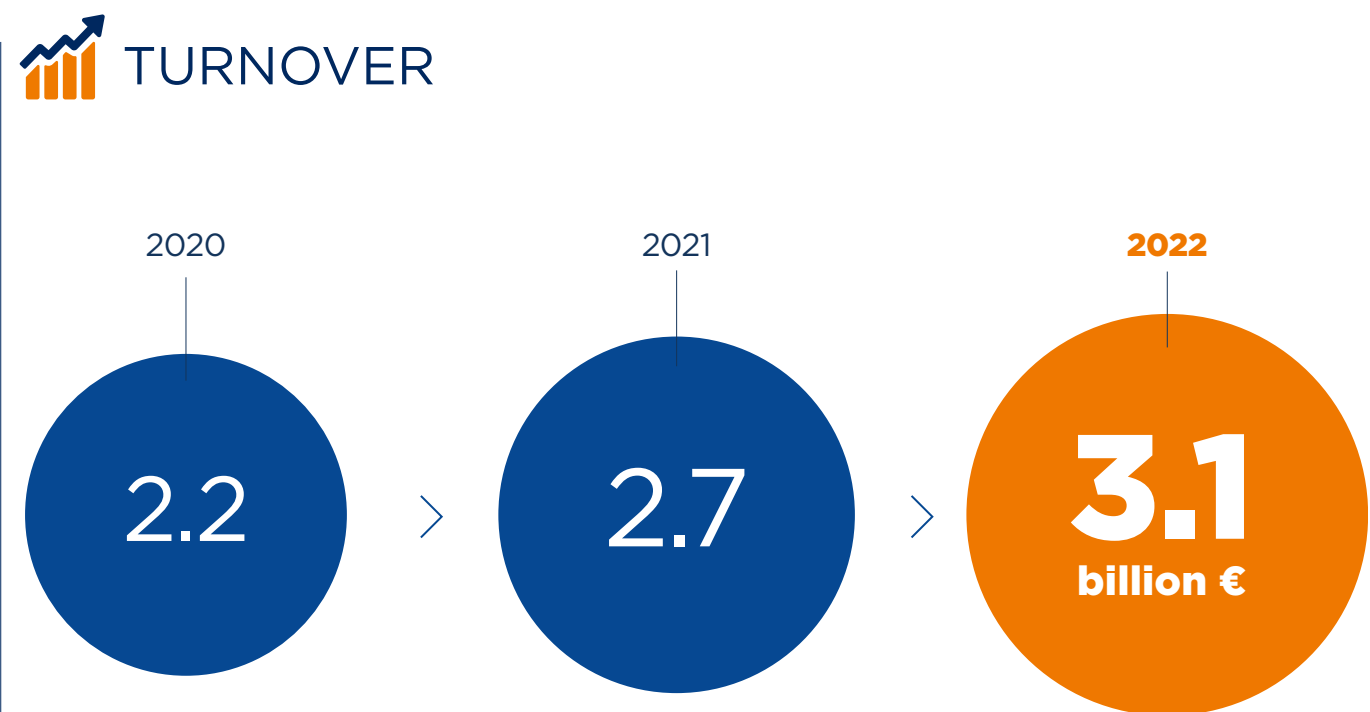
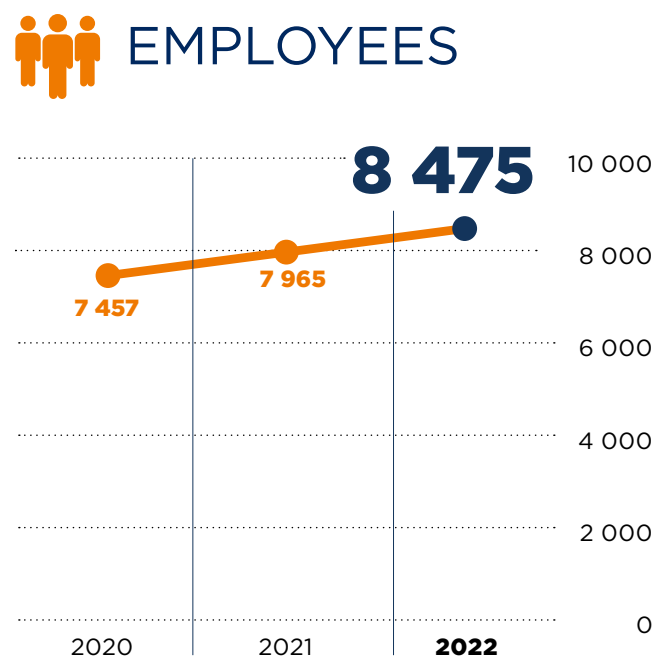
Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

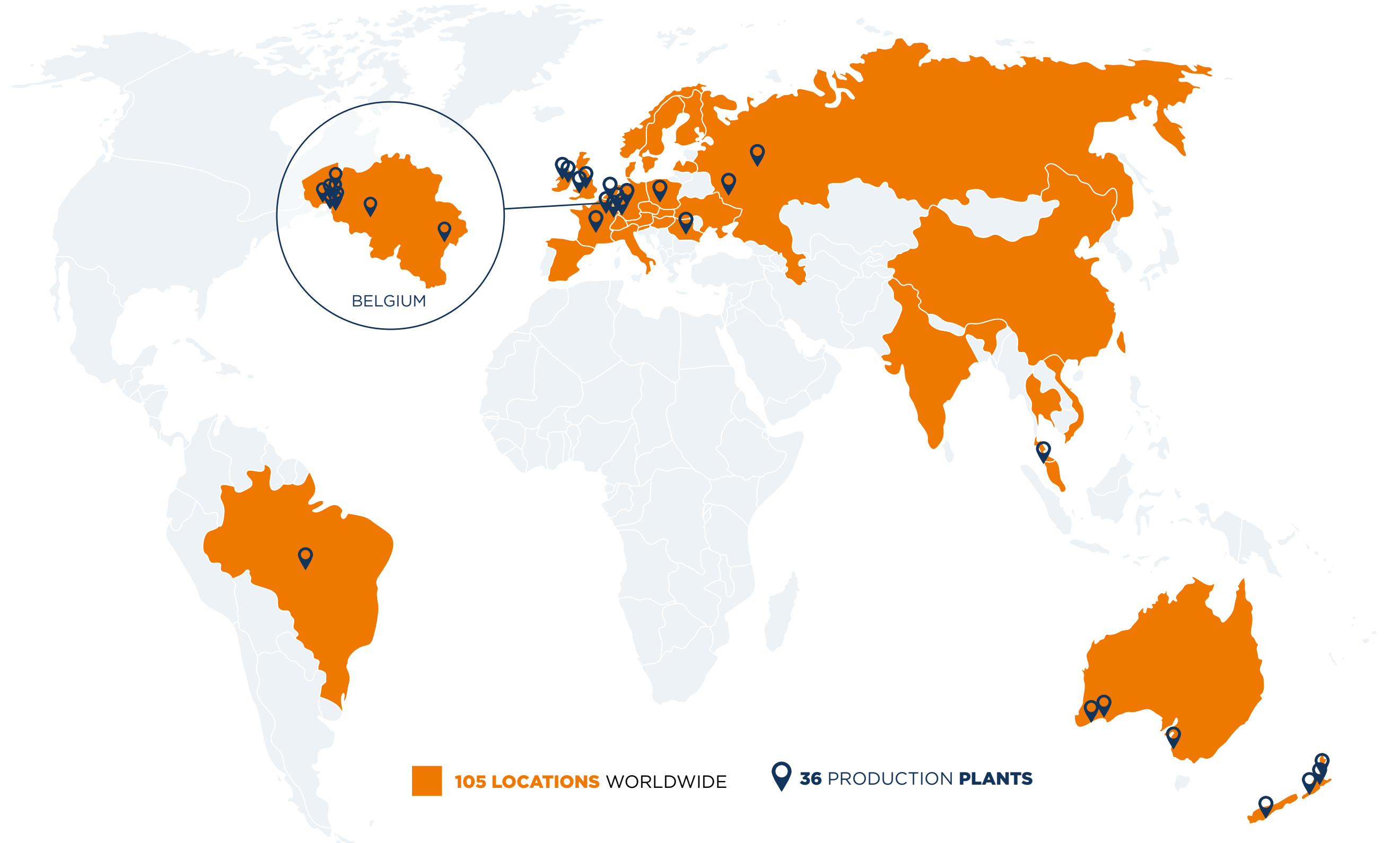


REGIONAL DISTRIBUTION OF OUR EMPLOYEES

	2020	2021	2022	
EMEA	5 576	5 995	6 451	+456 ↗
APAC + LATAM	1 881	1 970	2 024	+54 ↗

UNILIN TODAY

Sales offices, distribution and production plants



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

UNILIN TODAY

Products

Unilin develops, manufactures and markets laminate flooring, luxury vinyl tiles, sheet vinyl, multi-layer parquet, carpet tiles, wall-to-wall broadloom carpets, wood-based and decorative panels, industrial flooring, wall and roof systems and insulation boards. In addition, our division Unilin Technologies manages the patent portfolio of the Mohawk Industries and third parties, from filing patents on new innovations to global commercialisation.

In this chapter you will find an overview of the products our 5 divisions develop, manufacture and market. Our activities centre around 4 product categories: flooring, panels, insulation and intellectual property (IP). For the sake of clarity, the following report is structured around these product categories, not around our internal structure (with 5 divisions).

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

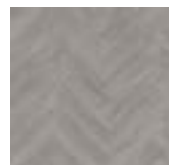
FLOORING



CARPET TILES



LAMINATE FLOORING



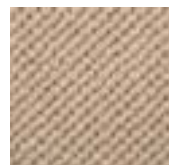
LUXURY VINYL TILES (LVT)



MULTI-LAYER PARQUET



SHEET VINYL



WALL-TO-WALL BROADLOOM CARPETS

PANELS



RAW CHIP-BOARDS



RAW MDF



MELAMINE-FINISHED CHIPBOARDS/MDF



CLICWALL



HPL

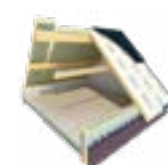


MEZZANINE

INSULATION



PIR INSULATION BOARDS



INSULATING ROOF PANELS

INTELLECTUAL PROPERTY



CORE MATERIALS



DIGITAL PRINTING



LOCKING PROFILES



WATERPROOF COATING

UNILIN TODAY

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

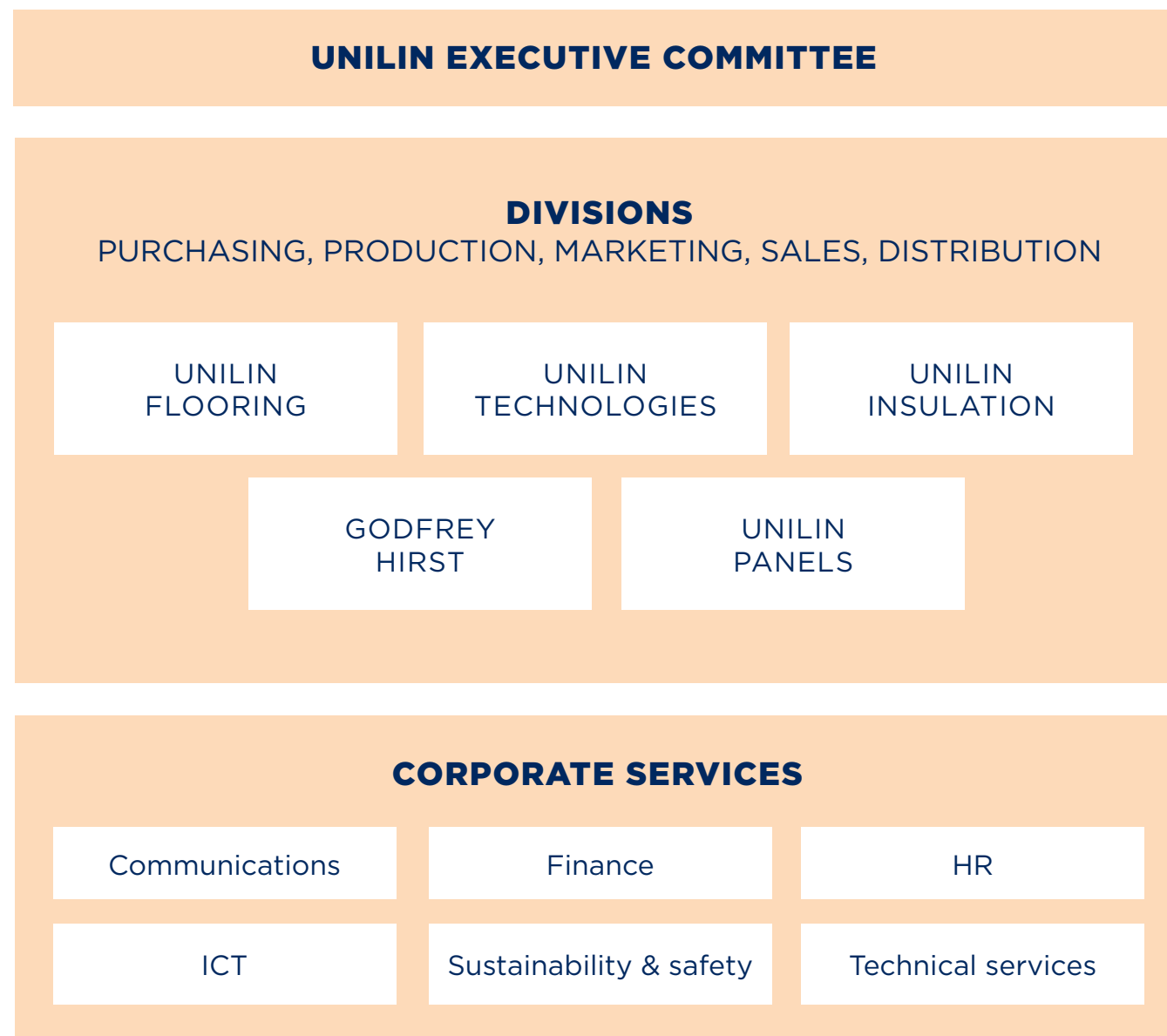
Our Home

Our impact on our employees

Organisational structure

Unilin consists of five divisions - Unilin Flooring, Unilin Panels, Unilin Insulation, Unilin Technologies and Godfrey Hirst - and a number of corporate services supporting the divisions (figure 1). Up to 2022 Unilin counted one additional division: IVC Group. IVC Group and Unilin Flooring, both active in flooring, have discovered in recent years that joining forces makes them stronger. A merger into Unilin Flooring allowed both divisions to further optimise their organisation in order to become even stronger and provide a better service.

FIGURE 1
ORGANISATIONAL STRUCTURE (IVC AND UNILIN FLOORING MERGED EARLY 2022)

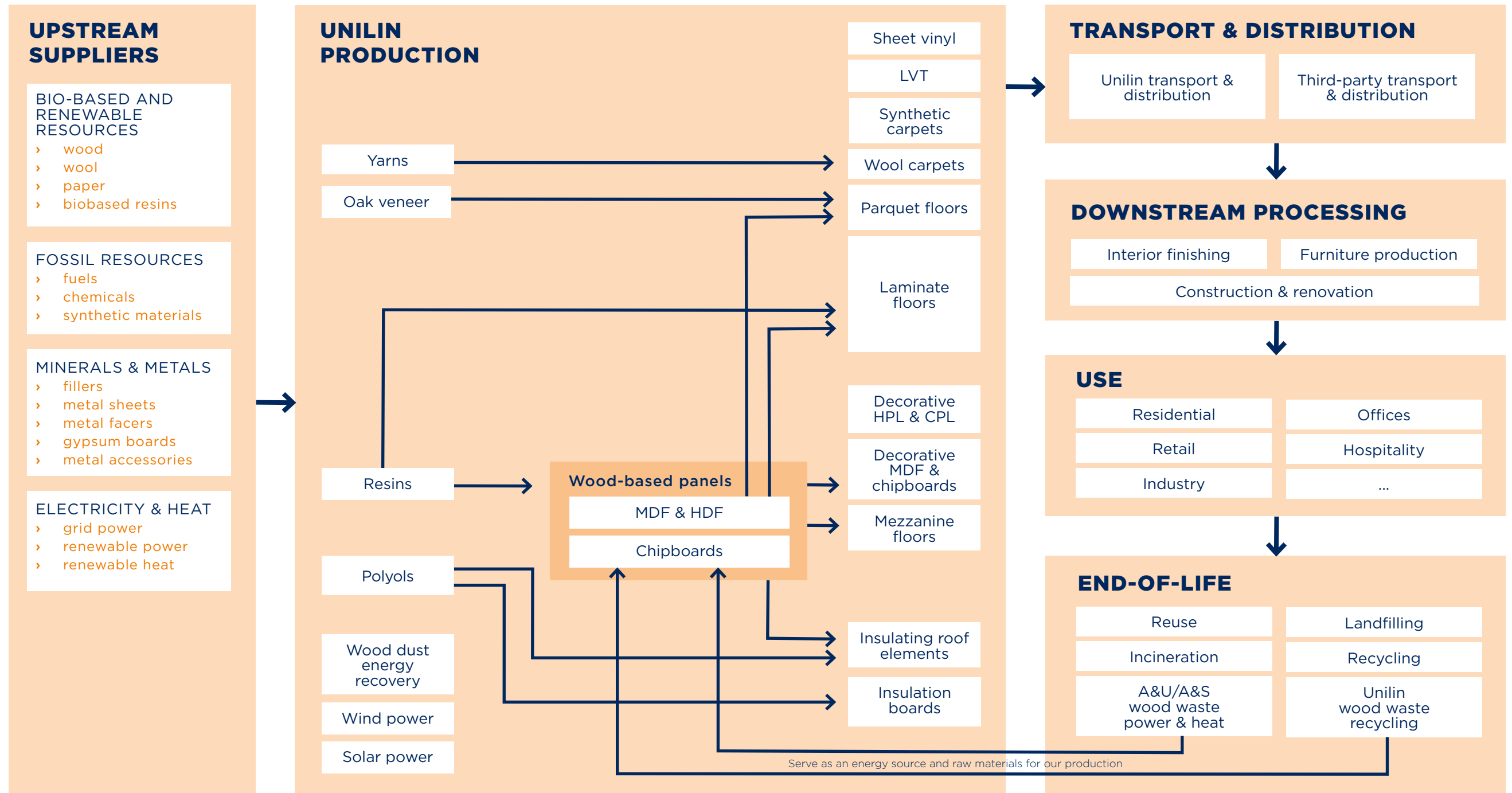


UNILIN TODAY

Value chain

Unilin has a largely integrated value chain (figure 2), especially for its wood-based products: resin, raw panel, veneer, decorative finishing, and floor production are all manufactured in-house. More generally, Unilin also has several renewable energy plants spread across its operations and internal teams are responsible for part of the downstream transportation and distribution.

FIGURE 2
VALUE CHAIN SCHEME SHOWING MAIN PRODUCTS AND PROCESSES



Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

ONE HOME OUR SUSTAINABILITY STRATEGY

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

- A group-wide sustainability strategy
- Strategic pillars
- Sustainability in R&D and governance
- Katrien Godart, our Chief Sustainability Officer

A GROUP-WIDE SUSTAINABILITY STRATEGY

Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

Throughout the past 60 years, Unilin has largely grown through acquisitions and mergers, combining different cultures, strategies, visions and sustainability strategies under one umbrella. However, sustainability is a topic with challenges and opportunities that transcend our divisions. In 2020 we decided to step up our sustainability efforts with a more structured, group-wide approach that involves all our activities. This new sustainability strategy is called One Home because we want Unilin to be a second home for our employees, we want to help our customers upgrade their home and we want to improve our impact on our planet, our home.

The group-wide approach allows us to direct our resources where we can make the most significant impact, to share ideas and learnings, to move forward more efficiently and to do so at a higher pace. All of this in the pursuit of one goal: creating a more sustainable future for the planet, our customers and our employees.

DEVELOPING A GROUP-WIDE SUSTAINABILITY STRATEGY

To fully harness the expertise and knowledge from the different parts of our business, we adopted a bottom-up approach.

As a manufacturing company, we are responsible for the impact we have on our environment, our customers and our employees. In addition we are subject to regional and international regulations. The central question in the development of a sustainability strategy is how we can create positive impact and added value for all these stakeholders.

Based on these impacts and topics, we organised functional workshops with colleagues from across the organisation, including Operations, the R&D departments, Marketing & Sales, Finance, HR, and Sustainability. Throughout these workshops we identified the most significant sustainability topics for our organisation, our material topics (see figure 3).

Once our material topics were determined, our top management reviewed, validated and clustered them, determined priorities and set short- and mid-term targets to structurally improve or maintain our performance.

The result of this exercise is One Home, our new sustainability strategy that combines group-wide goals on a time-horizon between now and 2030.

FIGURE 3
SUSTAINABILITY MATERIAL TOPICS



Carbon emissions



Circular economy



Chemicals



Employee welfare



Energy efficiency



Consumer issues



People development



Safe & secure working conditions

STRATEGIC PILLARS IN OUR SUSTAINABILITY STRATEGY



Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

Planet Home

Our environmental impact



CLIMATE

1.5°C science-based targets by 2030, compared to 2020:

- › -42% CO₂-eq. emissions from our operations (scope 1 & 2)*
- › -12.3% CO₂-eq. emissions from our raw material sourcing and end-of-life products (scope 3)*



CIRCULARITY

- › More renewable and recycled content in our products and packaging
- › Improve the recyclability of our products and packaging
- › Striving for zero insulation waste to landfill

Your Home

Our impact on our customers



PRODUCT HEALTH AND SAFETY

- › Assure that our products contribute to healthy and safe living spaces



CERTIFICATIONS AND DECLARATIONS

- › Cradle to Cradle Certified® as a compass for our activities



COMFORT AND WELL-BEING

- › Improve acoustics, ergonomics, insulation and biophilic design

Our Home

Our impact on our employees



SAFETY

- › Roll out zero-harm vision in all factories and offices, striving for zero work-related incidents



WELL-BEING

- › Support and empower employees to improve and maintain their health and well-being



LIFELONG LEARNING

- › Foster a culture of lifelong learning through education, exposure and experience, allowing employees to achieve their full potential

The next chapters discuss our targets associated with each of these pillars as well as our baseline performance figures.

*Refer to page 21 for explanation of scope 1, 2 and 3 emissions.

IMPLEMENTATION OF THE SUSTAINABILITY STRATEGY

Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

INTEGRATING SUSTAINABILITY INTO R&D

In addition to defining our material topics and corresponding targets and ambitions, our strategic exercise led to the insight that innovation is key. Not only to our economic success, but also to our performance in terms of environmental and social issues along the value chain. So sustainability should be taken into account systematically from the start of our product development processes: it should be in the minds and on the drawing boards of our R&D teams.

To help steer our innovations in the right direction we created a “sustainable innovation framework”, a checklist to evaluate the sustainability of innovations long before they are implemented. The framework considers material health, circularity, climate change, clean air and ozone layer protection, water and soil stewardship, and social fairness throughout a product’s lifecycle. Our R&D teams started using the framework in 2022.

We created a new structure (figure 4) to support and ensure the implementation of the sustainability strategy across the organisation. The One Home ambitions were split up and assigned to specialised working groups that are responsible for their achievement, for monitoring and reporting on their progress, and to address challenges and opportunities.

The central body in this structure is the One Home Steering Committee. It brings together the sustainability leaders from our divisions and group services to monitor the progress of our challenges, to update action plans as needed and to help the working groups reach our goals. Our Chief Sustainability Officer Katrien Godart heads the Committee and reports directly to Unilin’s CEO and Executive Committee on the implementation progress.

Experiences and learnings from the Committee are also routinely discussed with the other members of the Mohawk Industries family through the Mohawk ESG Executive, Planet and People Councils, for instance how to implement and further improve Mohawk Industries ESG Strategy.

FIGURE 4
STRUCTURE FOR SUSTAINABILITY STRATEGY IMPLEMENTATION



KATRIEN GODART, OUR CHIEF SUSTAINABILITY OFFICER

In 2021 Unilin welcomed Katrien Godart as its new CSO. We asked her opinion on the progress we have been making.

Katrien, how far along is Unilin on its sustainability journey?

“I joined Unilin at a very exciting moment in its sustainability track. The company has a legacy in circularity and has launched several sustainable initiatives over the years, but in 2022 we integrated all those initiatives in a group-wide approach: One Home. We call our new sustainability strategy One Home for three reasons. We want Unilin to be a safe and positive environment that feels like a second home to our employees. We also want to help our customers improve their homes and living spaces. And on top of that, we want to reduce our impact on our planet.

The ambitious goals and clear actions in One Home are an important milestone for Unilin. Our stakeholders, clients and our colleagues now know what Unilin stands for: 42% less greenhouse gas emissions by 2030, as needed to help limit global warming to 1.5°C, focusing on the circularity of our products, improving our customers’ comfort and well-being, and ensuring a safe and healthy workplace with growth opportunities for all our colleagues. We still have a long way to go

but our One Home strategy was greeted with great enthusiasm. Each department and production plant is exploring ways to contribute. We are ready and eager to take important steps for a better future. A new steering committee guarantees the follow-up and implementation of our strategy.”

A milestone, but only the beginning. So what’s next?

“We’re moving towards an organisation where sustainability is one of the drivers when making decisions. It needs to be the guiding principle for our further growth.

We are part of Mohawk Industries, the global leader in flooring solutions. We work closely with segments of Mohawk Industries to share best practices and find opportunities to learn from each other. By doing so, we will be able to develop more innovative products that are closer to the needs of our customers and better for the planet. In terms of regulations, a stricter regulatory framework and reporting directives have meanwhile been adopted by the EU. As from 2026 (on 2025) we will need to report on our sustainability performance

according to the CSRD (Corporate Sustainability Reporting Directive). However, we already communicate about our sustainability goals and we plan to fully comply with CSRD in the coming years.”

What are our main challenges and how will we overcome them?

“The current economic situation in Europe poses a number of major challenges. In situations of this nature, short-term economic considerations sometimes outweigh ecological ones. However, we must keep our gaze firmly fixed on the future, in our decisions today and tomorrow.

To guarantee that sustainability remains our compass for the future, we are integrating sustainability into everything we do, from R&D to purchasing, and we are building teams of experts in various sustainability subjects. This way we can ensure continuous improvement within the organisation remains one of our priorities. As an industry, we need to ensure that today’s decisions do not undermine our vision for the future. We’re moving towards an organisation where sustainability is one of the decision drivers.”

Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees



“We are ready and eager to take important steps for a better future.”

PLANET HOME

OUR ENVIRONMENTAL IMPACT

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



- Climate change mitigation
- Circularity
- Sustainable plant management

PLANET HOME

As a manufacturing company, our activities and our products have a direct and indirect impact on local and global environmental issues such as climate change, resource depletion and pollution. We want to take our responsibility and support the global transition towards more sustainable products and production systems. The Planet Home pillar groups our environmental aims on climate change and circularity. In this chapter we address our impacts related to climate change and circularity, as well as the environmental management systems in our factories and our production waste.

TARGETS AND AMBITIONS

CLIMATE CHANGE TARGETS TO HELP LIMIT GLOBAL WARMING TO 1.5 °C



42% less **scope 1+2 greenhouse gas emissions*** by 2030 relative to 2020.



12.3% less **scope 3 greenhouse gas emissions*** associated with the raw material supply and end-of-life phase of our products by 2030 relative to 2020.

*Refer to page 21 for explanation of scope 1, 2 and 3 emissions.

CIRCULAR AMBITIONS TO REALISE OUR CLIMATE TARGETS:

- › **All products:**
 - Switch to circular packaging.

- › **Floors:**
 - Strive to offer floors with 100% recycled PVC in their core.
 - Strive to incorporate recycled PVC in all our LVT production lines.
 - Achieve at least 88% recyclability for used vinyl floors.
 - Incorporate 70% recycled content in our carpet tiles produced in Oceania.
 - Incorporate 20% recycled/bio-based content in carpets produced in Oceania.
 - Strive for a recycling rate of at least 95% for our Oceanian carpets.
 - Strive for 20% post-consumer carpet reuse or recycling in Oceania.
 - Reduce pre-consumer carpet waste landfilling by 80%.

- › **Insulation:**
 - Switch to 30% circular content in our insulation products.
 - Recycle 90% of our manufacturing waste.
 - Recycle 90% of our building site waste.
 - Recycle 35% of the demolition waste generated by our products.

- › **Panels:**
 - Develop 100% bio-based chipboards and MDF.
 - Reduce the use of non-biobased ingredients in our chipboards and MDF by 20%.
 - Maintain more than 90% recycled wood fibres in our chipboards.
 - Incorporate 25% recycled wood fibres in our MDF.

Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

CLIMATE CHANGE MITIGATION

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

Climate change is without a doubt one of the most important and challenging environmental issues facing humanity. Global average temperatures have already risen by 1.2°C, changing global and local climates, and are expected to further increase due to human-caused greenhouse gas emissions.

Current policies and actions around the globe are expected to result in a temperature increase of about 2.7°C by 2100 compared to the pre-industrial period (Climate Action Tracker 2022). But if we want to avoid the worst effects of climate change, we need to limit global warming to 1.5°C. Failing to do so could lead to a state of runaway global warming that reinforces itself at an ever increasing rate.

To tackle climate change, we need to act now and drastically reduce greenhouse gas emissions in all sectors across the globe. We want to be part of the solution by further reducing the use of fossil fuels in our operations and by reducing the lifecycle carbon footprint of our products by opting for more sustainable raw materials and further improving their recyclability.

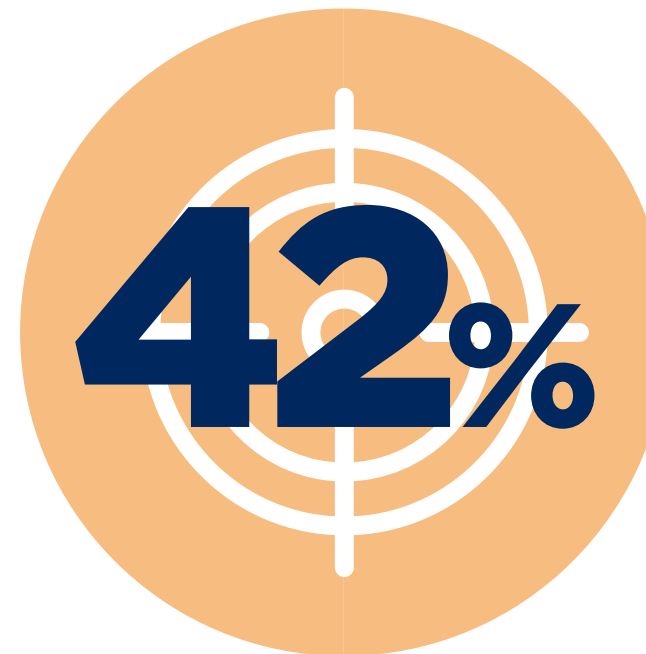
To lower our greenhouse gas emissions (GHG) in a scientifically sound manner, we've measured our carbon footprint and set targets based on the 1.5°C pathways calculated by the Intergovernmental Panel on Climate Change (IPCC).

To assure that our targets are effectively aligned with climate science and are ambitious enough, we are following the guidelines set by the Science Based Targets initiative (SBTi). We publicly committed to SBTi in 2021 after an initial feasibility assessment. In 2022, we submitted our more detailed calculations and targets to SBTi for validation of our approach and confirmation of our alignment with the 1.5°C goal. Both were approved early 2023.

Our climate commitment implies that by 2030, we will reduce our greenhouse gas emissions by at least 42% compared to our 2020 baseline in terms of direct (scope 1)* and energy-related indirect emissions (scope 2)*. This target is absolute, meaning that regardless of organic growth we want to emit 42% less greenhouse gases by 2030. Emissions associated with companies acquired after 2020 will be reduced at the same rate of 4.2% per year from acquisition until 2030.

The emissions associated with our raw materials, the use phase and the end-of-life phase of our products (scope 3)* are more difficult to control, more uncertain and more R&D dependent. This makes it harder to set an equally ambitious goal for this scope. We intend to reduce our absolute scope 3 emissions associated with our raw materials and the end-of-life treatment of our products by 12.3% by 2030 compared to our 2020 baseline, in absolute terms, regardless of organic growth.

TARGETS



42% less **scope 1+2 greenhouse gas emissions*** by 2030 relative to 2020.



12.3% less **scope 3 greenhouse gas emissions*** associated with the raw material supply and end-of-life phase of our products by 2030 relative to 2020.

*Refer to page 21 for explanation of scope 1, 2 and 3 emissions.

CLIMATE CHANGE MITIGATION

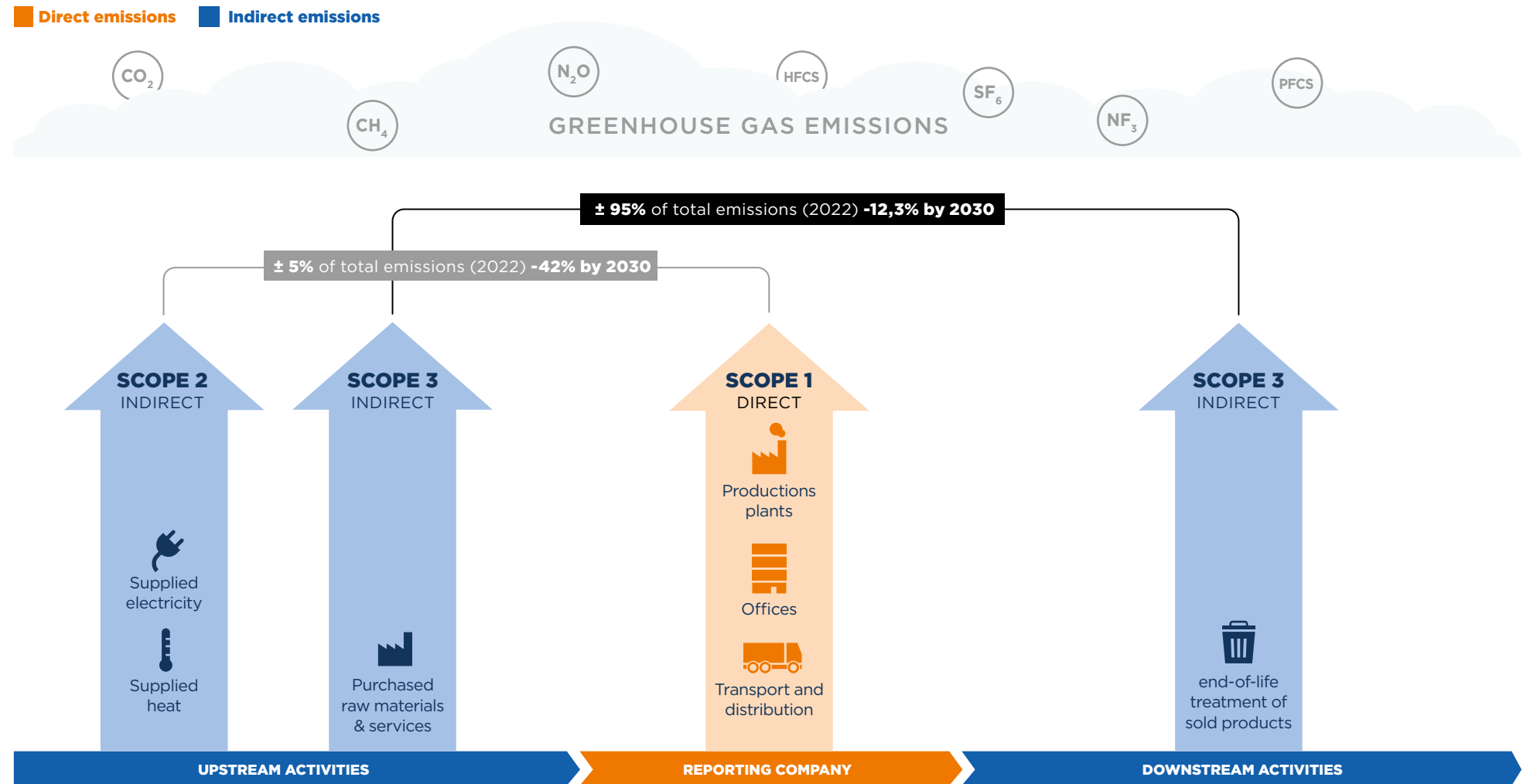
Carbon footprint methodology

Our greenhouse gas emissions and climate targets are tracked following the GHG Protocol and Science Based Targets initiative guidelines. All of Unilin's activities are taken into account:

- › **Scope 1:** direct emissions from our production plants, distribution activities, transport and offices, calculated using the emission factors from the GHG Emissions Calculation Tool by GHG Protocol.
- › **Scope 2:** the emissions caused by the production of electricity and heat supplied to our operations, calculated using EEA, AIB, EIA or local governmental emission factors.
- › **Scope 3:** other up- and downstream emissions that occur along our value chain, calculated using our own or sectoral EPDs for product-related emissions and the Scope 3 Evaluator by GHG Protocol and Quantis for overhead emissions.

We use market-based emission factors to track our electricity use whenever these are available. Market-based emission factors take into account the contractual agreements that we have with our electricity suppliers to avoid claiming renewable power that is also claimed by other entities or vice versa. We use the power plant-specific emission factors for the electricity sourced from our own waste-to-power plants that are directly connected to our factories. This contrasts to the use of loca-

FIGURE 5
OVERVIEW OF THE GHG PROTOCOL CATEGORIES INCLUDED IN THE SCOPE OF OUR CLIMATE TARGETS



tion-based emission factors which are based on region or country average electricity mixes, regardless of contractual agreements or actual power sources.

Emission factors for grid power are often published months or years after the year to which they apply. When up-to-date emission factors are not yet available at the time of publication, we use the best available alternative data instead, e.g. emission factors from preceding years.

If more appropriate emission factors are made available later on, the historic figures are adjusted to reflect reality as accurately as possible. This is also the case in this report, causing minor changes to our previously published carbon footprint results.

Biogenic CO₂ emissions that result from the incineration of woody waste streams are considered carbon neutral in our calculations because we mainly incinerate non-recyclable wood waste and woody

byproducts originating from sustainable forestry. The wood waste would be incinerated or biodegraded regardless of our actions so they do not increase emissions. Taking into account both carbon uptake and release, the carbon captured by the trees that produce the sustainably sourced wood that we incinerate cancels out the carbon emissions of the incineration processes. However the incineration processes also generate other greenhouse gases such as CH₄ and N₂O. Our calculations take these into account.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CLIMATE CHANGE MITIGATION

Operational greenhouse gas emissions (scope 1+2)

CURRENT SITUATION

Our final energy consumption decreased by 7% in 2022 (2.4 TWh) compared to 2021 (2.5 TWh). This was caused by a reduction in production volumes and by energy efficiency improvements in our factories.

The sum of our scope 1 and 2 carbon emissions also decreased, but by only 1% (Table 1). This is mostly caused by our grey electricity use in France. Nuclear power plants were shut down or operating at reduced power due to a combination of planned and unplanned maintenance and cooling issues caused by unusually high river temperatures. The nuclear energy was substituted by natural gas, tripling the emission factor associated with the French grey power mix.

In 2022 we met 60% of our energy demand (25% of our electricity demand and 74% of our heat demand) with

renewables, up from 57% (20% and 72% respectively) in 2020. Our 2022 carbon footprint was mostly caused by the use of grey grid power (52%) and natural gas (25%) (figure 7).

Due to the acquisition of several factories, our target baseline increased by more than 12 000 ton CO₂-eq. in 2022. So despite the relatively flat emissions curve, we are still on track with our 4.2% annual reduction target.

We have planned additional improvements in terms of energy efficiency and investments in renewable power and heat to reach our goal of 42% less GHG emissions by 2030, especially as we expect a sharp increase in our electricity-related emissions when several of the nuclear plants in Belgium are closed and replaced by natural gas plants in 2025 (figure 6).

FIGURE 6
OPERATIONAL CARBON FOOTPRINT (SCOPE 1+2) COMPARED TO OUR REDUCTION TARGET

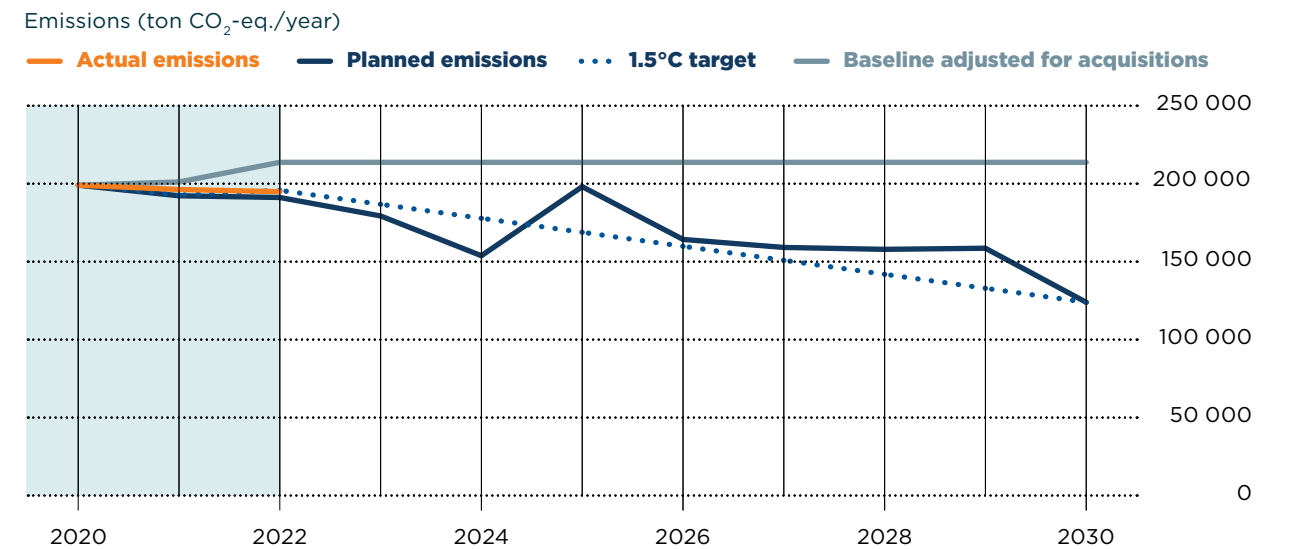


TABLE 1
GROUP-WIDE SCOPE 1+2 CARBON EMISSIONS

Emissions in ton CO ₂ -eq./year	2020	2021	2022
Scope 1: Direct emissions	94 460	104 248	93 292
Scope 2: Indirect energy emissions, market-based	105 329	92 772	102 058
Total scope 1+2	199 789	197 020	195 250
Indirect energy emissions, location-based (scope 2, ignoring market instruments)	106 856	101 834	98 984

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CLIMATE CHANGE MITIGATION

Operational greenhouse gas emissions (scope 1+2)

OUR NEXT STEPS

- We improve the energy efficiency of our operations:**
 Our most energy intensive factories have energy management systems aligned with local regulations. We are stepping up our energy management efforts by installing more detailed monitoring systems and additional investments in energy efficiency across the group. We have installed a technical competence centre for energy management at group level to support the individual plants in this regard.
- We invest in more renewable energy generation:**
 We already source most of our energy from renewable sources, but we are still investigating where we can add additional renewable energy production units to our plants. The plans that are currently on the table include additional solar panels, wind turbines and waste-to-energy plants.

Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

FIGURE 7
FINAL ENERGY USE PER ENERGY SOURCE

Final energy use in MWh year

2020 2021 2022

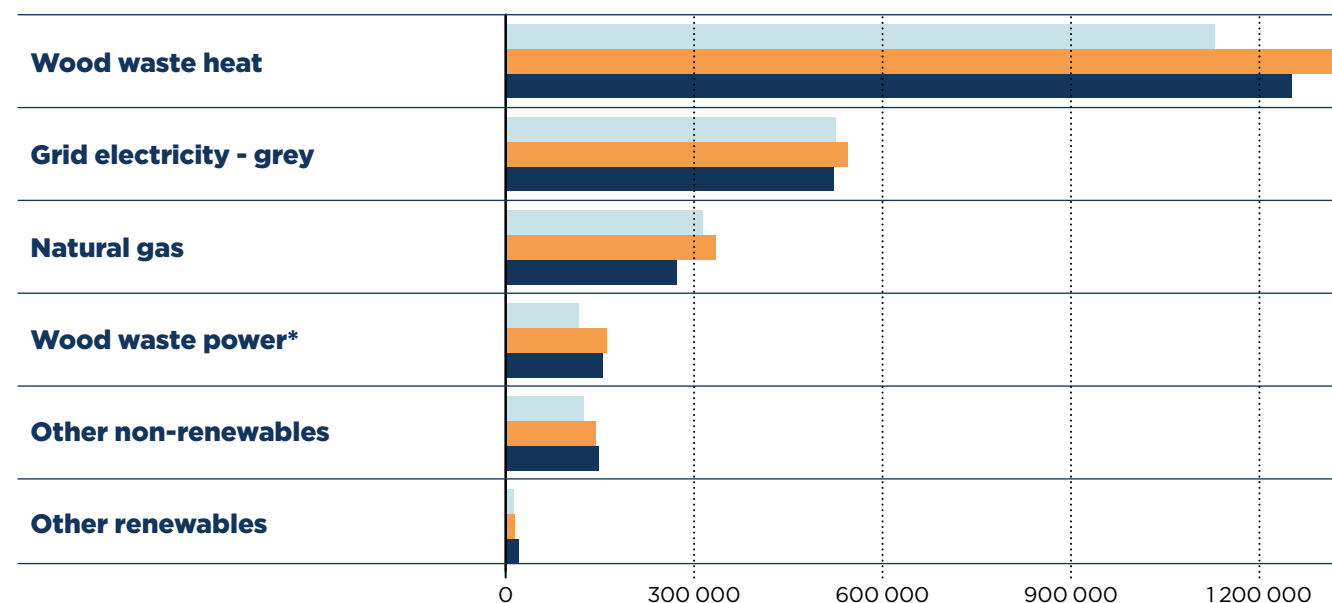
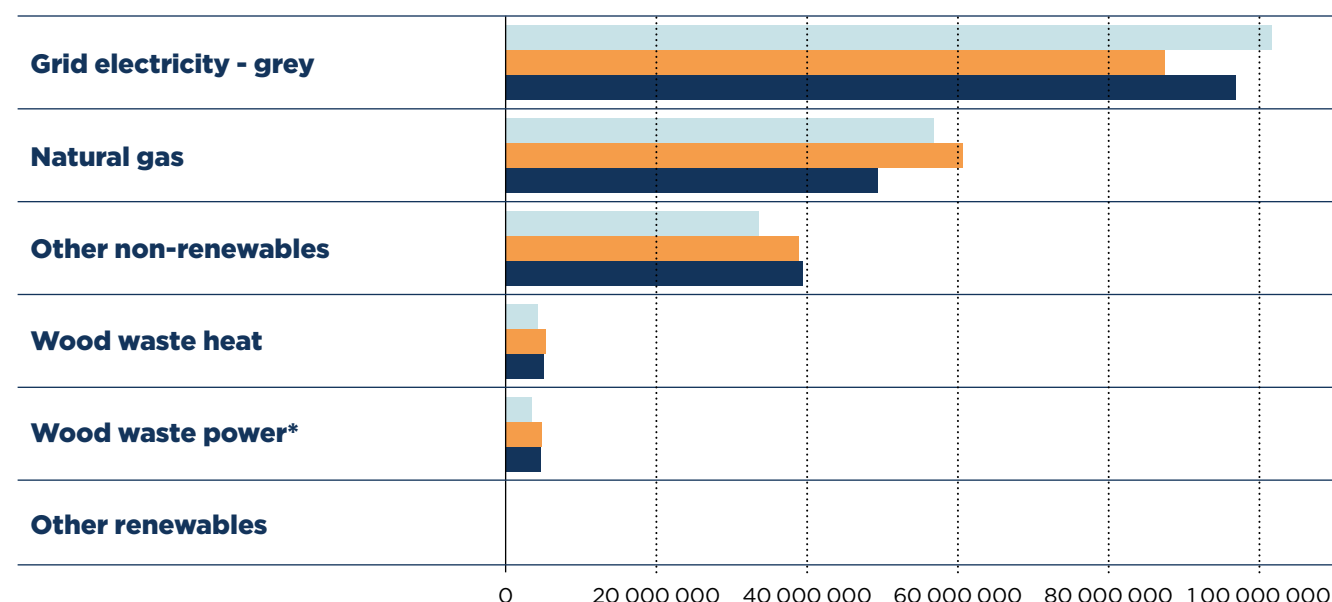


FIGURE 8
CARBON FOOTPRINT PER ENERGY SOURCE (SCOPE 1+2)

Carbon footprint CO₂-eq.

2020 2021 2022



*In some areas of our operations this is referred to as biomass energy



MORE RENEWABLE ENERGY AT OUR SITES

Two giant wind turbines were erected in 2022 at one of our insulation plants. Their combined output will cover 71% of the factory’s energy demand. Together with our green power plants (in joint venture with Aspiravi) and the many solar panels, they fit perfectly within the framework of our sustainability objectives.



60% RENEWABLE ENERGY

Several of our largest production sites are well on their way towards climate neutrality, covering three quarters of their energy use with renewables:

- › Chipboard factories: 77% renewable energy
- › MDF and HDF factories: 73% renewable energy

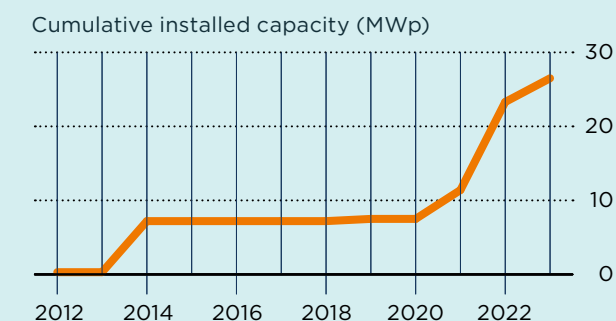
Group-wide renewable energy already covers 60% of our energy needs. This energy is generated using wind turbines but also solar panels and especially green power plants. The choice of energy depends on the possibilities of the individual sites.

WIND ENERGY TO COMPLEMENT SOLAR PANELS

In Feluy we opted for wind turbines because of their higher capacity and great availability. The wind turbines are 180 metres high and have a combined capacity of 7.2 MW. Each year they will produce almost 16 GWh, the equivalent of the annual consumption of some 4 571 families or 71% of the factory’s energy demand. Families and other local purchasers can also benefit from green electricity.

These aren’t the first wind turbines Unilin has built: three of them are already operating at one of our vinyl plants. They are very complementary with the solar panels at the same site: while the solar panels deliver plenty of energy in summer, our wind turbines are more active in winter.

FIGURE 9
SOLAR AND WIND POWER GENERATION AT OUR PLANTS



GREEN POWER PLANTS FOR SITES WITH WASTE WOOD

For the sites where we have lots of waste wood we work with green power plants. It’s important to keep in mind this is the final step in our wood cycle. Only when wood can no longer be recycled do we convert it to green energy. At present Unilin has two green power plants: one at each of our chipboard factories.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CLIMATE CHANGE MITIGATION

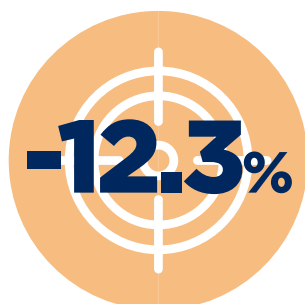
Up- and downstream greenhouse gas emissions (scope 3)

As a manufacturing company we are not solely responsible for the direct impact of our own operations. We are also at least partially responsible for everything that happens throughout our value chain: our product design, procurement and distribution choices influence what our suppliers produce (upstream), how our products are processed by our B2B customers (downstream) and how they are installed, used and treated after use.

CURRENT SITUATION

The emissions that occur up- and downstream from us are much larger than those in our own operations: they total around 3.5 Mton CO₂-eq., almost 20 times our operational scope 1 and 2 emissions. So relatively small improvements in our up- and downstream impact (scope 3) can significantly reduce our total footprint.

Our scope 3 emissions are mostly associated with purchased goods and services and the end-of-life treatment of our sold products (figure 10). Most of the end-of-life impact comes from the emissions resulting from the incineration of our fossil-based products. Our wood-based products play a relatively minor role in our scope 3 emissions because end-of-life emissions are largely cancelled out by the carbon uptake during tree growth.

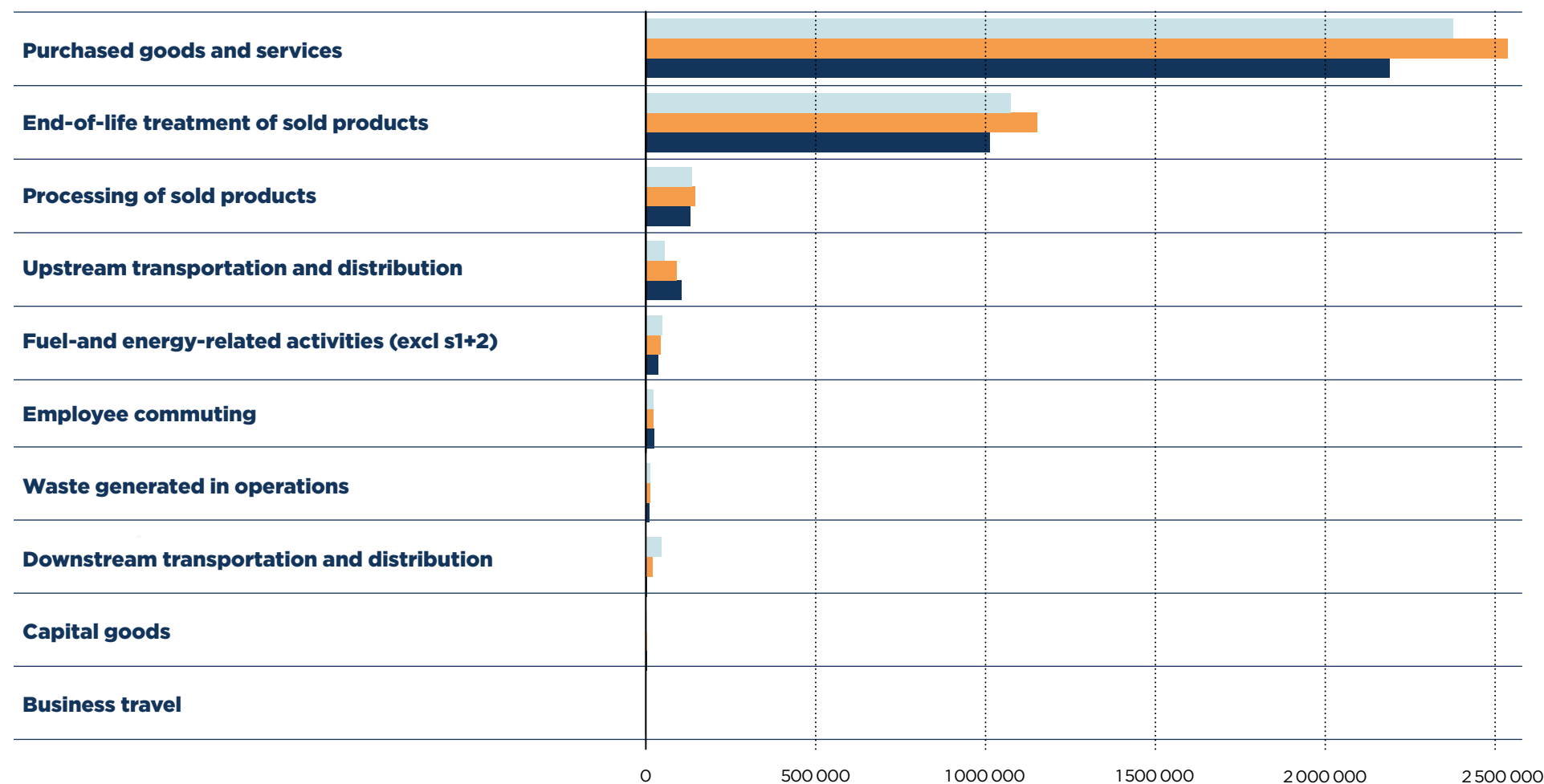


Scope 3 by 2020

FIGURE 10
UP- AND DOWNSTREAM GREENHOUSE GAS EMISSIONS (SCOPE 3) BY EMISSION CATEGORY

Scope 3 carbon footprint (CO₂-eq./year)

2020 2021 2022



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CLIMATE CHANGE MITIGATION

Up- and downstream greenhouse gas emissions (scope 3)

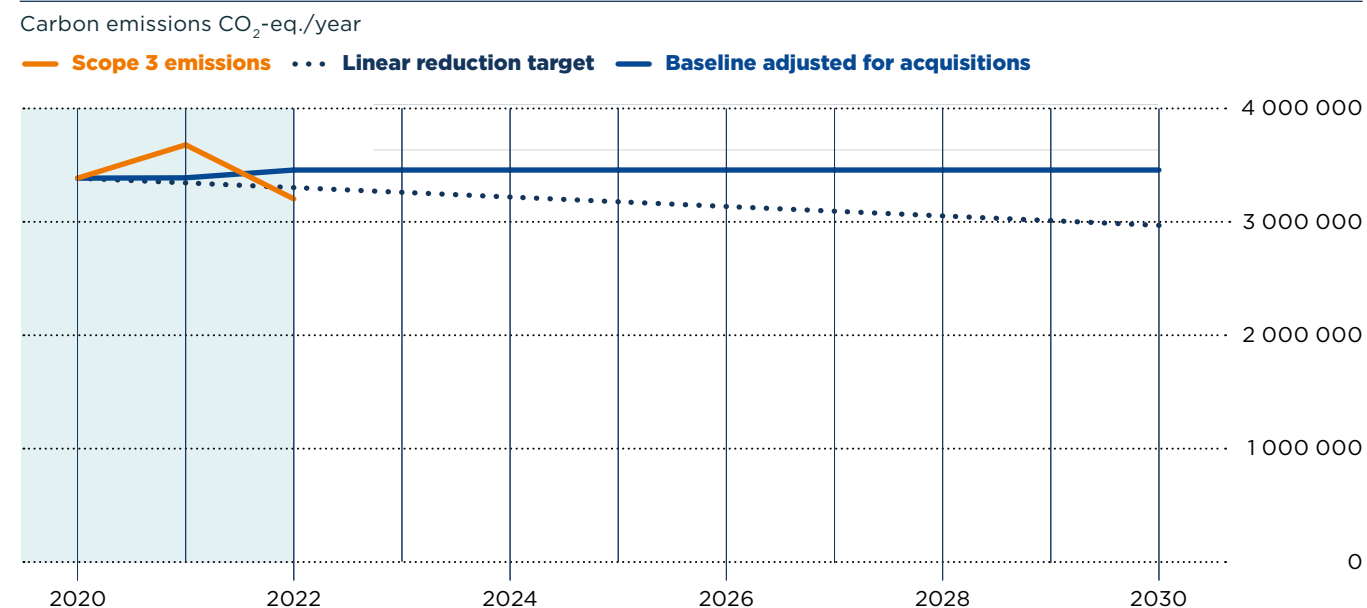
OUR NEXT STEPS

Our raw materials and the end-of-life treatment of our products account for the lion's share of our scope 3 emissions. We will focus on those and aim to reduce them by 12.3% by 2030, relative to our 2020 baseline in absolute terms, irrespective of organic growth.

To achieve this goal, we are switching to raw materials with smaller carbon footprints, such as recycled or renewable materials, and we are trying to increase the likelihood that our products will be recycled after use by optimising their design and composition and by setting up take-back schemes. In other words, we mainly focus on the circularity of our products to improve our scope 3 emissions.

The answer to our circularity challenges for our products are largely found in innovation and therefore take time to develop. That explains why our scope 3 emissions have not yet dropped significantly (figure 11). We intend to implement significant improvements through our R&D efforts in the coming years to achieve our scope 3 target by the end of the decade. You can read more about those in the section on circularity.

FIGURE 11
UNILIN SCOPE 3 TARGET EMISSIONS



Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

CIRCULARITY

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

Today's economy is mostly linear: resources are sourced, converted to products, used, and finally burned, landfilled or discarded in another way. This causes environmental, social and economic issues such as resource depletion and pollution. Its opposite is the circular economy in which raw materials are recycled endlessly, either by nature (e.g. plant-based products), by man (e.g. metals), or a combination of both. Circularity can help make our economy more resilient, more efficient, and more environmentally friendly.

Unilin's origins lie in what we now call the circular economy. Our first raw material in 1960 was flax loam, a waste product of the local linen industry, that we made into flax chipboards. Today, circularity remains a key driver in our story. We produce a mix of products from virgin and recycled to renewable and synthetic materials. They are packaged with the aid of various straps, foils and boxes to ensure safe and well-protected transport. After use, some of our products are immediately recycled whereas others are landfilled or incinerated. To continue to make strides towards a circular economy, we set clear targets to improve our raw material mix, our packaging solutions and the recycling rates of our products.

CIRCULARITY AMBITIONS TO REALIZE OUR 2030 CLIMATE TARGETS

› All products:

- Switch to circular packaging.

› Floors:

- Strive to offer floors with 100% recycled PVC in their core.
- Strive to incorporate recycled PVC in all our LVT production lines.
- Achieve at least 88% recyclability for used vinyl floors.
- Incorporate 70% recycled content in our carpet tiles produced in Oceania.
- Incorporate 20% recycled/bio-based content in carpets produced in Oceania.
- Strive for a recycling rate of at least 95% for our Oceanian carpets.
- Strive for 20% post-consumer carpet reuse or recycling in Oceania.
- Reduce pre-consumer carpet waste landfilling by 80%.

› Insulation:

- Switch to 30% circular carbon in our insulation products.
- Recycle 90% of our manufacturing waste.
- Recycle 90% of our building site waste.
- Recycle 35% of the demolition waste generated by our products.

• Panels:

- Develop 100% bio-based chipboards and MDF.
- Reduce the use of non-bio-based ingredients in our chipboards and MDF by 20%.
- Maintain more than 90 recycled wood fibres in our chipboards.
- Incorporate 25% recycled wood fibres in our MDF.

CIRCULARITY

Raw materials

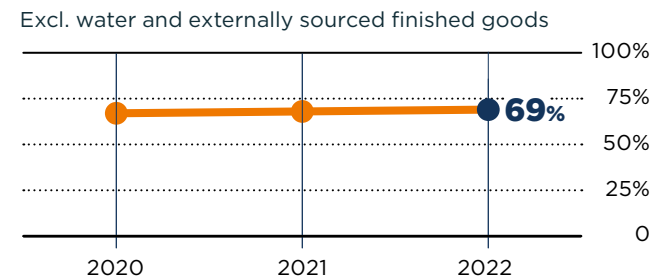
Our raw material mix plays an important role in our environmental impact and the sustainability of our activities, not only in terms of greenhouse gas emissions, but also in terms of resource depletion.

Renewables, materials that can be quickly replenished after exploitation and use, play a very important role in our supply chain. Wood makes up around 67% of our raw material mix. Around 31% of our raw material mix is non-renewable, including fossil-based materials and minerals, and metals (figure 13). The remaining 1-2% of

- › **Floors:**
 - Incorporate 70% recycled content in our carpet tiles produced in Oceania.
- › **Insulation:**
 - Switch to 30% circular content in our insulation products.
- › **Panels:**
 - Incorporate 25% recycled wood fibres in our MDF.



FIGURE 12
RAW MATERIAL MIX, FRACTION RENEWABLE MATERIALS

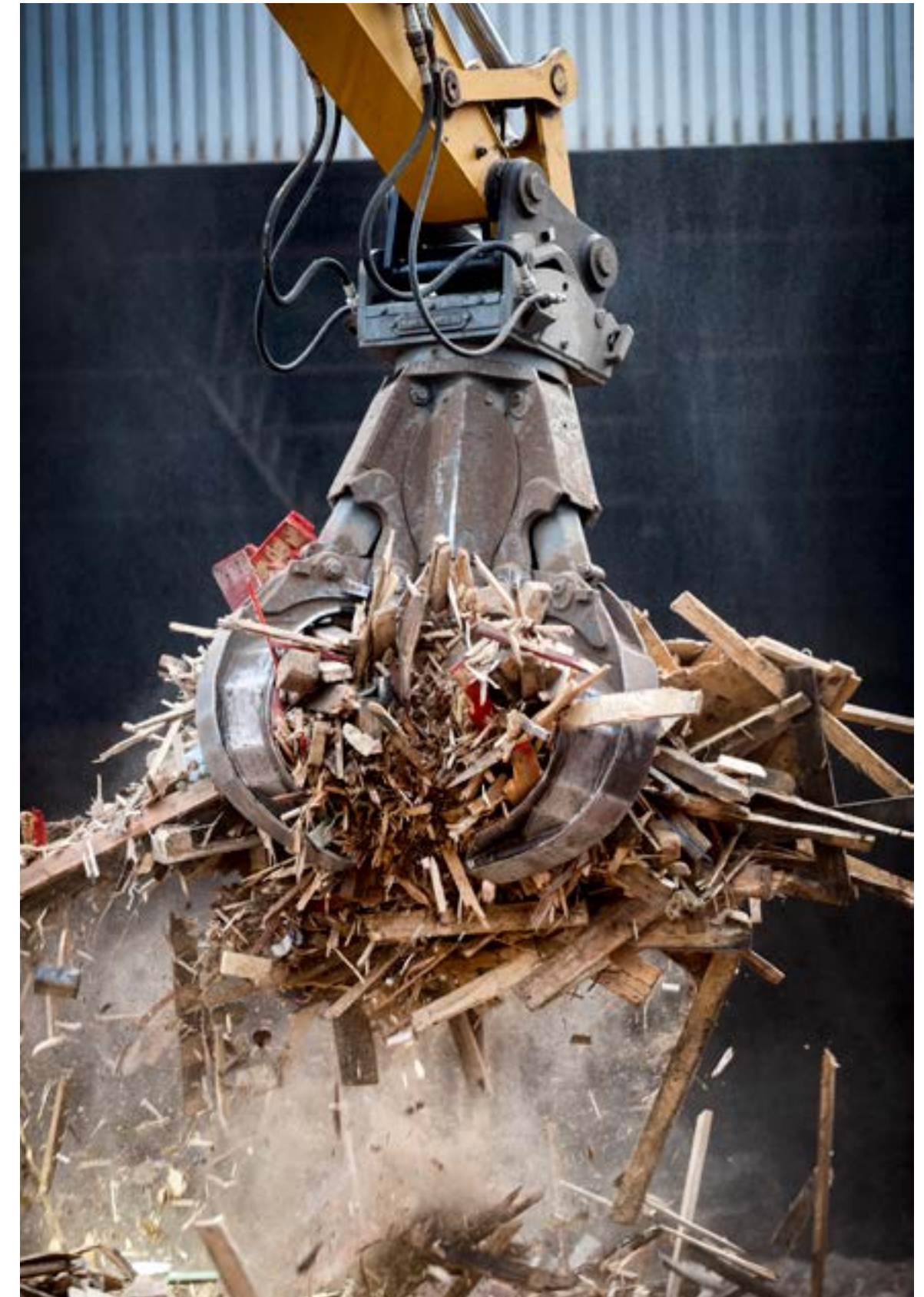
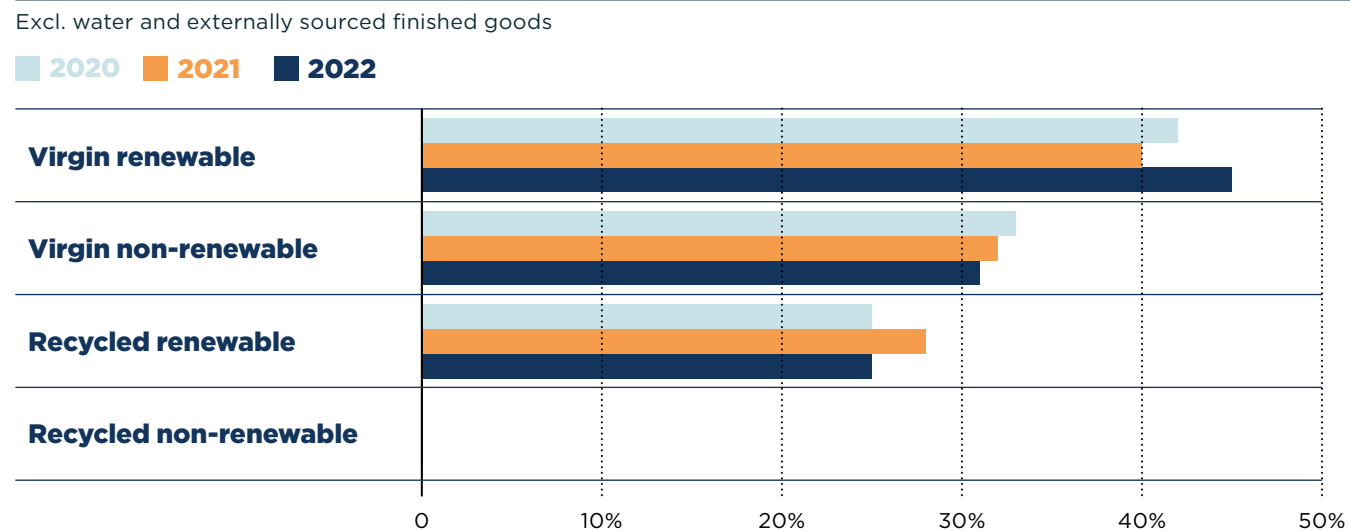


our materials are other bio-based products such as paper and bio-based chemicals.

In addition, 24% of our raw materials are recycled materials. Using recycled materials reduces the need for fresh raw materials and helps to avoid resource depletion.

We primarily use recycled materials in our chipboards: approximately 95% of the wood used in those is recycled wood. In 2021 we built a pilot plant to use recycled wood in our MDF and HDF boards as well. For several other products we have set goals to switch to recycled raw materials in the coming years.

FIGURE 13
RAW MATERIAL MIX, MASS FRACTION



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

WOOD AS A SUSTAINABLE RESOURCE



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

FACTS & FIGURES

- › **67%** of our raw material mix is wood
- › **95%** of the wood in our chipboards is recycled (24% of our raw materials in total are recycled materials, mainly wood)
- › In 2021, we became the first company to **recycle MDF** on an industrial scale, a significant step towards a circular economy
- › **2 waste-to-energy plants in joint venture with Aspiravi**, where we convert non-recyclable wood to green power and heat for our chipboard factories

At Unilin, the primary raw material for most of our products is wood. It is used as the main material in MDF, HDF and chipboard panels. Additionally, we utilize wood to produce laminate and parquet floors as well as to make prefabricated insulated roof elements. Wood is considered a sustainable resource as an interior and design product for several reasons.

The unique properties of wood as a renewable raw material means that if we harvest trees at forest growth rates, we can endlessly produce wooden products. If those wooden products last longer than the trees require to grow, more and more carbon is removed from the air and stored in wooden products and trees. This is for example the case when we use wood in long-lasting products like houses or other construction works, or when we recycle shorter-lived products to extend the life of the wood.

Furthermore, trees also help to stabilise the climate and even fight climate change by capturing CO₂ from the air and storing the carbon in their wood. During this process they also emit O₂, the oxygen we breathe. The CO₂ remains stored in the wood until it is decomposed or incinerated. So the CO₂ remains stored even in processed wood, laminate, chipboards or MDF panels.

Moreover, wood can be used as a raw material multiple times and for

different applications, allowing CO₂ to be stored even longer - until it can no longer be used or recycled. And even then, wood can be converted to green energy, which means we can avoid using fossil fuels in our energy generation. So the longer wood is used and reused, the more our climate benefits. And that is something of which we have a unique understanding.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet HomeOur environmental impact**Your Home**

Our impact on our customers

Our Home

Our impact on our employees

CIRCULARITY

Keep pushing boundaries in the recycling of MDF and HDF boards

In 2021, Unilin announced a world first. We became the first player worldwide to succeed in recycling MDF and HDF fibreboards on an industrial scale. Now, we are ramping up efforts to enhance the recycling of MDF boards, aiming to make the technology more widespread. The pilot project, initiated by Unilin in 2021, was improved and expanded in 2022. Additionally, plans are being made to invest in a state-of-the-art recycling facility, enabling the recycling of externally collected fibreboards as well.

MAJOR STEP TOWARDS CIRCULARITY

The main obstacle in recycling MDF and HDF is the adhesive used to bind the fibres. Until recently no technique existed to separate the adhesive from the wood fibres, effectively making recycling impossible. At the moment, the lion's share of the boards is still incinerated after use (average life 14-20 years). Thanks to the innovative process we are now able to recycle the wood fibres. This constitutes a major step towards achieving circularity.

This meanwhile patented technology is a game-changer for the industry.

It should make it possible to replace at least 25% of our raw material mix by recycled fibres by 2030, allowing for the storage of 380 000 tonnes of CO₂ per year in the wood fibres that are given a new life.

SCALING UP

Following the success of our pilot line for recycling MDF boards in Bazeilles, we scaled up our recycling capacity even further in 2022. And new developments are on the horizon. Our focus now extends to the recycling of externally collected fibreboards and laminate floors, expanding the range of materials we can effectively recycle. Take-back programmes for recycled MDF boards will be initiated in the Netherlands, the United Kingdom, France, Germany and Belgium.

Looking ahead, 2023 holds great promise for this new technology. We are currently planning an investment in a new recycling facility set to be constructed in 2024. This facility will serve as a state-of-the-art hub for recycling operations, enabling us to further expand our recycling capabilities of MDF and HDF boards.



CIRCULARITY

Renewable materials: wood

CURRENT SITUATION

In 2022, we used around 1.6 million tonnes of wood (1.7 million tonnes in 2021 and 1.5 million tonnes in 2020) (ATRO, dry weight) to produce chipboards, MDF boards, laminate floors, multi-layer parquet floors and roof elements. By sourcing the wood sustainably we help to maintain healthy forests and ensure long-term availability of the natural resource. In order to do so, we mostly opt for recycled wood and certified or controlled virgin wood.

RECYCLED WOOD already plays an important role in our wood supply mix: around 40% of our wood is wood waste collected by our partners and purified in our recycling plants to produce chipboards.

CERTIFIED WOOD 95% of the wood in our chipboards is recycled. This percentage makes us a front runner in the industry. The recycled wood used in our chipboards is recognised by both PEFC and FSC as sustainably sourced. But as FSC is slightly stricter than PEFC in its criteria for recycled wood, there is a difference in the volume of certified wood between both certifications. The remainder of our wood supply (in MDF and HDF, laminate and parquet) is fresh wood that mostly originates from PEFC and FSC certified, sustainably managed forests.

But we also use a smaller fraction of non-certified wood including wood from the following streams:

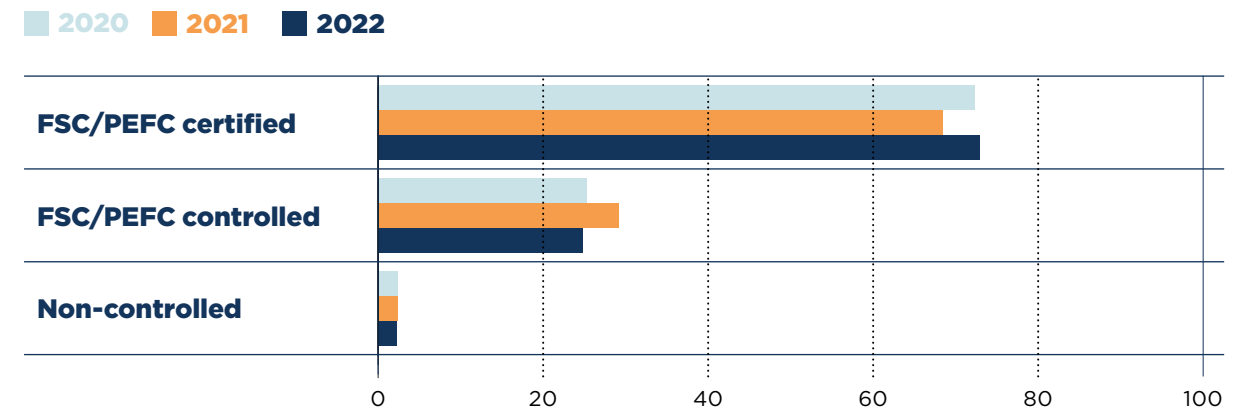
- › Trees cut along roads or in gardens.
- › Thinning wood from non-certified forests. This includes small or crooked trees that could hinder the growth of other trees. This is not furniture grade wood, for example, but it is perfectly suitable for our chipboards and MDF.
- › Rubberwood from plantations that periodically cut older trees to plant younger, more productive ones.

In 2021, we largely made the switch from European spruce to locally sourced rubberwood for the core of our multi-layer parquet floors. PEFC/FSC certification is less common for the smaller rubberwood plantations from which we source, so this lowered the fraction of certified wood in our parquet floors. We are looking into local cooperations to stimulate PEFC/FSC certification for rubberwood.

On the other hand the percentage of certified wood rose again in 2022 thanks to increased sales of our PEFC certified parquet floors with HDF cores. This increase was achieved by reducing the use of rubberwood cores.

FIGURE 14
WOOD CERTIFICATION

Limited to fresh wood, waste wood and semi-finished products; excluding finished goods; non-controlled wood is not evaluated against the FSC or PEFC standards nor validated by other third-party certification schemes



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CIRCULARITY

Other renewable materials

CURRENT SITUATION

Our other, non-wood, bio-based materials mainly consist of the following streams:

- › **Paper:** used in our laminate floors, decorative panels and the facers of our insulation boards. Roughly 30% of the paper used in our laminate floors is recycled.
- › **Wool yarn and jute backings:** used in our carpets. Both are 100% renewable as wool is produced by sheep and jute is produced from plant fibres.
- › **Triexta yarn:** used in our carpets. The yarn is extruded from a polymer that contains 37% plant-based ingredients.
- › **Bio-based resins:** used in the manufacture of our Next bio-based MDF boards.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



CIRCULARITY

OUR NEXT STEPS

Renewable materials: wood

We subscribe to the cascading use of wood principle, which states that wood is preferably used, reused and recycled in the highest-value material applications prior to incineration. That's why we want to continue to source locally grown, low-grade wood. We believe it is better to utilise recovered wood (thinning wood, waste from roadside maintenance, ...) as a raw material for our products than to incinerate it for energy production.

The result of this strategy is that all our wood-based panels and most of our wood-based floors are made from PEFC or FSC certified or controlled wood. In order to further improve the circularity of our wood-based panels, we want to upscale our MDF recycling plant and achieve 25% recycled fibres in our MDF and HDF boards.



ABOUT FSC/PEFC

As a high-volume wood user, Unilin strongly focuses on the verification of its wood sources to ascertain that the wood originates from legal and non-controversial sources.

In order to do so, we mostly source PEFC or FSC certified material. Sourcing certified material can be considered an important factor in the risk assessment of the supply chain as the certificates are third-party verified.

If wood is non-certified, we perform a full supply chain verification, right down to the forest level. In line with

the European Union Timber Regulation (EUTR), information gathering, risk assessment and risk mitigation processes are performed. If the risk assessment based on the available documentation is not sufficient to categorise the wood supply as "low risk", appropriate risk mitigation measures are taken.

Risk mitigation measures include, but are not limited to:

- › Requesting additional documentation.
- › Sourcing certified material.
- › Suspending supplier cooperations or replacing suppliers.
- › Supply chain verification audits.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CIRCULARITY

Non-renewable materials: fossil-based materials

CURRENT SITUATION

We use the following fossil-based materials in our products:

- › Resins, e.g. melamine-urea-formaldehyde, to bind the fibres of our wood-based panels and floors, and to create a durable, easy-to-maintain finish for our decorative surfaces.
- › PVC, plasticisers and smaller amounts of additives to obtain the right balance of properties such as comfort, water resistance and acoustics for our sheet vinyl and LVT floors.
- › Synthetic yarns and bitumen backings for our synthetic carpets and carpet tiles.
- › Polyisocyanurate (PIR), a type of polyurethane (PU) that allows us to achieve excellent insulation values for our roof elements and insulation boards.

OUR NEXT STEPS

We have the following ambitions to improve the circularity of our products and reach our 2030 climate targets:

- › **Panels:**
 - Develop 100% bio-based chipboards and MDF.
 - Reduce the use of non-biobased ingredients in our chipboards and MDF by 20%.
- › **Floors:**
 - Strive to offer floors with 100% recycled PVC in their core.
 - Strive to incorporate recycled PVC in all our LVT production lines.
 - Incorporate 70% recycled content in our carpet tiles produced in Oceania.
- › **Insulation:**
 - Switch to 30% circular content in our insulation products.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



CIRCULARITY

Non-renewable materials: minerals and metals

CURRENT SITUATION

This raw material group accounts for a smaller volume of our total raw material mix. In terms of minerals and metals we mostly use the following materials:

- › **Calcium carbonate:** as a filler in our sheet vinyl, LVT and carpet tile floors in which it represents almost half of the floor's mass.
- › **Glass fibres:** used in small amounts in our sheet vinyl, LVT and carpet tile floors.
- › **Gypsum boards:** used in our roof elements to offer a finished surface on the inside of the building.
- › **Aluminium:** used in the facers of our insulation boards. The facers offer a gas-tight, moisture resistant layer. We also use aluminium in our fire retardant mezzanine floors.
- › **Aluminium oxide or corundum:** used in the top layer of our laminate and mezzanine floors to increase their wear resistance.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



CIRCULARITY

36

Packaging

CURRENT SITUATION

We are committed to take positive steps on all aspects of our operations, including our packaging. We've already invested in reducing the thickness and increasing the share of recycled materials in our plastic foils, and we use cardboard boxes for several of our products.

OUR NEXT STEPS

We aim to use circular packaging materials that meet the Cradle to Cradle Certified® packaging guidelines for all our products. In 2022 we performed our baseline assessment and drafted our strategy for the coming years. In addition to circularity, we will also look into the design of our packaging materials to help end-users reuse, recycle or properly dispose of our packaging materials.

PLASTIC-FREE PACKAGING MATERIALS FOR OUR FLOORS

For our vinyl floors and carpet tiles the switch to plastic-free packaging materials has already been made. For our laminate floors, we successfully switched to plastic-free packaging materials for some of our customers in the Netherlands in January 2022. However, humidity and temperature conditions can vary widely from country to country and during transport. Therefore, we are currently testing the new packaging materials extensively before enlarging the scope to e.g. the UK and Eastern Europe.

RECYCLED AND RECYCLABLE PLASTIC PACKAGING MATERIALS FOR OUR INSULATION PRODUCTS

Our initial focus is on shrink wrap foils as they represent around 80% (by weight) of the packaging materials we use. In recent years we have gradually been reducing the thickness of the shrink wrap foils while making sure



they still offer enough strength to safely transport our boards in tall bundles.

In April 2022 we made the switch to partially recycled, transparent shrink wraps in our insulation plants in Desselgem and Feluy (Belgium). Our old packaging design had a milky colour which made high-quality recycling difficult. We facilitated the recycling of our packaging

materials by making our packaging foil transparent and reducing the amount of ink used in our logo by 35%. We strive for 50% post-consumer recycled content in the foils, as this is currently considered the optimal solution from a technical standpoint. A higher recycled content would make recycling more difficult. Our shrink foils now contain 30-35% of post-consumer recycled plastics.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CIRCULARITY

37

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

End-of-life

The first priority in a circular economy is to avoid, rethink or reduce product consumption. What is consumed should be reused, repaired, refurbished, remanufactured or repurposed for as long as possible. But when products become too worn out or fail to meet future customer demands, it is important that they are recycled to avoid resource depletion and pollution.

Across Unilin we want to help close the circle by optimising the recyclability of our products, by developing or joining take-back systems and by either investing in the infrastructure necessary to recycle our products in-house or by cooperating with external partners.



CIRCULARITY

Recyclability and recycling

CURRENT SITUATION

Several of our products are already being recycled:

- Chipboards are recycled into new ones in our own recycling plants. We can incorporate up to 30% recycled chipboards into our new chipboards.
- MDF, HDF and laminate floors can be recycled in our MDF factory in Bazeilles since the launch of our pilot MDF recycling plant in 2021. Our MDF/HDF boards currently contain just a few percent of recycled MDF but we aim to further optimise the process, to increase capacity and to expand our sourcing activities in the years to come.
- PUR and PIR insulation boards are recycled into less insulating, but more rigid, water-resistant boards that can be used for different applications in the construction sector, e.g. to support heavy window frames without thermal bridges.



OUR NEXT STEPS

We continuously invest in R&D and recycling infrastructure to further improve the recyclability and recycling rates of our products. In addition to benefiting the environment, it's also an economical venture as it can help to source raw materials for new products. We've set the following ambitions to reach our 2030 climate targets.

PANELS:

- › **Incorporate 25% recycled wood fibres in our MDF.**

This will be achieved by upscaling our MDF recycling plant in Bazeilles and setting up a collection system for MDF, HDF and laminate waste streams.

FLOORS:

- › **Strive for a recycling rate of at least 95% for our Oceanian carpets**

In order to improve the recycling rate of our carpets, we are looking into fibre separation, recycling technologies and the possibilities to phase out the bitumen-based backings.

- › **Strive for 20% post-consumer carpet reuse or recycling in Oceania.**

We support and promote Godfrey Hirst's existing Repurpose programme to collect, grade, and reuse carpet tiles for their original purpose.

Together with external partners, we are looking into the recycling or reuse of carpets for other applications, diverting waste from landfill and incineration.

We are currently exploring the following options:

- Carpet fibres as a filler in concrete paths.
- Carpet fibres to improve roads and equestrian surfaces.
- Profile extrusion to make transport pallets, garden benches or fence slabs.

- › **Reduce pre-consumer carpet waste landfilling by 80%.**

In 2022 we recycled 56% of our pre-consumer wool yarn waste back into carpet yarn. Some of our synthetic yarns and unbacked carpets are recycled into other products such as plant pots, park benches, rubbish bins, etc. Carpet waste is also used in equestrian surfaces.

- › **Achieve at least 88% recyclability for used vinyl floors.**

Currently 70% of our sheet vinyl is recyclable. So, we already recycle vinyl waste from our production plants into new floors. Externally sourced used floors pose additional challenges in terms of contamination, e.g. with screeds or glues and legacy ingredients. The main challenges to achieve this goal are the

optimisation of installation methods to allow easier removal with less contamination after use and the development of a separation system to purify collected vinyl streams. As a result, we have developed new sheet vinyl types that are especially suitable for loose lay installations. They are currently undergoing the required testing and certification processes.

For LVT, we will continue to optimise our loose lay products.

INSULATION:

- › **Recycle 90% of our manufacturing waste.**
- › **Recycle 90% of our building site waste.**
- › **Recycle 35% of the demolition waste of our products.**

The bulk of polyurethane waste in Europe (manufacturing, construction and demolition waste) is incinerated, often with energy recovery. However, this causes CO₂ emissions. These end-of-life emissions are the second most important factor in the lifecycle impact of our insulation products, so reducing this impact is one of our greatest challenges. Making our products recyclable would bring a significant improvement but there are several technical difficulties to resolve. To overcome them we are taking part and investing in a number of R&D projects.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CIRCULARITY

39

Recyclability and recycling

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



CIRCULAR FOAM PROJECT

Chemical recycling could enable us to recover the majority of the raw materials used to make our insulation boards. The aim is to break down polyurethane waste into its original building blocks, which can then be used to produce new boards with the same properties as the original article. Unilin is participating in the CIRCULAR FOAM project to help make this possible. The project pools the resources of industrial firms, waste processing companies and universities across Europe.

The project aims to enable the recycling of 1 million tons of high-density polyurethane foam (sourced from building insulation and fridges) and to avoid 2.9 million tons of CO₂ emissions and €150 million in incineration costs in Europe by 2040.

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No. 101036854. Duration: 1 October 2021 - 30 September 2025. Budget: €19 million.

CIRCULARITY

Take-back

CURRENT SITUATION

Improving the recyclability of our products is important, but if we want to make sure that they are effectively recycled, we need to assure that we or other organisations are able to retrieve the products and materials end-of-life. In order to do so, we've set up take-back schemes for several of our products.

Over the last years, we were able to organise several successful take-back projects with our partners and clients.

We have established a sourcing, logistics and treatment system to recycle the following material groups: chipboards, MDF boards, PIR insulation boards and vinyl floors. This system is built for Belgium and the Netherlands. For our wood-based products (chipboards and MDF) this also includes France.

- › **Chipboards:** 15 000 T, entirely recycled in-house.
- › **MDF:** 3 000 T of which 50% is recycled using our in-house HDF & MDF recycling technology. Due to capacity limits and waste import permits, the remaining 50% went to waste-to-energy plants via our hubs.
- › **PIR insulation boards:** we are taking the lead regarding PIR recycling in the insulation sector in Belgium by setting up test cases in which containers are placed at job sites to collect job site waste. In the

short term, we will look into the possibility of mechanical recycling. Long term, we will look into chemical recycling to recycle the materials into new PIR boards but this requires additional R&D efforts.

- Mechanical recycling: using basic physical processes such as grinding, pressing, melting and so on.
- Chemical recycling: more advanced recycling processes in which the chemical structure is changed, e.g. to return to a material's original chemical building blocks.

- › **Vinyl:** several projects to collect post-installation waste of vinyl floors to be recycled by external partners. The following materials can be recovered from commercial customers in the Benelux, France, Germany and the UK: post-installation waste of IVC commercial floors and those of our competitors, post-consumer carpet tiles, LVT and heterogenous vinyl with a textile backing (excl. glued down heterogenous vinyl and LVT). This recovery process includes collection, transport, sorting and recycling.

Our engineered click LVT and carpet tiles are particularly suited for reuse. Our take-back programme includes visual inspections and cleaning, before finding a new home for the old floors such as youth clubs and community centres.

- › For off-cuts and floors that are unsuitable for reuse we are looking into recycling. Our own plants are capable of processing heterogenous vinyl and LVT, making them suitable for the in-house recycling of end-of-life floors. For those floors that are contaminated and unsuitable for our own processes we work with external recycling partners.
- › We plan to enlarge our take-back scope by developing more partnerships.

OUR NEXT STEPS

We are currently exploring options to expand our take-back efforts to include a larger portion of our product portfolio. This expansion is dependent on establishing the needed recycling infrastructure in collaboration with our partners. Our aim is to ensure that the recovered materials are put to good use.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



SUSTAINABLE PLANT MANAGEMENT

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

Our production plants convert raw materials to value-added products that meet our customers' needs. They create value for shareholders and jobs as well as income for employees and their families. But they also have an impact on our environment and communities.

We value our relationship with our communities and strive to be good neighbours. As a result, we find it important to properly manage the local impact of our production plants in order to remain a positive part of local communities and

protect our common environment. Many of our plants have their own or standardised environmental management systems in place and we carefully manage our main production waste streams.

ENVIRONMENTAL MANAGEMENT SYSTEMS

The environmental management approach in our production plants is a set of processes and practices that enable us to reduce our environmental impacts and increase our operating efficiency. It is generally plant or division specific because our

facilities face very diverse challenges and opportunities depending on the applied processes, history and local context. The first priority in our environmental management systems is legal compliance, followed by the management and reduction of our most relevant impacts or risks.

57% of our production plants, including most of our carpet, chemicals, insulation and vinyl plants, are ISO 14001 certified. The ISO 14001 standard focusses on legal compliance and continuous improvement in terms of environmental management.



SUSTAINABLE PLANT MANAGEMENT

Production waste management

CURRENT SITUATION

Production waste can pollute the soil, water and air, and cause short- or long-term harm to ecosystems and human health. With a total mass of almost 0.18 m tonnes per year, our production waste volumes are small compared to our total raw material use (around 2.5 m tonnes/year), but not negligible.

Practically all our production waste is classified as non-hazardous waste by local regulations (figure 15). Only 1.5% of the total waste volume is considered hazardous. This group contains flows such as waste resins, chemicals, oils, and electronic and IT waste.

Almost 43% of our production waste is recycled. This includes packaging materials such as wooden pallets, paper and cardboards, plastics, metals, oils, PIR,

drywall, wool and other fibre waste. About 42% of our production waste is converted to energy. This flow mostly contains woody waste that is too fine to be recycled or not pure enough for use in our panels. Part of this stream is incinerated in A&S and A&U, the waste-to-energy plants that produce green power and heat for our chipboard factories.

Slightly less than 7% is landfilled. This includes HDF dust and PVC strips from one of our laminate factories, a mixed waste stream from our parquet factory, some of our carpet tile cut-offs, yarn and unbacked carpet and rubbish, PIR waste from some of our insulation plants.

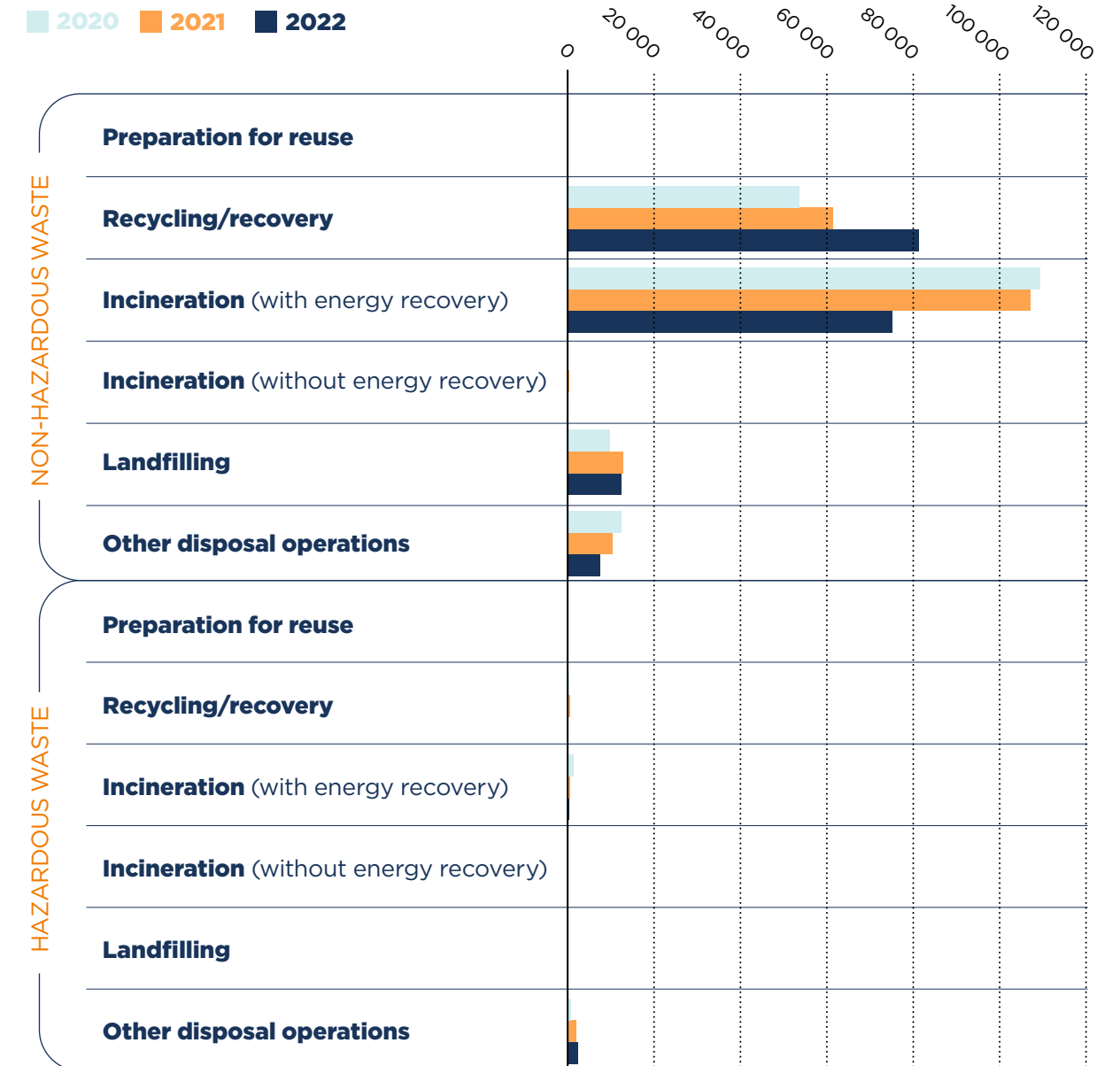
Other disposal operations include wastewater treatment for e.g. rinse water and sludge water, the disposal of small amounts of hazardous waste, contaminated rags, gloves, filters and emulsions.

INSIGHTS GRAPH

- › The total waste volume is down from 0.19 m tonnes in 2021 to 0.18 m tonnes in 2022 due to lower production volumes last year. This also translates into a decrease of incineration with energy recovery:
 - Decrease in all our production plants of Unilin Flooring, e.g. in MDF dust.
 - Decrease in our production plants of Unilin Panels, e.g. in two of our chipboard plants the amount of incinerated waste was halved compared to 2021.
- › There is an increase in recycling and other recovery operations, notably in our two chipboard plants where we maximised recycling efforts in function of material recovery (wood).

FIGURE 15
PRODUCTION WASTE VOLUMES OF ALL UNILIN PRODUCTION SITES IN 2022

Production waste volume in tonnes/year
 Scope: production sites in 2022 excl. our vinyl plant in Poland which only became part of Unilin on 31/12/2022



Introduction

Corporate profile

One Home
 Our sustainability strategy

Planet Home
 Our environmental impact

Your Home
 Our impact on our customers

Our Home
 Our impact on our employees

SUSTAINABLE PLANT MANAGEMENT

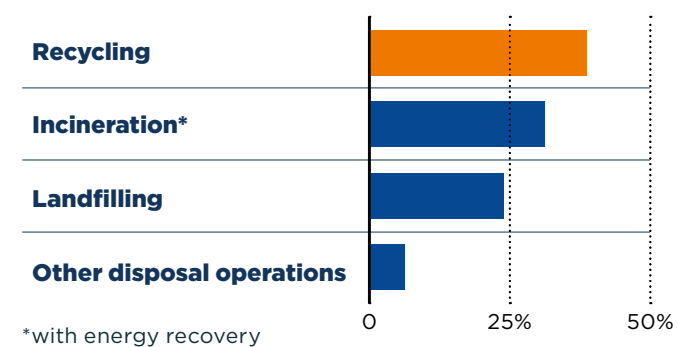
Production waste management: Insulation

OUR NEXT STEPS

› **Striving for zero insulation waste to landfill**

We aim to put an end to landfilling the production waste of our insulation plants by directing it to recycling or, if that's not an option, energy recovery plants instead. A significant fraction of our production waste is still landfilled but we are well on our way to reduce this: thanks to cooperation with external partners, most of our production waste now goes to recycling and energy recovery (figure 16).

FIGURE 16
CURRENT STATUS OF PRODUCTION WASTE OF UNILIN INSULATION



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

YOUR HOME OUR IMPACT ON OUR CUSTOMERS



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

- Ecolabels
- Energy-saving construction and renovation
- Comfortable and stimulating living spaces

YOUR HOME

45

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

We spend most of our lives inside: at home, in classrooms, offices, stores, hospitals, ... That is why healthy, comfortable and sustainable living spaces are so important. With our products, we aim to add value to our customers' living spaces without compromising on health, comfort or sustainability. We rely on third party certifications to guarantee the safety and sustainability of our products and publish Environmental Product Declarations (EPDs) to provide transparency in terms of environmental impacts.



ECOLABELS

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

› Wood-based panels:

- We strive to achieve Cradle to Cradle® certification for all our chipboards, MDF and HDF panels.

› Floors:

- We use Cradle to Cradle® as the compass for our R&D work and strive to meet the highest achievement levels of the Cradle to Cradle® product standard for our laminate floors.

More and more people want to take sustainability into account in their purchasing decisions. But sustainability is a complex, multi-faceted issue. To make sure that our clients can easily evaluate and compare the sustainability of our products and make informed decisions, we stick to well-known, independent ecolabels, well-defined and widely- recognised claims such as those applied for indoor air emissions and third-party verified publications such as Environmental Product Declarations.



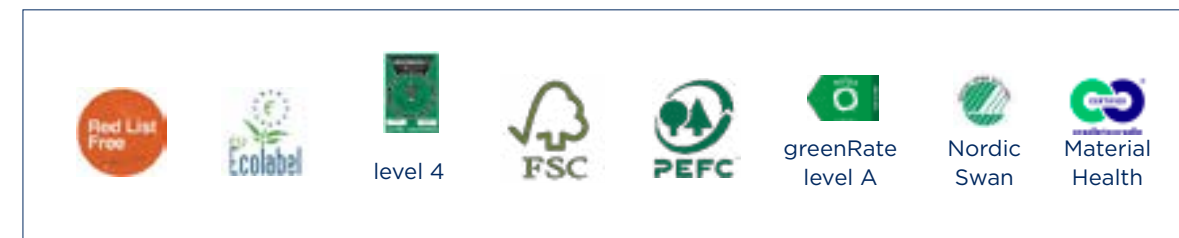
THIRD-PARTY MULTI-CRITERIA ECOLABELS

We underline the sustainability of our products by obtaining and maintaining some of the most well-known, third-party audited, multi-criteria ecolabels (table 2). These often combine general and product group-specific requirements to ensure good performance on several topics such as health and safety, environmental issues and so on.

We also aim to achieve Cradle to Cradle Certified® status for all our in-house produced wood-based panels. Cradle to Cradle Certified® is the global standard for products that are safe, circular and responsibly made.

› In 2022, we achieved our first Cradle to Cradle® certificates:

- Cradle to Cradle® Silver for several of our flooring underlays.
- Cradle to Cradle® Material Health Bronze for our chipboards.



Ecolabels relevant for our products








Carpet tiles	 
Carpets	 
Hybrid floors	
Laminate floors	  
Parquet	 
Vinyl	
Clicwall	 
Decorative chipboards	  
Decorative MDF	 
HPL	 
Raw chipboards	  
Raw MDF	  
Roof elements	 

Table 2: Multicriteria ecolabels granted to our products (some labels are only valid for part of the product range, consult product-specific performance declarations for additional details)

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

PRODUCT TRANSPARENCY: DECLARE RED LIST FREE

There's been a lot of talk about 'material health', a term used to describe how healthy or harmful a building product is to the occupants and the environment in general. When it comes to material health the important thing is what's inside. And as a 'nutrition label' for building materials, Declare® Red List Free is all about product transparency.

In 2019, the first two product groups of our division Godfrey Hirst were certified Declare® Red List Free. Between 2020 and 2022, a whole series of products followed: our triexta, solution-dyed nylon and wool carpets. And the process keeps evolving: new applications are currently underway and more will follow later.

WHAT'S THE RED LIST?

The Red List is a register of manufacturing ingredient 'nasties' such as BPA, fluorocarbons and VOCs. Beyond the health of your own home or workspace, buying a Red List Free product has a positive effect on the environment. Chemicals on the Red List have been found to pose risks in relation to the potential:

- › Pollution of the environment.
- › Bio-accumulation in the food chain.
- › Harm to the health of construction and factory workers.

WHY IS IT IMPORTANT?

Sustainability is a complex, multi-faceted issue. By offering our customers clear information and transparency we enable them to make informed, sustainable decisions. To do so, we stick to well-known, independent ecolabels, such as Declare® Red List Free.

The label addresses key concerns:

- › Where does a product originate?
- › What is it made of?
- › Where does it end up at the end of its life?
- › Does it contain potentially harmful ingredients?

The Declare Red List Free proves that our products meet the stringent product health standards, an important step in reducing the environmental impact of our products.



ECOLABELS

Introduction

Corporate profile

One Home
Our sustainability strategy

Planet Home
Our environmental impact

Your Home
Our impact on our customers

Our Home
Our impact on our employees

Cradle to Cradle Certified® Material Health Certificate™ for our chipboards

In 2022, we obtained a Material Health Certificate for our raw and decorative chipboards. Unilin is the first in its industry to achieve this certificate under version 4.0. The Cradle to Cradle Certified® Product Standard Version 4.0 is currently the most ambitious global standard yet for developing safe, circular and responsibly made products. With this achievement, Unilin shows its commitment to be a frontrunner in sustainability.

The Material Health Certificate stimulates manufacturers to avoid and limit the use of dangerous and toxic raw materials in order to produce safe and environmentally friendly products. This is done through a risk-based Material Health assessment, the results of which have been translated into a product-focused fit-gap analysis. Here we aim to further enhance the compatibility of our chipboards with our customers, employees and nature from a material

health point of view (i.e. water use, effluent contamination, reduction of scope 1, 2 and 3 CO₂ emissions, renewable energy share etc.).

The results and approach of this assessment have additionally established the foundation of Unilin’s Sustainability Innovation Framework. Through this framework, we aim to make a data-based sustainability SWOT analysis of a product or project during our innovation process.

The Material Health Certificate is part of the Cradle to Cradle certificate, granted by the Cradle to Cradle Products Innovation Institute. It is the only stand-alone aspect which can be obtained separately from the full certificate. Unilin considers the Material Health certificate an essential building block towards full Cradle to Cradle certification of its products. Unilin Panels’ R&D team is working diligently to achieve the next steps for its chip- and fibreboards.

CRADLE TO CRADLE CERTIFIED®?

- › Cradle to Cradle Certified® is a globally recognised benchmark for safer, more sustainable products manufactured in accordance with the principles of the circular economy.

 material health	 product circularity
 water & soil stewardship	 social fairness
 clean air & climate protection	

Cradle to Cradle Certified® category icons
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ECOLABELS

Indoor air quality labels – safe spaces

Together with temperature and humidity, air quality is one of the most important factors in interior environments. It's determined by the ventilation rate, the number and activity level of people, animals and plants in a room, the emissions caused by cooking, candles, nail polishes, perfumes and other consumables, and the emissions caused by furnishings, floors and so on. Air quality issues can cause minor to severe health issues.

We want to make sure that our products, that are often a central part of people's living spaces, contribute to healthy and safe living spaces and ensure that they don't pose any health risks to our end-users. To do so we make sure that our finished products intended for interior use comply with some of the strictest indoor emission labels (table 3).

Thanks to our performance in terms of indoor emissions, our finished interior products can help to achieve sustainable building certifications like BREEAM, LEED and WELL.

Our laminate, parquet and vinyl floors currently meet the highest (A+) or second highest (A) level of the French AFSSET emission label.

Emission labels



Carpet tiles	
Carpets	
Hybrid floors	
Laminate floors	
Parquet	
Luxury vinyl tiles	
Vinyl on rolls	
Clicwall	
Decorative chipboards	
Decorative HDF	
HPL	
Raw MDF	

Table 3: Emission labels for our interior products (some labels are only valid for part of the product range, consult product-specific performance declarations for additional details)

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

ECOLABELS

Environmental Product Declarations (EPD)

Ecolabels generally don't provide the data our customers need to really compare different products. So in order to provide more transparency in terms of environmental impacts we've published Environmental Product Declarations (EPDs).

EPDs list many different environmental impacts such as greenhouse gas emissions or ozone layer depletion as well as environmental indicators such as fossil and renewable energy use or water depletion. The impacts and indicators are calculated based on a Life Cycle Assessment (LCA) performed according to the EN15804 standard. The results are quantified per life cycle stage, from production to use and end-of-life, providing the data needed to evaluate and compare the entire lifecycle impact of our products.

We currently have EPDs for almost half our product groups and we're continuously working on new and updated declarations (table 4). They're available through our sales channels and our product websites.

EPD published for these product groups:

- › Laminate flooring
- › Multi-layer parquet flooring
- › Raw MDF
- › PIR insulation with multi-layer facer
- › PIR insulation with aluminium facer
- › Raw chipboards
- › HPL
- › Compact HPL
- › Carpet tiles (since September 2022)

EPD under construction for these product groups:

- › Carpets
- › LVT
- › Clicwall
- › Decorative chipboards
- › Decorative MDF
- › PIR insulation ECO360 (Ireland)

Table 4: EPD status per product group

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

ENERGY-SAVING CONSTRUCTION AND RENOVATION

51

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

[Our impact on our customers](#)

Our Home

Our impact on our employees

The energy consumption of buildings is still a significant factor in today's excessive CO₂ emissions. That is why insulating buildings is an essential step towards reducing these emissions. Our PIR insulation boards and roofing elements offer our customers accessible, straightforward ways to help in the fight against global warming. Moreover, our products increase our customers' living comfort and reduce their energy bills.

PU insulation's significant advantage over other insulation materials is its high insulation value. In addition, it is exceptionally light and compact, making these boards particularly attractive for renovations that require a great deal of insulation where there is little space or a weak supporting structure. The same applies to flat roofs that cannot support heavy insulation.



COMFORTABLE AND STIMULATING LIVING SPACES

52

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

› **Acoustics**

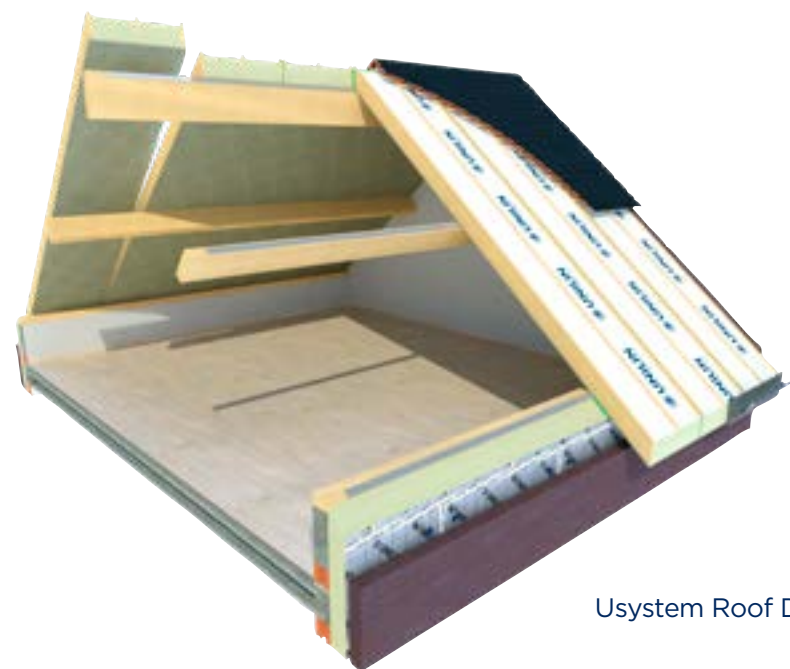
Our carpets, vinyl flooring and Luxury Vinyl Tiles (LVT) have sound absorbing properties. This improves the acoustics in offices and creates a tranquil working environment that can help reduce stress-related symptoms.

We regularly test the sound absorption properties of our vinyl floors in our own sound lab and always try to make improvements. We not only take into account the decibel level but also the timbre. In 2020 we launched our Moduleo LayRed range, a multi-layer vinyl floor where the layer just under the decor is calendered PVC. This makes the floor quieter and softer than other rigid floors in the market.

Our insulating roof panels, like our **Ussystem Roof DS Acoustic** with high acoustic performance, guarantee peace and quiet in working and leisure environments.

› **Comfort**

Our vinyl flooring provides enhanced ergonomics for people who have to stand for long periods, such as retail staff. In a partnership with Ghent University and the Institute of Biomechanics Valencia (IBV) we are researching new methods that will make our floors even more comfortable and ergonomic.



Ussystem Roof DS



COMFORTABLE AND STIMULATING LIVING SPACES

53

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



› **Biophilic design**

In designing our panels and laminate flooring, we focus not only on contemporary design but also on what is known as biophilic design, which is based on our increasing need to connect with nature. As we live in urban environments and spend considerable time inside, we are losing our connection with nature, which is detrimental to our overall sense of well-being. By integrating natural elements into our living environment, we can enhance our relationship with nature, our biggest source of inspiration.

The Master Oak collection and Laminate range (Capture and Impressive by Quick-Step) provide our customers with true-to-life nature experiences.

› In 2020 we launched our new Quick-Step **Wood for Life varnish technology**. Each plank has been treated with a protective coating so that dirt and dust can no longer collect in the pores of the wood. This innovation makes it possible to install wooden floors in ‘wet’ rooms such as bathrooms or kitchens. And so, expand the positive impact of biophilic design in our homes.

› **Indoor climate**

Thanks to their high insulation value, our insulation products provide a comfortable indoor climate in summer and winter.

The Master Oak collection



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees



OUR HOME OUR IMPACT ON OUR EMPLOYEES

- Our workforce
- Safety at work: zero-harm company
- Well-being and health at work
- Lifelong learning
- Community engagement
- Green workplaces

OUR IMPACT ON OUR EMPLOYEES

55

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

The strength of Unilin lies in its people. Unilin is part of Mohawk Industries Inc. which has a headcount of 40 900 (31 December 2022). In 2022 Unilin had 8 475 employees worldwide and our workforce continues to grow. Within One Home, Our Home expresses our ambition to create a positive, stimulating and safe working environment (zero-harm) for all our employees in which they feel good and valued (well-being); an environment in which everyone finds challenges and can further develop themselves (lifelong learning).

Together, we form a team of entrepreneurs driven by the will to succeed. We cherish our values of passion, entrepreneurship, excellence, and respect in everything we do. Our unique DNA is what connects our employees across regions and divisions.



OUR WORKFORCE

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

Unilin's international workforce is very diverse, representing more than 70 nationalities and speaking over 20 different languages. As a home for different cultures and origins, our value of respect is reflected in the rejection of any form of discrimination. In all the countries where we are present, we offer our employees equal opportunities regardless of gender, age, religion or belief, sexual identity, origin or physical disability.

Thanks to acquisitions and steep business growth over the last years, our workforce grew by 6.4% in 2022 to 8 475 employees (figure 17). Most new colleagues joined us through the integration of the entities acquired in EMEA.

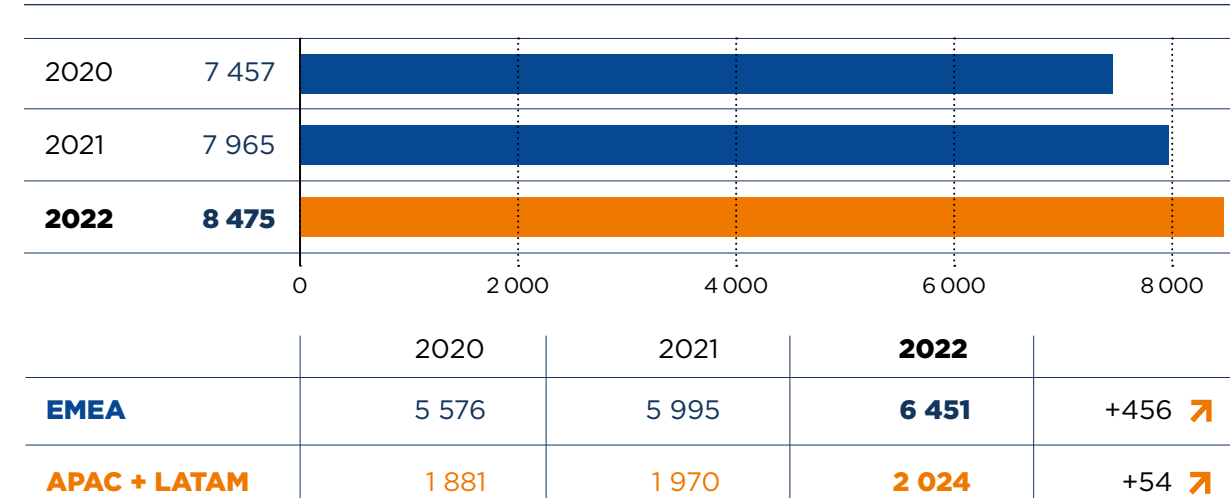
Of those 8 475 employees, 5 284 are production workers and 3 191 are office

workers. Especially the production work appears to attract more men than women, resulting in a men-to-women ratio of approximately 3:1 (figure 18). This distribution appears to be fairly stable over time as our new hires show a similar ratio (figure 18). Our top management reflects our overall population in this regard, showing a very similar distribution to the rest of the organisation.

With 6 451 colleagues in EMEA, the centre of our activities is located in Western Europe.









Almost all of our workers are employees, only 2% are non-employees. The most common type are (recruitment) agency workers, mostly in the production area. With respect for the applicable legal terms, we offer agency workers a permanent employment contract where relevant.

FIGURE 17
NUMBER OF EMPLOYEES AND REGIONAL DISTRIBUTION



OUR WORKFORCE

FIGURE 18
HEADCOUNT AND NEW HIRES IN 2022

HEADCOUNT		EMEA	APAC	LATAM	TOTAL	
 FEMALE	FULL-TIME	<30	257	128	8	393
		30-50	699	291	14	1004
		50+	145	250	1	396
		Total full-time female headcount	1 101	669	23	1 793
 MALE	FULL-TIME	<30	3	2	0	5
		30-50	151	12	0	163
		50+	58	16	0	74
		Total part-time female headcount	212	30	0	242
Total female headcount		1 313	699	23	2 035	
 FEMALE	FULL-TIME	<30	851	348	13	1 212
		30-50	2 820	507	34	3 361
		50+	1 242	376	3	1 621
		Total full-time male headcount	4 913	1 231	50	6 194
 MALE	PART-TIME	<30	6	3	0	9
		30-50	80	1	0	81
		50+	154	2	0	156
		Total part-time male headcount	240	6	0	246
Total male headcount		5 153	1 237	50	6 440	
TOTAL HEADCOUNT		6 466	1 936	73	8 475	
NEW HIRES		EMEA	APAC	LATAM	TOTAL	
 FEMALE	FULL-TIME	<30	98	77	5	180
		30-50	129	49	6	184
		50+	19	13	0	32
		Total new full-time female headcount	246	139	11	396
 MALE	FULL-TIME	<30	1	1	0	2
		30-50	12	2	0	14
		50+	3	1	0	4
		Total new part-time female headcount	16	4	0	20
Total new female headcount		262	143	11	416	
 MALE	FULL-TIME	<30	361	184	4	549
		30-50	474	103	6	583
		50+	102	40	0	142
		Total new full-time male headcount	937	327	10	1 274
 MALE	PART-TIME	<30	3	2	0	5
		30-50	1	1	0	2
		50+	3	0	0	3
		Total new part-time male headcount	7	3	0	10
Total new male headcount		944	330	10	1 284	
TOTAL NEW HIRES		1 206	473	21	1 700	

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

EMPLOYEE BENEFITS

58

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

Unilin offers its employees competitive compensation and benefits packages. We provide our people with fair and equitable pay based on market standards and job responsibilities. Our employees benefit from a high level of social insurance provisions.

All employees are protected against loss of income due to illness, workplace accidents and acquired disability, maternity leave and retirement.

In countries where the state social insurance system covers only basic needs, we offer additional benefits to complement public programmes, such as health care/insurance, life insurance, disability and invalidity coverage and pension provision plans. In some regions gross to net ratios are very favourable for employees, who can choose to provide for their own private insurances.

Male and female employees receive the same benefits, as do full-time and part-time employees.

PARENTAL LEAVE

Employees are entitled to parental leave in all our significant locations of operation, regardless of gender. Entitlement intrinsically implies that employees can take the parental leave, as long as all the legal requirements (seniority threshold, life event ...) are met. It is important to note that taking parental leave does not affect the employees' return to work or the nature of their job in any way.



POLICIES AND ACTIONS

59

Related to own workforce

We are committed to promoting the highest standards of ethical behaviour and transparency. Our codes, standards and policies cover a wide range of topics including human rights, well-being and ethical behaviour.

› Human rights policy

This policy applies to all entities within Mohawk. The Human rights policy refers to the principles set out by other frameworks: the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work, the United Nations Principles on Business and Human Rights, United Nations Global Compact, and the Universal Declaration of Human rights. In addition, the human rights policy also refers to the Standards of Conduct and Business Ethics Policy by Mohawk.

› Code of ethics

Mohawk's Board of Directors developed the Standards of Conduct and Ethics as a guideline to assist employees in practicing ethical behaviour and avoiding conflicts of interest. These standards serve as a road map for employees to navigate their actions in an ethical manner.

The following grounds for discrimination and diversity are covered in the policy: racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, national extraction or social origin, and all other forms of discrimination covered by EU regulations and national law. The policy's scope encompasses the

employees as well as other stakeholders such as vendors, suppliers and other partners.

› Well-being charter

Through its well-being charter, Unilin demonstrates its commitment to employee well-being as part of our One Home strategy.

This charter confirms our engagement to support and empower employees, and to train managers in a wide range of physical, mental and social well-being topics.

› Hotline & whistleblower policy

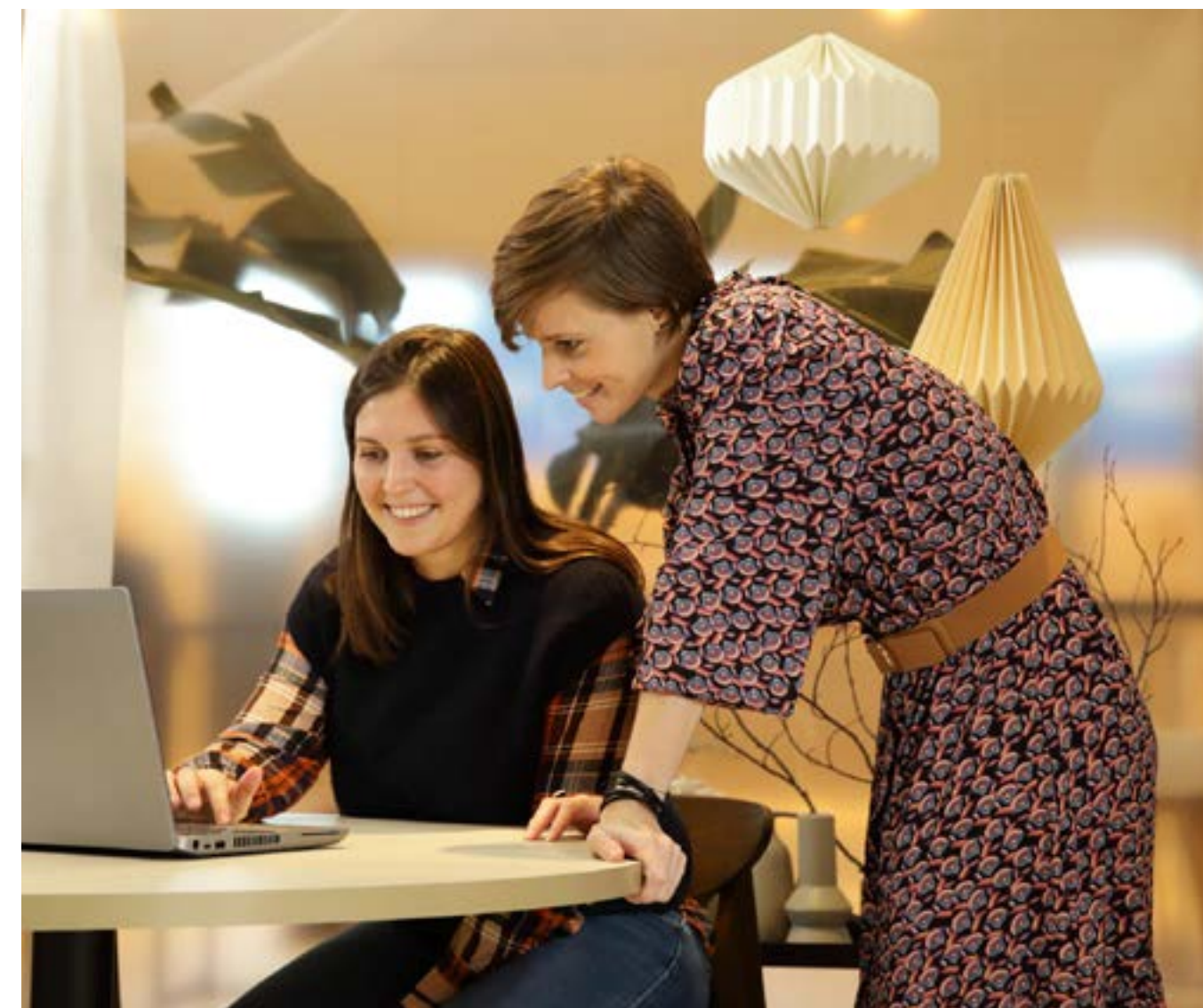
Our hotline & whistleblower policy offers employees an alternative communication channel to report any concerns they may have regarding questionable practices.

Through this policy, employees can bring these concerns to the attention of an independent third party, specifically the internal audit department. This independent party will handle the reported matters in an objective and confidential manner.

The hotline policy is adapted to comply with EU whistleblowing guidelines. Other stakeholders such as customers and suppliers may also use this hotline to report concerns. The hotline is anonymous and can be reached 24/7.

EMPLOYEE REPRESENTATION

Unilin holds regular formal consultations with works councils, unions and/or employee representation bodies. This is organised in line with local law and may differ from country to country. Unilin also installed a



European Works Council, in accordance with EU Directive 09/38:EG, supporting transnational information sharing and consultation.

The above-mentioned consultative bodies are supported by yearly feedback meetings between managers and employees. In addition, the entire population is supported by safety and health legislation and checks as stipulated in local legislation.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

SAFETY AT WORK: ZERO-HARM COMPANY

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

The health and safety of all our employees is paramount in all our activities. We aim to be a zero-harm company, with a positive culture, where everyone takes care of each other and safety is ingrained in all our activities. If we want to be sure that everyone can go home safely at the end of each working day, we must install a safety culture that takes every single detail into account.

It's a belief that we have enshrined in our zero-harm vision, which we adopted in 2019. A vision that includes clear do's and don'ts for our staff, team leaders and management.

To move towards an improved safety culture, a process was started based on leadership development. In this trajectory, managerial staff learn skills to become a good (safety) leader and to lead/promote the zero-harm company culture.

- › In a next phase, the zero-harm risk review, operators commit to reducing exposure with the support of safety leaders.

HEALTH & SAFETY NUMBERS

We are committed to achieving zero-harm through a positive and caring culture in which safety is incorporated in the way we work.

We continue to make every effort to integrate safety into our culture and ensure a safe working environment for all our colleagues. The work-related injury statistics for 2020, 2021 are compiled in table 5. The frequency and severity rate is calculated including temporary workers and excluding third parties. The frequency rate is the ratio of the total

number of accidents (at the workplace) to the number of hours at risk, multiplied by 1 000 000. The actual severity rate is the ratio of the number of actual calendar days lost due to occupational accidents (at the workplace) to the number of hours of exposure to the risk, multiplied by 1 000.

The data are compiled for the entire group.

ORGANISATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM

Each of our sites has installed an internally developed risk management procedure with a focus on the specific hazards relevant to their activities. This is primarily driven by and in accordance with local legal requirements. In all entities, the OH&S system covers all workers, activities and workplaces including contractors and visitors. At group level, we have successfully implemented the first three life saving rules, which are standards focused on working at heights, handling rolling materials, and utilizing the LOTO (Lock Out, Tag Out) method for safe maintenance of machines and installations. These standards have been effectively applied across the majority of our sites. In 2023, we foresee the start of the implementation of two additional life saving rules: working with chemicals and working within confined spaces. Other standards in the draft phase include working with third-parties, work permits and universal training procedures.

The Australian manufacturing plants are ISO 45001 certified. We plan to achieve certification for the remainder of the Australian operations by the end of 2023.



TABLE 5
WORK RELATED INJURY STATISTICS

	Frequency rate*	Severity rate
2020	14.9	0.28
2021	13.5	0.21
2022	11.7	0.20

* (number of lost time accidents in the reporting period x 1,000,000) / (Total hours worked in the reporting period)

ZERO HARM STORY

We want to be a zero-harm company with a positive and caring culture where safety is an intrinsic part of our operations and where everyone takes care of each other. This is a journey we have been focusing on strongly within various sites in recent years.

1. Zero Harm vision

Unilin launched its Zero Harm vision in 2019. Being a zero-harm company is about understanding that safe behaviour and a safety culture is part of our day-to-day activities. And it starts with leadership: one clear behavioural vision for all Unilin employees.

A governance structure was set up in every division to communicate on how to achieve the commitment of the complete organisation and implement the zero-harm vision. Training our executives and leaders was the first step: the foundational training about safety and exposure, how a company culture influences the level of exposure and how the behaviour of the leaders shapes the culture.

2. Leadership Development: leaders lead the change

Next, we focused on the cultural

change led by local governance teams. Step by step the different behaviours in our zero-harm vision were put into practice through masterclasses and individual coaching.

- › **Safety Contacts:** supervisors coach their people on safe behaviour and give feedback on the safety performance of their team
- › **Job Safety Briefings:** Supervisors involve their people and are approachable. They coach their team to recognise exposure and think before they act. They motivate their team to reflect and think about how they can perform their work more safely.

3. Reducing exposure Life Saving Rules (LSR) and Zero Harm Risk Review (ZHRR)

In 2021, our first three LSR were created: 'LOTO', working at height and rolling stock. These LSR include clear 'dos and don'ts' for tasks with an SIFp (Serious Injury & Fatality Potential). If everyone follows these rules, serious accidents can be avoided.

The ZHRR uses a more proactive approach. At the start of 2022, we took the next step in



our zero-harm story. We launched the ZHRR, a tool used to proactively identify risky behaviour. 'Proactively' implies that we remove risks before an incident has happened by making observations.

ZHRR starts by making observations with immediate feedback. This allows us to identify and systematically address behaviours per department.

- › **3 220 observations in 2022** Wherever it has been introduced, the ZHRR has been a success

thanks to everyone's collective efforts. After the launch of the ZHRR, a total of 3 220 observations were made across three sites. More than 100 observers were trained to successfully report such potentially hazardous situations.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

SAFETY AT WORK: ZERO-HARM COMPANY

62

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

[Our impact on our employees](#)

Hazard, risk and incident management

We use a clear and comprehensive methodology that works on different levels across the divisions to assess hazards and risks and to investigate incidents.

- › **Firstly**, risk-studies on work tasks, work functions and workspaces allow us to identify psychosocial risks for our employees and implement the necessary measures to remedy them. This helps ensure the psychosocial protection of our workers by reducing stress, improving work-life balance and matching worker-type task preferences.
- › **Secondly**, to maximise the protection of our workers during their tasks, the purchase of all work equipment and protective means is governed by the principle of the three green lights. This implies that preventive safety measures are taken during the design phase, that all deliveries are checked for accordance and that the equipment is screened for additional safety measures prior to use.

All hazardous and dangerous materials are further assessed at regular intervals in accordance with strict procedures.

- › **Thirdly**, all workers are encouraged to immediately notify current hazards, risks and incidents to their supervisor. At most of our sites the supervisor adds them to a specifically developed software system (IRIS) that allows for the follow-up and identifies the actions needed to solve or rectify the situation.

We aim to roll out the IRIS software and strategy across all entities outside Oceania by the end of 2023.



SAFETY AT WORK: ZERO-HARM COMPANY

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

WORKER PARTICIPATION

Most of our plants have employee representatives in formal health and safety committees. Representation is determined by formal employee elections. Meetings take place in compliance with local legislation.

SAFETY TRAININGS

As part of the onboarding process, all of our employees enrol in an induction programme that covers company-based rules (e.g. non-smoking policy and incident reporting) and highlights specific entity-driven risks such as traffic management, working at height or emergency response. At regular intervals, employees follow additional OH&S modules on specific relevant topics, either in live trainings given by the supervisor or through e-learning.

A company-based standard to determine the extent and periodicity of safety training is currently being developed to further harmonise safety training within our entities. In addition to the general safety modules, task-specific training is given to all workers, including temporary workers, in conjunction with either a designated trainer or a senior team leader. In most entities progress is monitored through personal competency matrices.

The emphasis on "Zero Harm company" also extends to Training & Development. Safety introductions (compliance hours) and additional safety training are mandatory for our employees and therefore pushed on the learning platform. (figure 19)

OH&S AT OUR PARTNER ORGANISATIONS

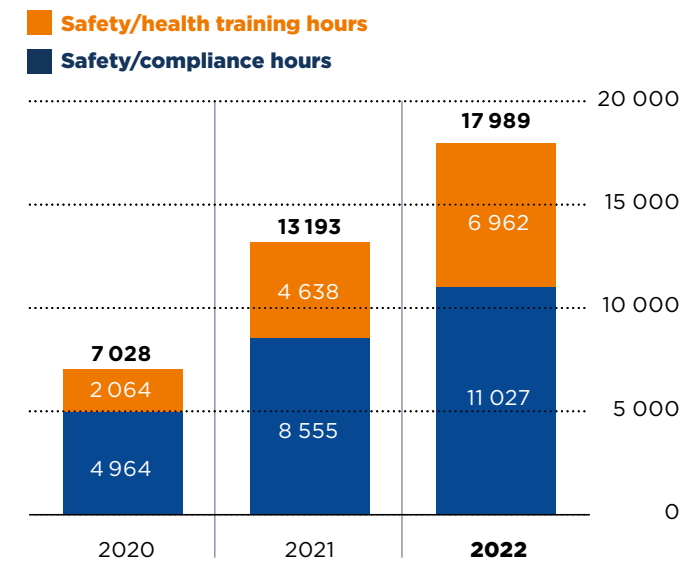
We prioritise the safety of employees of our third-party partners even though we don't have direct control over their operations.

Here are some measures we take to ensure their safety:

- › Amongst others, third parties must sign their attendance in a register and accept a safe working statement that includes the major company rules.
- › Visitor areas are designed to avoid high-risk situations.
- › All work or maintenance activities by third parties is preceded by detailed two-way risk communication. This may include a job safety analysis, a last-minute risk assessment or permit evaluation.
- › Important safety aspects, such as machine documentation, certification and coordination arrangements between multiple third-parties are structurally embedded in the project life cycle.

In Oceania, we continually assess the safety performance of major contractors and transport companies. If their commitment to occupational health and safety (OH&S) is deemed insufficient, their contracts can be terminated. To unify and intensify the way of working with third parties, a corporate standard will be drafted in 2023 with initial roll-out scheduled for 2024.

FIGURE 19
NUMBER OF SAFETY INTRODUCTIONS AND ADDITIONAL SAFETY TRAININGS



WELL-BEING AND HEALTH AT WORK

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

Our workplace is a second home to our 8 475 employees. We aim to create a positive, stimulating and safe working environment where people feel comfortable and appreciated. We support and empower our employees in a wide range of physical, mental and social well-being topics, encouraging them to take care of themselves and each other. In particular, we invest in both individual and collective coaching initiatives strengthening vitality and health, ergonomics, resilience, connection and fun,

and employee development. Managers play a key role in monitoring the well-being of their teams. We encourage them to maintain an open dialogue with their employees, organise regular feedback moments and schedule training.

WELL-BEING

Well-being is influenced by various factors and requires an integrated health management approach. We are working to establish a well-structured and effective well-being policy that moves beyond

one-off initiatives, in the areas of health, vitality and healthy lifestyle habits.

We frequently monitor material risks, impact and opportunities through feedback meetings between employees and their managers, as well as through the Mohawk Employee Engagement Survey. In 2022, we started training our global community in how to address, identify and cope with psychosocial risks for themselves and their colleagues. Topics addressed during the training include

stress and burnout, unwanted and unacceptable behaviour (violence, bullying, sexual intimidation or discrimination), and substance abuse. This was done through both e-learning and interactive workshops. Roll-out in our teams will continue in 2023 across all entities. Group-wide commitments have been implemented on well-being, resulting in action plans for each location. It is up to the HR manager of each business unit to regularly discuss, monitor and follow-up their implementation with the local HR teams.



LIFELONG LEARNING

We are convinced that the growth of our company hinges on the growth of our employees. We therefore anchor lifelong learning at the core of our talent management.

› The Dive

The Dive marks a new milestone in our Training & Development story. In 2022, we developed and globally launched The Dive as our vision on training and development. The Dive derives its name from diving into new information, discovery and personal growth.

The Dive provides our employees with an inspiring and motivating context, where they can find answers to all questions on career and training.

We offer an extensive range of induction, interpersonal and functional training throughout their career to guide, upskill and reskill employees. In 2023, we will put high focus on developing role-based learning journeys, whilst further deploying online, offline and blended learning and intensifying learning networks and expert communities.

- › Induction programmes include thorough introduction to the company's activities, products and culture.
- › From a functional perspective we offer over one hundred product and technical training courses, language training support, as well as employee-tailored coaching. People with zero experience in their area of interest can take advantage of our wide range of opportunities for internal training.

- › Our (inter)personal growth offer consists of widely shared development topics on health & safety, well-being, communication, project management, ...

In 2022 we consider a significant rise in (inter)personal training. Our emphasis on these topics is being translated in employees investing in courses and workshops in these areas. This training category encompasses our leadership programmes as well as well-being topics such as health, vitality and resilience.

The results of the functional, interpersonal and induction trainings are based on all training hours registered and completed by employees in Employee Central – Learning Management System (EC-LMS).

The Dive also intensifies our partnerships with secondary schools and higher education institutions, as we strongly believe in mutual reinforcement.

In 2023, we will also open a brand-new, state-of-the-art training hub in our headquarters in Belgium.



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

LIFELONG LEARNING

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

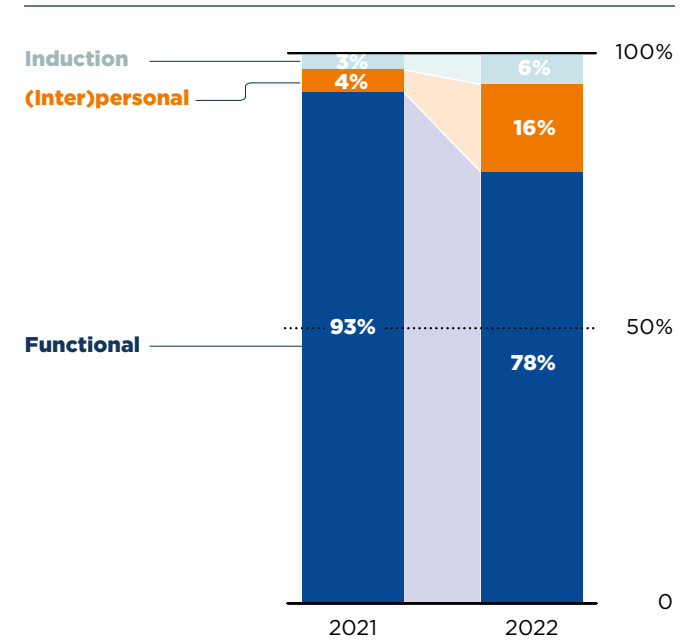
Our impact on our employees

› **Development dialogue**
Our employees and their managers participate in a yearly Development Dialogue, a formal two-way process with open feedback on performance and personal growth opportunities. It is held at least once a year. It is fully implemented for our office workers, in all regions. We target to implement the Development Dialogue for all production workers across all entities by 2026.

› **Townhall meetings**
We hold communication or so-called townhall meetings, as they are a way to stay informed, discuss challenges and share ideas. These occasions are an opportunity to discuss important topics and engage with people. All locations commit to organising a local townhall meeting at least once a year for all production workers and office workers by the end of 2024.

› **Digital learning**
Digital learning formats play an important role in our training approach as they provide flexible worldwide accessibility to learning opportunities. They also cater to diverse employee learning styles and individual needs. Where possible, general classroom in-person training courses are complemented by digital and virtual services. In 2020, we launched a company-owned e-learning authoring tool, making it possible to develop e-learning modules fit for the company or specific business segments. In the past two years we've published more than 70 e-learning modules.

FIGURE 20
TRAINING CATEGORY



COMMUNITY ENGAGEMENT

We recognise the importance of actively engaging with the communities in which we operate. We are committed to building strong relationships and fostering a positive impact through our community engagement initiatives. Our colleagues worldwide are contributing with a range of initiatives and Unilin is more than happy to throw its weight behind them.

UNILIN MALAYSIA SUPPORTS THE BUILDING OF LOCAL HINDU TEMPLE

On 18 August 2021 disaster struck in the rural setting of Sungai Batu (Malaysia). Torrential rains caused a landslide that destroyed a 150-year-old temple dedicated to the Hindu deity Rama. All that remained were a few statues.

Shortly after the disaster local volunteers started rebuilding the temple. Donations poured in and the decision to restore the temple to its former glory was taken soon after. At the initiative of one of our operators in Unilin Malaysia also made a contribution. They had been going to the Ramar temple for the longest time and appealed to Unilin Malaysia to help.

The company donated 145m² of B-quality planks and 224m² of rejected planks (defects in the surface). These were integrated into the ceiling of the new temple, where the first prayer service took place on 17 December 2022, sixteen months after the catastrophe. This gave a second life to planks of lesser quality.

FUNDRAISING FOR THE FIGHT AGAINST CANCER (BAZEILLES)

In 2022, on April 30th and May 1st, the 10th operation of 'Une rose un espoir' took place in the Ardennes with 500 bikers and volunteers in attendance. The generosity of the people was such that over €63,000 was collected (record for the Ardennes!) during those two days alone.

Every year, on the last weekend of April, bikers and their passengers are invited to participate in a major fundraiser for the fight against cancer. For two days, regardless of the engine capacity of the motorcycles, many bikers and their passengers respond to the call by leaders of different sectors of the association 'Une rose un espoir' to form a procession that rides from one village to the next. They announce their arrival with sirens and by honking loudly, and they are escorted by vans filled with all the roses they can carry. The biker crews go from door to door offering a rose in exchange for a minimum donation of €2 for the fight against cancer.

The collected funds remain at the local branch and are used to improve the daily lives of patients through actions in the Ardennes, with a focus on the well-being of the people. A magnificent proof of solidarity of the Ardennes with those who fight against the disease on a daily basis. This initiative was set up by one of our employees, a maintenance technician. Unilin joins this association by participating in this event.



Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

GREEN WORKPLACES

As a sustainable employer, we also want to lead by example in our own offices and factories. We spend a lot of time with our colleagues in our workplace: we exchange ideas and we collaborate to achieve our goals. Green workplaces is an internal journey in which we focus on projects and actions that contribute to a sustainable working environment. In 2022, new projects focusing on circularity and reducing CO₂ emissions were added to our existing initiatives.

Introduction

Corporate profile

One Home

Our sustainability strategy

Planet Home

Our environmental impact

Your Home

Our impact on our customers

Our Home

Our impact on our employees

CONSCIOUS CONSUMPTION

› Waste

The more we sort our waste correctly, the more our waste is recycled. In 2022, we launched a pilot project across 11 sites to introduce new waste islands in the office areas. By implementing waste islands, we provide sufficient sorting possibilities and clear sorting instructions to guarantee correct waste sorting.

In production areas, sorting waste correctly is equally important. We are currently implementing and testing different actions to reduce the residual waste streams in our production plans.

› Too Good To Go

We fight food waste through a partnership with Too Good To Go. In 2021, we launched this initiative in our headquarters in Wielsbeke and later on in Waregem (2022), where we also have a restaurant. Meals left over after lunch time are sold through the Too Good To Go app. Employees pay a lower price for a perfectly fine meal and we avoid food waste: a win-win.

- HQ Wielsbeke: 405 recovered meals = 1.01 T of CO₂ saved (since October 2021)
- Waregem: 132 recovered meals = 330kg of CO₂ saved (since June 2022)

› Vegetarian meals

We provide a vegetarian alternative across all sites where we offer warm and cold meals at lunchtime.

› Filtered tap water instead of bottled water

In 2022, we explored the possibilities to replace bottled water (glass bottles in our offices and PET bottles in our factories) by filtered tap water. By making this transition, we are reducing our carbon footprint and waste streams. Three sites have already installed special water taps with a filter.

SUSTAINABLE COMMUTING

› Electric vehicles

Our goal is to transition our fleet to fully electric vehicles in Belgium and in the long term across Europe. Electric mobility is part of the energy transition and it is important that Unilin sets the example (figure 21).

› Carpool community

In 2022, we launched a carpool platform for employees. Registered employees of the Carpool Community can either offer a ride or find a nearby colleague to carpool with. Joining this community gives them an overview of colleagues who live in the vicinity. The platform is currently available for Wielsbeke and the surrounding sites.

SUSTAINABILITY TRAININGS

We believe it is important to provide all employees with opportunities to enhance their understanding and knowledge of sustainability. That is why we offer a variety of general and product-specific trainings for our employees. These training programmes are available in several formats: e-learning modules, LIVE trainings and a host of reading materials. Our aim is to offer comprehensive information on sustainability in general, as well as our specific approach and targets.

These pilot projects will be followed up in the next year to make improvements if necessary, to share best practices with our foreign sites and to expand the scope of these initiatives where possible.

FIGURE 21
REGISTERED ELECTRIC VEHICLES IN OUR FLEET

