

Transforming the future



Committed to sustainability

Over the lifetime of their use, the insulation products we sold in 2020 will offset **46 times** our carbon footprint for the year.

Sustainable Innovation Plan (2025 objectives)



CLIMATE ACTION PLAN

CLIMATE-POSITIVE MULTIPLE	RECTICEL CARBON FOOTPRINT	CARBON INTENSITY
75	-40%	-25%
(ratio between avoided emissions and carbon footprint over the complete value chain)	in 2030 (scope 1, 2, 3 in tonnes CO ₂ e vs 2013, target in line with EU Green Deal -55% vs 1990)	(scope 1, 2 in tonnes of CO ₂ e/million EUR revenue vs 2020 (50 tonnes))

TRANSITION TO A CIRCULAR ECONOMY

5,000 TONNES	10%	2023: successful completion of the PUReSmart project, a breakthrough in chemical recycling of flexible polyurethane foam
of post-consumer polyurethane foam from recycled mattresses	production with lower CO ₂ e raw material in % of total raw material consumption	

INNOVATION FOR SOCIETAL NEEDS

80%	≥3
OF R&D PROJECTS CLASSIFIED AS SUSTAINABLE	SUSTAINABLE R&D PROJECTS BROUGHT TO MARKET EACH YEAR



People Priority Plan (2025 objectives)

SUSTAINABLE PARTNERSHIPS

WE COMMIT TO		
reporting on % suppliers compliant with the Recticel Supplier Sustainability Requirements and audited based on risk assessment	reinforcing R&D partnerships with customers, knowledge institutes, universities and strategic suppliers on sustainable development	continuation and expansion of long-term partnerships for social projects

LOWER HS&E IMPACT OF OUR ACTIVITIES AND PRODUCTS

FREQUENCY 1	FREQUENCY 2
≤2	≤5
LOST TIME ACCIDENTS [Lost Time Accidents representing the average on Group level for all our plants]	LOST TIME ACCIDENTS + RESTRICTED WORK CASES + MEDICAL TREATMENT CASES

WE COMMIT TO
the pursuit of zero chemical hazard impact of our activities and products

AN INSPIRING AND REWARDING PLACE TO WORK

25%	WE COMMIT TO
gender diversity in senior management by 2030	<ul style="list-style-type: none"> maximising e-learning for our employees implementing a personal sustainability objective for senior managers in 2022 connected to the Sustainability Strategy follow-up and reporting on well-being scores through annual Employee Performance Management Discussion (EPMD) progress reporting on workforce engagement

A message from the Chairman of the Board of Directors and the Chief Executive Officer



Johnny Thijs
Chairman of the Board of Directors



Olivier Chapelle
Chief Executive Officer

Brussels, April 30th, 2021

**Dear Employee,
Dear Customer,
Dear Shareholder,
Dear Reader,**

Despite a business environment dominated by the COVID-19 pandemic outbreak and the subsequent chemical raw material supply shortage, 2020 was the year in which the transformation of our Group materialised.

Its favourable market positioning meant that our Group performed well in these adverse circumstances. Its strong financial position at the end of 2019 allowed us to seize highly complementary strategic acquisition opportunities.

The transformation of Recticel has led to a renewed and ambitious Sustainability Strategy, with a new set of aggressive objectives for the 2025 horizon.

Over the last 24 months, Recticel has dramatically transformed its business portfolio through five major strategic transactions. The process started in February 2019 with the closing of the two-step divestment of our 51% participation in Proseat to Sekisui Plastics Co. This was followed in June 2020 by the closing of the two-step divestment of our Automotive Interiors division to the German firm Admetos. In mid-2019, it emerged that the Swiss conglomerate Conzeta wanted to divest its FoamPartner division, a business highly complementary and appealing to Recticel. We therefore decided to approach Greiner AG, our partner in the Eurofoam joint venture, with the aim of divesting our 50% participation. This was a necessary and mandatory step in order to secure the acquisition of FoamPartner, both from a competition authorities standpoint and a financial point of view. In June 2020 we closed the divestment of our 50% participation in Eurofoam, and in March 2021 we successfully closed the acquisition of FoamPartner, leading to the birth to our Engineered Foams business line. In the same month, we signed the acquisition of Gór-Stal, an insulation board provider ideally positioned in Poland to complement our building insulation activities.

This broad strategic overhaul, and the decision to focus the development of our Group on Insulation and Engineered Foams, led to the decision to divest our Bedding business line. The aim is to sign a deal by the end of 2021. The future of Recticel will be based upon two strong pillars providing high value-added solutions and very well positioned in growing markets. Moreover, they will provide a natural hedge for the future: Engineered Foams being a global player in speciality/niche industrial markets, while Insulation is essentially a European player in construction markets. We aim to use the proceeds from the divestment of the Bedding business line to accelerate the growth of our two pillars, both organically and through M&A.

In 2020, when the COVID-19 pandemic broke out, our primary concern was for the health and safety of our employees. In that context, every precautionary measure was taken to eliminate the risk of infection as far as possible. After protecting our employees, the next priority was to protect our Group: the impact of lockdowns on many economies led us to significantly curtail production output, temporarily shut down production sites, and swiftly implement a broad range of cost-saving measures. The reactivity, collaborative spirit, transparency and agility displayed by our global teams have enabled us to minimise the impact of the pandemic on our Group. As a result, after a substantial 17.5% reduction in our sales during the first half of the year, we recovered strongly in the second half of 2020 with a sales increase of 7.0% and an adjusted EBITDA increase of 10.0%. The pandemic has also affected our raw material suppliers, which have not been in a position to respond to post-lockdown increases in demand, leading to a raw material supply shortage. This situation has not yet been resolved and is being used by our suppliers to increase prices at unprecedented pace and levels.

Our commercial teams have confirmed their ability and commitment to passing these increases through to customers with limited lead times. As a consequence of the strategic and business circumstances in 2020, Recticel had no debt left at the end of the year, and with after-tax earnings of €63.2m, supported by the profit made on the divestments, the Board of Directors proposes increasing the dividend to €0.26 per share.

Having completed our 2015-2020 Sustainable Development journey with important and decisive successes, we defined our new ambitions in 2020, with the aim of contributing to a more sustainable world by 2025. These are articulated around the following four themes, which are further detailed in this Annual Report along with KPI's, targets and timelines:

- Already a “green” company, mainly due to the positive impact of our Insulation activities, we intend to substantially increase our positive contributions.
- In addition, we aim to further decrease our carbon footprint.
- Having first successfully defined and proven solutions for the circularity of our business propositions, we now want to scale up fast, and enable a second life for end-of-life products.
- Last but not least, we are committed to increasing the well-being and engagement of all our employees.

With regard to 2021, and after a strong first quarter, the focus is now on the successful integration of FoamPartner and Gór-Stal and the divestment of Bedding, in order to start 2022 with a highly efficient operating model.

In this incredibly intense period of development for our Group, we want to express our gratitude to our employees for their contribution in 2020 and their resilience during the COVID-19 crisis. Likewise, we thank our customers for their constructive cooperation in these volatile times, and for their business and forward-looking partnership. We also extend sincere thanks to our shareholders for their continued trust, support, and precious insights. We will strive to continue to deliver enhanced shareholder value in 2021.

Olivier Chapelle
Chief Executive Officer

Johnny Thijs
Chairman of the Board of Directors

Highlights of 2020 and early 2021



January 2020

Bedding – imm Cologne trade fair

Recticel had a strong presence at the 2020 edition of the renowned imm Cologne international furniture fair in Germany. Our two booths – Schlaraffia® and Swissflex® – presented a range of new bedding products. The fair was also a perfect showcase for our sustainable approach to bedding products, including several eco-designed concept products.



Schlaraffia® celebrated its 111th anniversary at imm Cologne 2020 furniture fair, showcasing some of its innovative and sustainable solutions with the theme: “Better sleeping for a better life – for 111 years!”

Bedding – Lattoflex®

The Lattoflex® Geltex Wellness mattress was awarded Mattress of the Year in Belgium by Voted Product of the Year in collaboration with Nielsen research company. This annual competition involves an online survey with 5,000 consumers and a user test with 120 consumers across Belgium.



Corporate – Electricity Sustainability Roadmap (ESR 2020-2025)

Recticel introduced its Electricity Sustainability Roadmap, an ambitious action plan to reduce CO₂ impact related to electricity usage by 75% by 2025. This target will be reached by following three paths in parallel:

- 1) Build up and implement an energy saving plan at each plant
- 2) Develop smart efficient lighting
- 3) Selectively implement solar panel and windmill projects to generate green electricity



March 2020

Insulation – fibre bonded foams

The Recticel Silence collection was developed to meet the growing demand for acoustic insulation in homes. The insulating panels are manufactured from 70% recycled polyurethane foam, limiting the use of new natural resources and thus environmental impact. In the first year since the collection was launched, 1,059 tonnes of PU foam were recycled.



The Recticel Silence collection was recently awarded the first Prix Journal de la Maison 2021 (France) in the ‘Interior design and comfort’ category, for its innovative and sustainable qualities.



April 2020

Corporate – international headquarters

In order to improve working conditions, the Group decided to move its international headquarters to a new location that better suits the needs of the streamlined organisation.



Bourgetlaan 42 Avenue du Bourget
1130 Brussels, Belgium



Automotive Interiors – divestment

Recticel announced that it had entered into a binding agreement to bring its Automotive Interiors business into a new joint venture under the control of Munich-based privately owned investment company Admetos GmbH. Under the terms of the agreement, the Automotive Interiors business was transferred to a new joint venture holding company controlled by Admetos which now owns 51% of its shares, with Recticel retaining the other 49%. The deal was closed on 30 June 2020. Since April 2021, the joint venture has been called ASCORIUM Industries.



Flexible Foams – Eurofoam

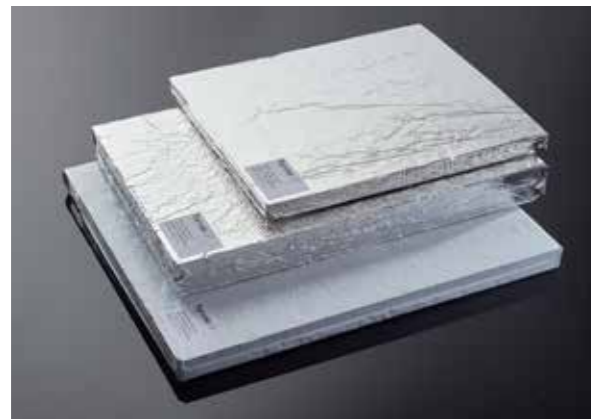
Recticel announced that it had reached a binding agreement with Greiner AG to divest its 50% participation in the Eurofoam joint venture. The transaction was closed on 30 June 2020. The divestment of the Proseat activities in 2019, the divestment of Automotive Interiors and the closing of the Eurofoam deal would enable Recticel to fundamentally refocus on its higher value-added activities while providing greater flexibility to pursue strategic development opportunities.



September 2020

Insulation – TURVAC

Recticel began producing insulated boxes for the transport of COVID-19 vaccines. In combination with coolants, these high-performance vacuum insulation panel (VIP) boxes help to secure temperatures as low as -70°C, a critical condition for safe delivery of many of these temperature-sensitive vaccines. This ongoing programme means that Recticel Insulation – through its Slovenian JV partner TURVAC – is, and will continue to be, an important link in COVID vaccine logistics around the world.



January 2021

Insulation – fighting COVID-19

The Recticel Insulation business line, through its TURVAC joint venture, won a significant contract with two major international pharmaceutical companies for the delivery of VIP material needed to transport and store COVID-19 vaccines.

Flexible Foams – Silent Tyre

Tyre cavity noise is caused by excitation of air inside the tyre as a result of its interaction with the road surface. The noise is transmitted through the wheel assembly and the vehicle structure into the cabin. Recticel's Silent Tyre foam decreases cabin noise and controls tyre temperature without impacting overall tyre performance. It is now being used by three major tyre manufacturers for comfortable driving in EVs and hybrids.



November 2020

Flexible Foams – FoamPartner acquisition

Recticel announced that it had entered into final agreements with Swiss-listed Conzzeta AG to acquire 100% of FoamPartner. As a global provider of high value-added technical foam solutions in the Mobility, Industrial Specialties and Living & Care markets, FoamPartner offers significant complementarity and synergy upside with Recticel.

The transaction was closed on 31 March 2021, after which the FoamPartner business was merged with the Recticel Flexible Foams business line to form the new Recticel Engineered Foams business line.



February 2021

Bedding – Strategy

Following a strategic review, the Board of Directors decided to divest the Bedding business in order to focus on its core Engineered Foams and Insulation business lines.

The divestment will provide an opportunity for the segment to unlock its full potential under the ownership of a dedicated shareholder.

J.P. Morgan has been retained to advise Recticel on the divestment.

Renewed Sustainability Strategy 2021 - 2025

The Board of Directors approved the renewed Sustainability Strategy for 2021-2025 based on its Sustainable Innovation Plan and People Priority Plan, each with clear KPIs and commitments.



March 2021

Insulation – acquisition of Gór-Stal thermal insulation board business



Recticel announced that it had entered into preliminary agreements with the owners of the private Polish company Gór-Stal to acquire its thermal polyisocyanurate-based (PIR) insulation board business. Gór-Stal's plant in Bochnia focuses on the production of high value-added PIR thermal insulation boards for the construction sector. The transaction is expected to be closed by July 2021.

PUReSmart – major milestone achieved

Recticel coordinates the ground-breaking PUReSmart chemical recycling project, funded by the European Union's Horizon 2020 Innovation and Research programme. On 25 March 2021, PUReSmart project partner Covestro announced the commissioning of a new chemical recycling plant, confirming positive laboratory results achieved to date.



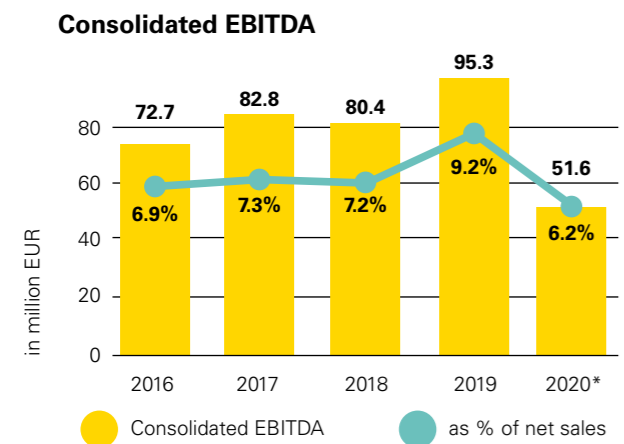
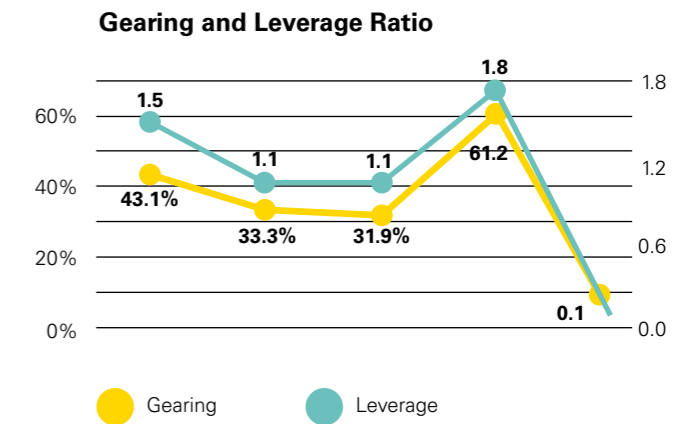
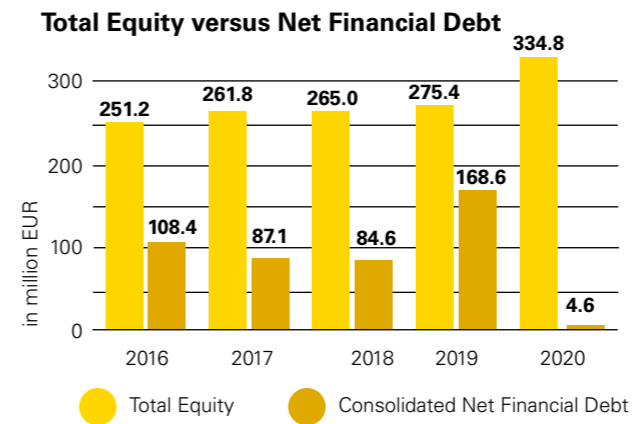
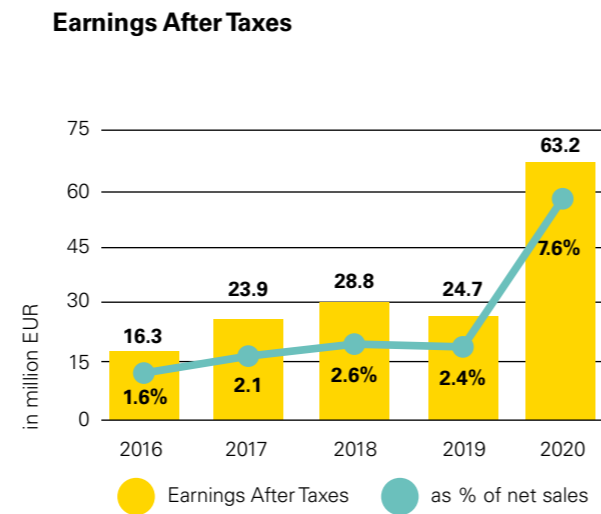
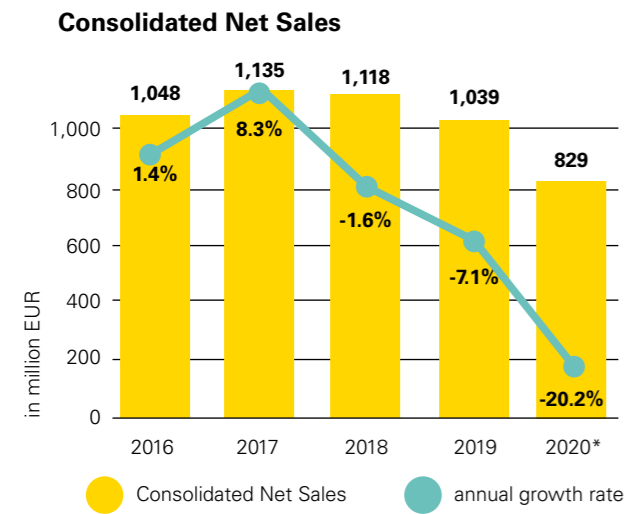
April 2021

Bedding – myNap® box

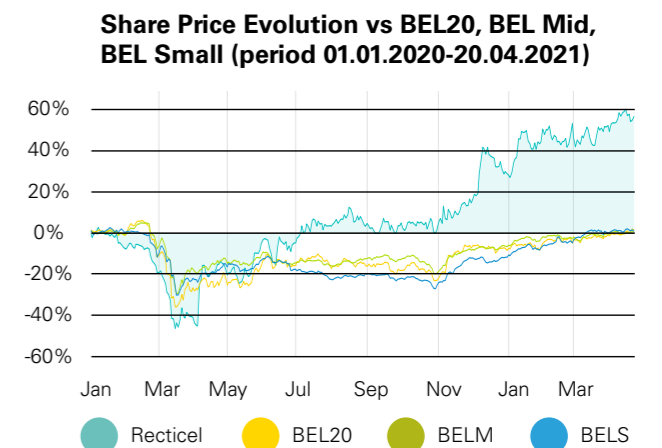
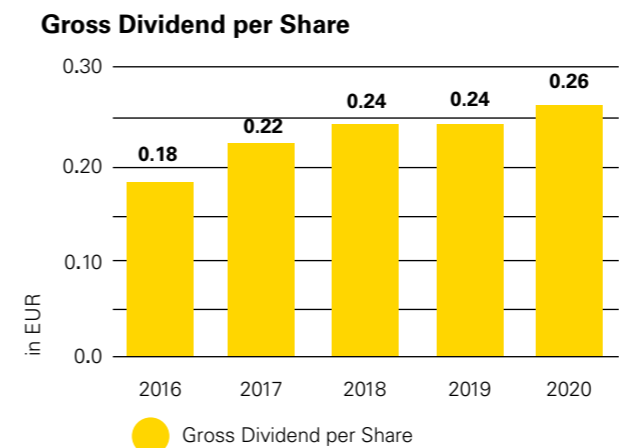
In 3Q2021 Recticel will launch an exciting new box spring product, the myNap® box. The aim is to make modern, branded sleeping systems accessible to more people without compromising on quality or looks. Uncomplicated yet highly innovative, this product features strongly engineered mattresses (which eliminate the need for an extra topper mattress) and sustainability benefits.



2020 Financial results



*Following the partial divestment from Automotive Interiors on 30 June 2020, Automotive Interiors is integrated in the 2020 consolidated accounts according to the 'equity method'.



2020 Sustainability results



Sustainable results according to GRI standards, audited and certified by **pwc**

INNOVATION FOR SOCIETAL NEEDS

58%

of R&D projects classified as sustainable (2020 target: 80%)

RESOURCE EFFICIENCY

-34%

tonnes of recycled flexible foams by Recticel as % compared to 2015 (target: 100%)

REDUCED HS&E IMPACT OF OUR ACTIVITIES

5.3

Frequency Lost Time Accidents [Lost Time Accidents representing the average on Group level for all our plants] (2020 target: ≤ 3)

OPTIMISING CARBON FOOTPRINT

RECTICEL IMPACT RATIO 46

(ratio between avoided CO₂ emissions and carbon footprint over the complete value chain) (2020 target: 30)

-18%

Recticel Carbon Footprint Indicator (in tonnes CO₂e vs 2013, 2020 target: -25%)

BUSINESS ETHICS AND INTEGRITY

2,866

legal training courses (physical and e-learning) completed (2020 target: 5% increase per year, cumulative, compared to 460 in 2015)

AN INSPIRING AND REWARDING PLACE TO WORK

Target: engagement surveys conducted in 2 new countries each year

	BELGIUM	UK	POLAND	SWEDEN	BELGIUM	NOT ORGANISED
	UK	ROMANIA	NORWAY	FRANCE	UK + SPAIN	DUE TO COVID-19 IMPACT
	NETHERLANDS					
2015						
2016						
2017						
2018						
2019						
2020						

About this report

This report presents the renewed Recticel and is structured to emphasise the Group's renewed commitment to positive transformation with sustainability at its core. Our 2019 report, entitled "Shaping the Future", signalled the beginning of a new strategic direction as our plan for in-depth transformation was initiated. At the same time, Recticel took further significant steps towards its goal of leading the transition to a circular economy and a low-carbon society.

In 2020, despite the challenges of the pandemic, Recticel has been concerned with not just securing and shaping the future, but positively transforming it. As the world begins to emerge from various restrictions and business ramps up again, Recticel is a step ahead, contributing to recovery and a renewed perspective. It is "Transforming the Future" of the Recticel Group and of society as a whole.

This document is a guide to our company's transition over the years and to the transformational point at which we stand now. It summarises our history, ambitions and values before explaining the two pillars of the Group's strategic approach: our Business Development Strategy and our renewed Sustainability Strategy. Of course, there is an overlap in the goals of these strategies, and they both fall within the report's overarching Sustainability theme. This is reflected in the strategy headlines:

- Our **Business** Development Strategy: transformation for **sustainable** growth
- Our **Sustainability** Strategy: transformation through responsible **business**

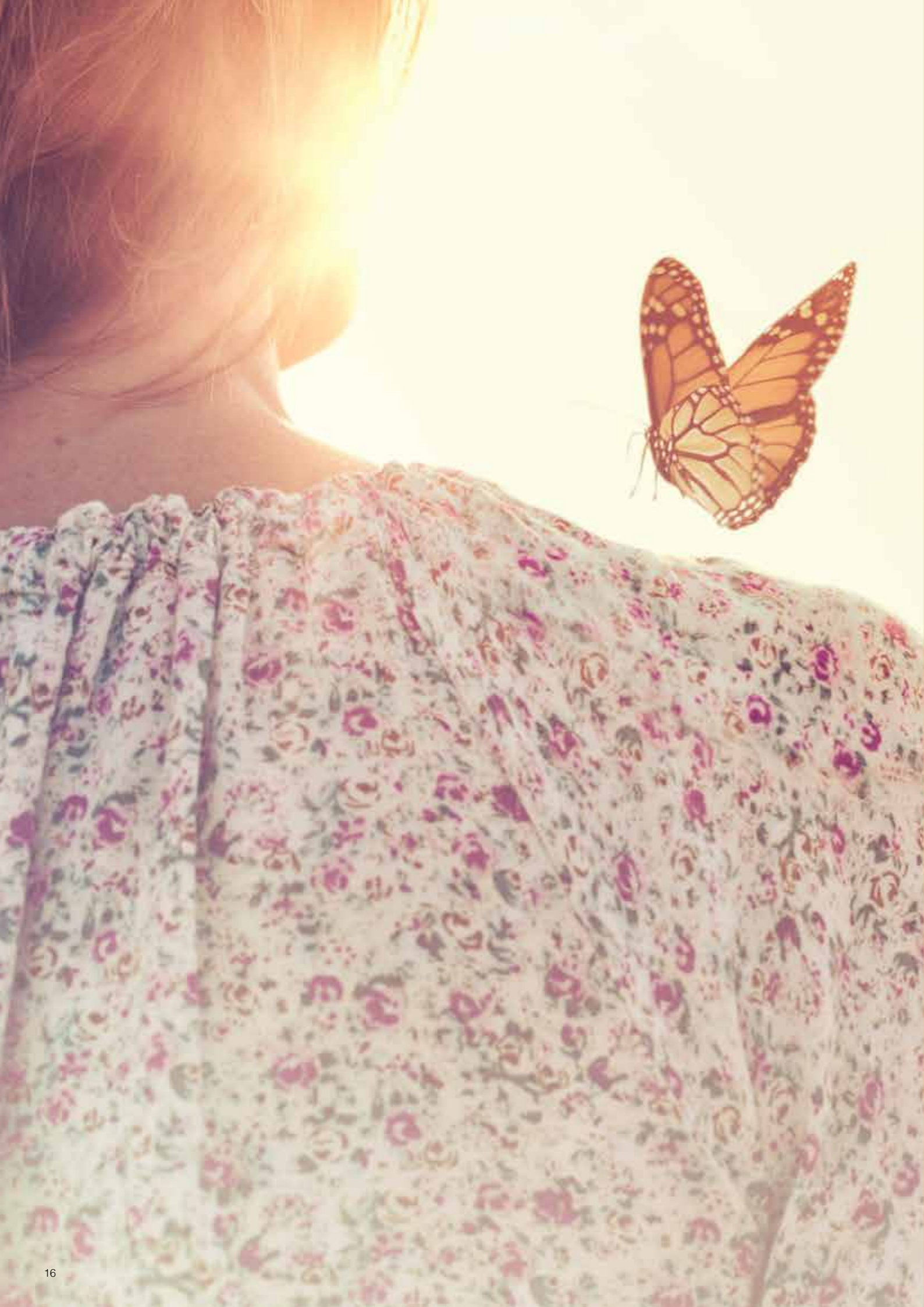
The full annual report is available online



For greater insight into our Group, visit our corporate website: www.recticel.com

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**Presenting the
renewed Recticel**

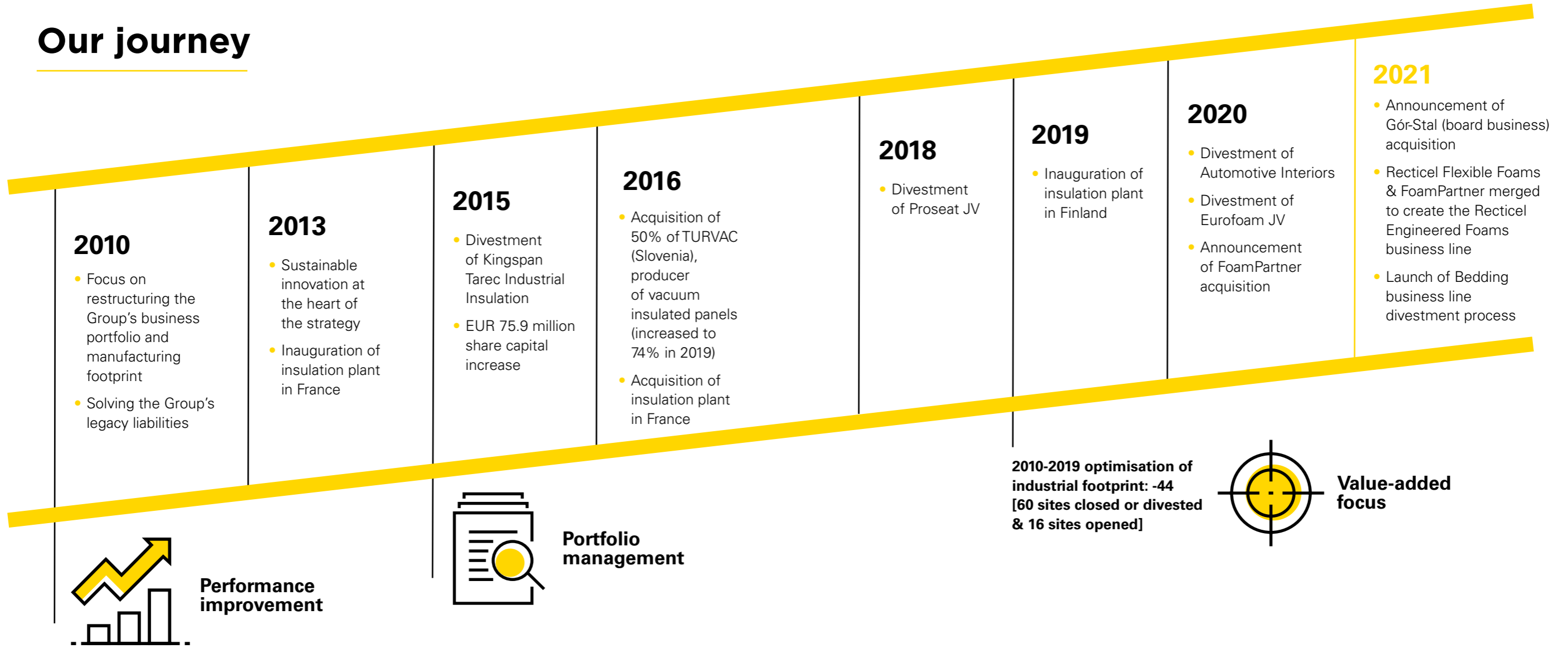
1. Who we are



As a Group, Recticel has reached a milestone in its history. We began our transformation journey ten years ago. In the first phase, between 2010 and 2015, we undertook a restructuring of our business activities and a rationalisation of our manufacturing footprint, focusing on performance improvement. Over the five ensuing years we radically overhauled and revamped our business portfolio. This was followed by a phase of investment and reshaping to boost the business.

By the end of the third phase, in 2019, we had achieved an optimised portfolio and a leaner, more streamlined footprint with 44 fewer plants. We were perfectly positioned to strike out confidently in a new strategic direction. In 2020 we divested our Automotive business line as well as our Eurofoam joint venture. By the end of the year, we had announced our acquisition of FoamPartner. This deal has now been closed and FoamPartner has merged with our former Flexible Foams business line to form the new Recticel Engineered Foams business line. In the first quarter of 2021, we also announced our decision to divest our Bedding business line and our agreement to acquire the thermal insulation board business of G6r-Stal.

Our journey



As of now, we will pursue growth in two specific areas (Engineered Foams and Insulation) with a clearer specialisation in the construction and industrial markets. These are growing and high value-added markets and are less capital intensive than previous elements of our business portfolio. They present opportunities to grow organically through further acquisitions and are also segments in which we can use our expertise to make a difference in terms of environmental and social responsibility.

In 2020, Recticel also undertook a revision of its 2015-2020 Sustainability Strategy.

Sustainability has been at the heart of the Recticel Group strategy since 2013. The sustainability strategy launched in 2015 has shaped our portfolio strategy and innovation priorities as we respond to key societal challenges such as energy conservation, CO₂ reduction and an ageing and increasing population. With the long-term needs and challenges of our business sectors and society as our compass, it is sustainability that nourishes and sustains our competitiveness.

Our renewed Sustainability Strategy for 2021-2025 is key to the next stage in our transformation. Supported by its two pillars – the Sustainable Innovation Plan and the People Priority Plan – and clearly defined material aspects and KPIs, it will maximise our positive climate impact, boost circular efficiencies and help to protect and engage our employees and other stakeholders.

Our Business Development Strategy and Sustainability Strategy (described in detail in Sections 4 and 5 respectively) are designed to work in synergy. They are our guarantee that, as we do business responsibly, we continue to achieve our strategic objectives in terms of expansion and optimisation of our footprint and resources.

2. Recticel at a glance

AT 31.12.2020



M€ 828.8

consolidated net sales



4,221

employees



41

sites



Present in
20
countries

RECTICEL AROUND THE WORLD



Key data	Europe	Asia	United States
% of consolidated net sales	94%	3%	3%
Number of employees	4,037	102	81
Number of sites	35	4	2



Recticel (Euronext™: REC.BE – Reuters: RECTt.BR – Bloomberg: REC.BB) is listed on the Euronext™ stock exchange in Brussels and is part of the BEL Mid® index (Euronext™: BELM – Reuters: BELM – Bloomberg: BELM; index weighting: 1.83% - situation 28 April 2021).



3. Our mission, vision and values

3.1. Our mission

We leverage our outstanding expertise in polymer applications, particularly polyurethane. We offer competitive, high value-added solutions to our customers with the goal of increasing day-to-day comfort and generating shared value for our customers, employees, stakeholders and society.

3.2. Our vision

We aim to be the leading global provider of comfort solutions in all our core markets by responding to key global challenges such as environmental protection, energy conservation, a growing and ageing population, and noise pollution. To achieve this, we strongly believe in and focus on short-term efficiency, mutual benefits of partnerships, innovation and long-term sustainability.



We take ownership and feel accountable

- We dare to be ambitious, we challenge and we empower
- We look for solutions, not for excuses
- We assume responsibility for the impact and the results of our actions
- We are strongly committed and act as if it was our own money at stake
- We learn from our mistakes

We strive for results

- We think ahead, define the goals and ensure that they are well understood
- We focus, plan, align and cascade objectives
- We are persistent and assure timely execution
- We manage by facts, not by opinions
- We communicate, share the progress accomplished, adapt plans if needed and celebrate success

We innovate to create value

- We constantly challenge the status quo
- We remain curious: we never stop learning and we anticipate the challenges of tomorrow
- We passionately embrace change to make things better and to make better things
- We dare to go and we dare to stop
- We aim for the best, but we do not wait for perfection

We act with respect and integrity

- We never compromise on safety
- We respect people, our partners, our planet and laws
- We are transparent and are not afraid to deliver bad news
- We demonstrate fairness in our dealings with others and provide open and candid feedback
- We don't take credit for the achievements of others

We cooperate to win

- We communicate in an open, transparent manner
- We welcome other opinions and value diversity
- We anticipate others' needs and we support others to succeed
- We trust and build on each other's strengths
- We do not go for individual glory: we let the team shine

3.3. Our core values

Our values describe how we interact, do business and work together at Recticel in order to grow as a company and as individuals. In 2016 we redefined our five core values and assigned concrete behaviours to each of them. By promoting these as the basis of expected individual and collective behaviours, we aim to align our organisation's actions and attitudes towards internal and external stakeholders in a way that supports the successful execution of our corporate strategy and the realisation of our corporate objectives.

The core values are supported and promoted in our daily corporate life by an active Value Ambassador community of over 90 people worldwide. We recognise and reward colleagues and teams who lead by example.

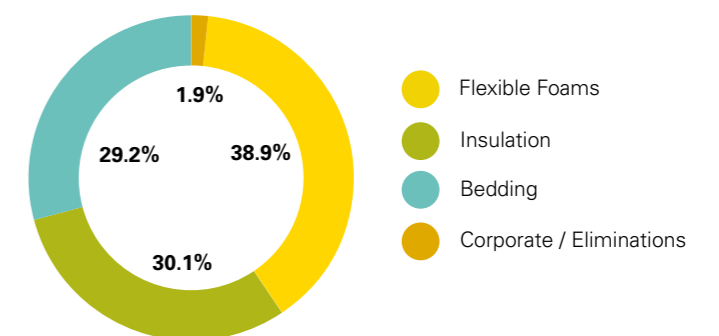
4. Transformation for sustainable growth



Our business development strategy

In 2020, our activities were primarily grouped in four business lines: Flexible Foams (creating comfort foams and technical foams for domestic and industrial applications), Insulation (focusing on the construction sector), Bedding (offering consumer-ready mattresses, box springs and slat bases) and Automotive (primarily developing interior trim for the car industry).²

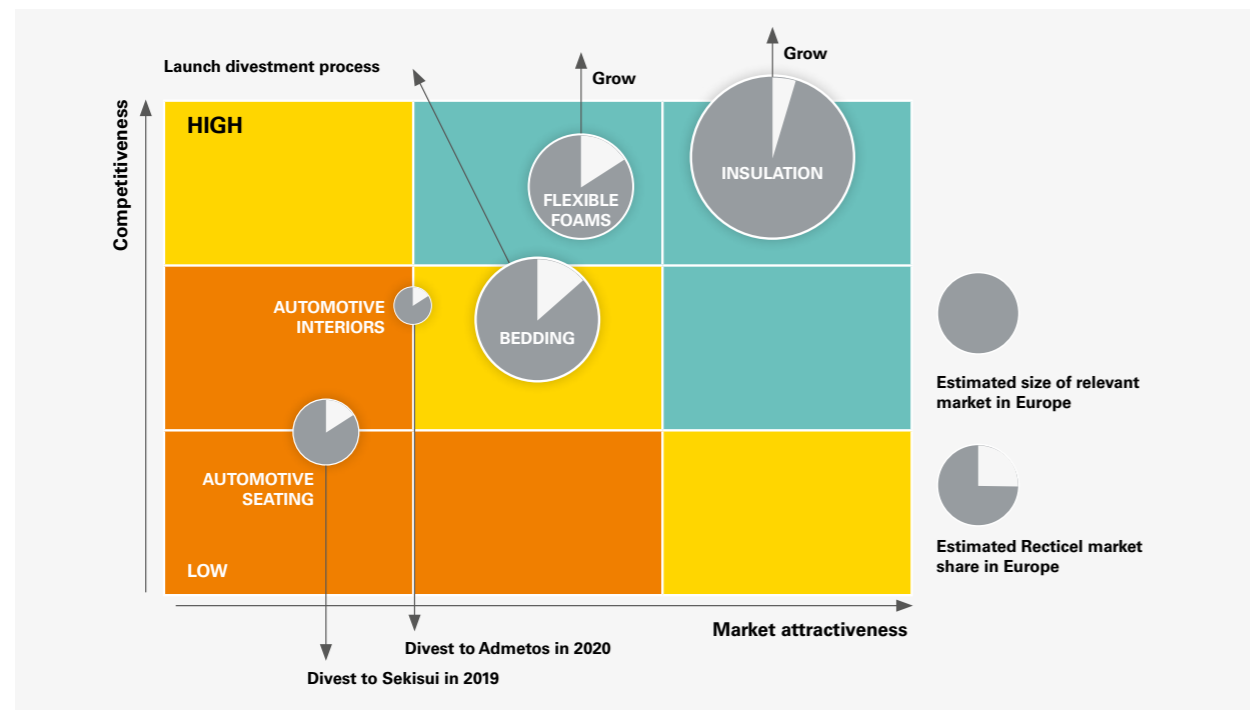
2020 consolidated sales



Our Group strategic plan is based on thorough analysis of our relative market strengths and competencies. On this basis, we define the optimal allocation of resources to the different business segments. To assess the attractiveness of the markets in which our businesses are active, we rely on objective criteria such as size, growth, profitability and capital intensity. We also evaluate our relative competitiveness in each of these markets.

These criteria have been considered at every stage of our transformational journey. Now, as we begin to execute our renewed strategy, we have identified two business lines as holding the greatest potential: Insulation and Engineered Foams.

² As of March 31st, 2021, Recticel Flexible Foams has been merged with FoamPartner to form the new Recticel Engineered Foams business line.



A number of transformational decisions, divestments and acquisitions have been made to support the execution of this strategy. On 30th June 2020, Recticel divested its Automotive business line and Eurofoam joint venture. On 10th November 2020, we announced the acquisition of FoamPartner.³ This deal was closed on 31st March 2021, after which 1,100 FoamPartner employees were merged with the Flexible Foams business line to form the new Recticel Engineered Foams business line. The new organisation leverages numerous synergies in resources and talents to promote excellence, grow Recticel's worldwide presence and accelerate the commercialisation of sustainable

innovations and leading-edge solutions to global markets.

In March 2021, Recticel announced its intention to expand its Insulation activities by acquiring the thermal insulation board business of the Polish company Gór-Stal. Preliminary agreements have been entered and closure of this deal is expected by July 2021. The acquisition will enable accelerated expansion into the Central and Eastern European markets.

After a strategic review in the first quarter of 2021, we also announced at the end of March our decision to divest our Bedding business line.

4.1. Market and challenges

Market research shows that polyurethane applications in general will grow faster than the global economy on average. This evolution relies on supportive megatrends such as climate change, sustainability, conservation, an expanding and ageing population, urbanisation, increasing mobility and rising standards of living.

Polyurethane chemistry is at the core of our Group business lines. For seven decades, Recticel's pioneering spirit has driven our development of innovative applications and solutions that push the limits of polyurethane technology. We innovate to ensure our

customers' expectations are met, actively seeking new and future-focused solutions.

We believe that through the specific activities of each of our business lines, Recticel offers tangible and practical solutions to the global challenges that lie ahead. With an optimised organisation and renewed strategy our Group is ideally positioned to build on the market drivers above. By prioritising sustainable product and process innovation, international presence and operational excellence, we are confident that we can differentiate ourselves from the competition.

³ Recticel realises a key step in its strategic transformation with the acquisition of FoamPartner www.recticel.com/recticel-realises-key-step-its-strategic-transformation-acquisition-foampartner.html

4.2. Business Lines

4.2.1. Engineered Foams



The Recticel Engineered Foams business line was born at the end of March 2021 from the combination of the former Recticel Flexible Foams business line with the recently acquired FoamPartner business. Historically, the Flexible Foams business line has been our largest; in 2020 it generated 38.9% of the Group's total combined sales. By merging its talents and resources with those of FoamPartner, we have opened up new prospects for worldwide growth along with new and accelerated value for our stakeholders, including significantly increased long-term potential.

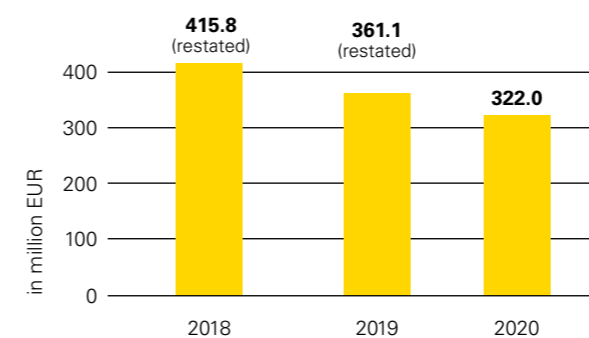
A unique portfolio

Recticel Engineered Foams offers one of the most comprehensive ranges of foams and systems in today's market, spanning industrial, automotive and comfort applications. Its portfolio is structured in six markets: Mobility Performance, Mobility Interiors, Consumer & Medical Care, Industrial Solutions, Living & Care, and Systems. Building on a unique consolidation of industry-leading knowledge, resources and experience, Recticel Engineered Foams has the competences and capabilities to excel in these six market segments by delivering the tailored solutions and innovations customers need to stay ahead.

Driven by sustainability

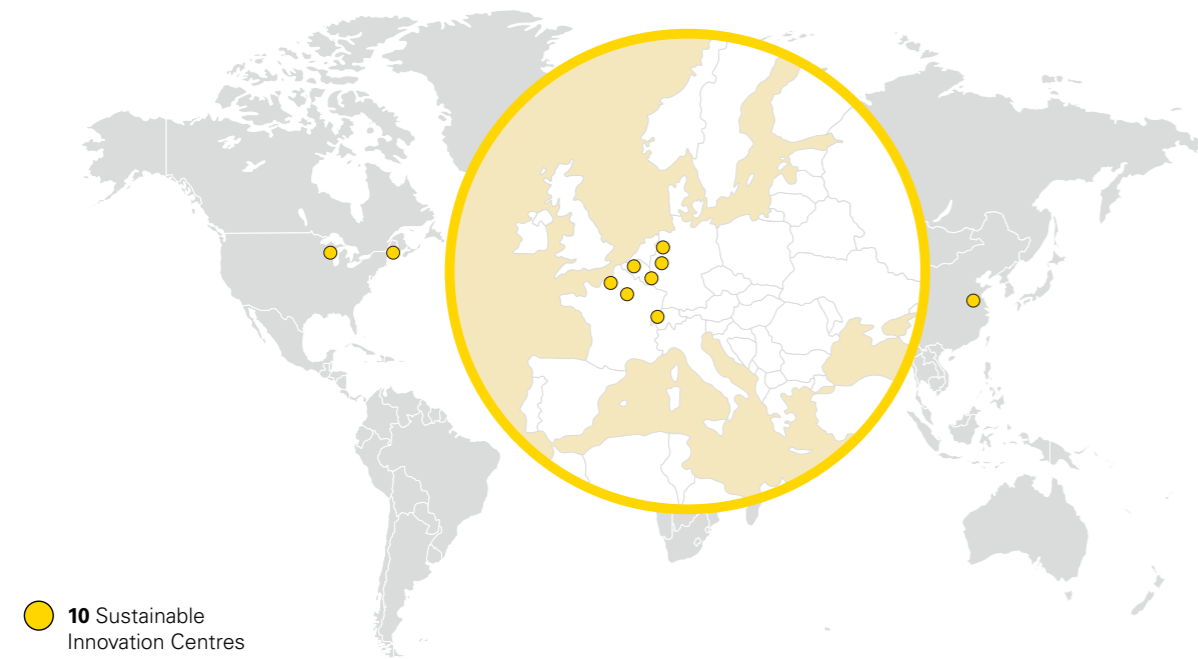
In line with the Group's Sustainability Strategy, the Recticel Engineered Foams strategy is founded from the start on ecological, social and economic sustainability. It is focused on developing new solutions to support healthy, sustainable lifestyles, reduce carbon emissions, preserve natural resources and promote a circular economy. At every stage, it will be guided by the steps and targets set out in the Sustainable Innovation Plan and People Priority Plan.

Consolidated net sales Flexible Foams



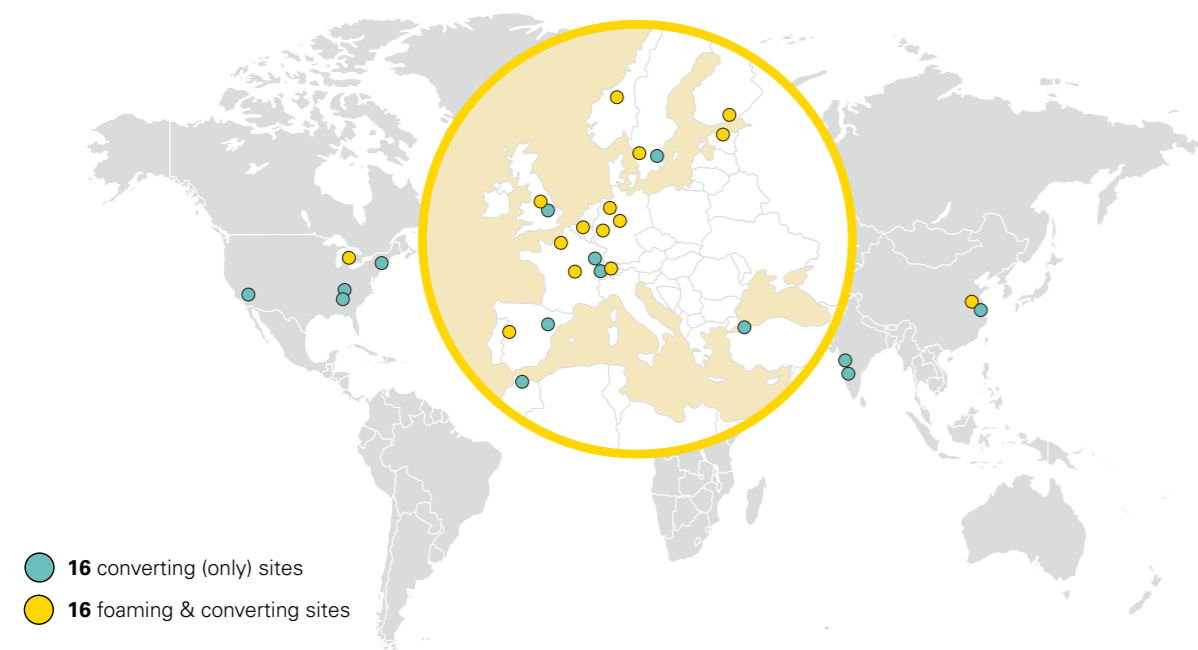
Engineering the future

With a network of 10 Sustainable Innovation Centres around the globe, 75 R&D experts and an annual R&D investment of 10 million euros, the new business line is fully committed to innovation for a better society. Its assets include three acoustics centres, four in-house pilot operations, more than 4,000 proprietary formulations and numerous valued partnerships with leading universities and technical experts.



Efficient global supply chains

Recticel Engineered Foams has an operational network of 32 manufacturing sites in Europe, the Americas and Asia-Pacific. Equipped with comprehensive and state-of-the-art technologies for foam production and processing, they allow extensive reach and a reliable global supply. They are backed by high quality on-site infrastructure and logistics to ensure fast, competitive supply chains and services.



4.2.2. Insulation

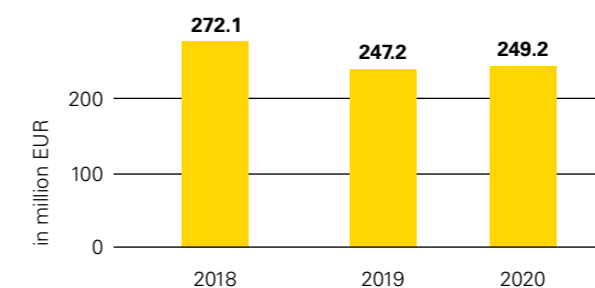


Our Insulation business line offers high quality PU- and PIR-based thermal insulation products used in construction and renovation projects. These products are marketed under well-known brands and product names such as Eurowall®, Powerroof®, Powerdeck®, Powerwall®, Xentro® and Recticel Insulation®.

High growth potential

The Insulation business line has been the Group's smallest in terms of industrial footprint and employment (in 2020 it accounted for 30.1% of total consolidated sales). However, it has very high growth potential and makes a significant contribution to operating results. As part of the Group's amended strategy, Insulation was identified as a core business line for investment

Consolidated net sales Insulation



and development. Our acquisition of the thermal insulation board business of the Polish company Gór-Stal (expected to be completed in July 2021) is therefore a key strategic step. It will enable us to grow our insulation production capacity in Europe by 15%, increase our contribution to sustainability and welcome talented and experienced new personnel to the Recticel workforce.

Driven by sustainability

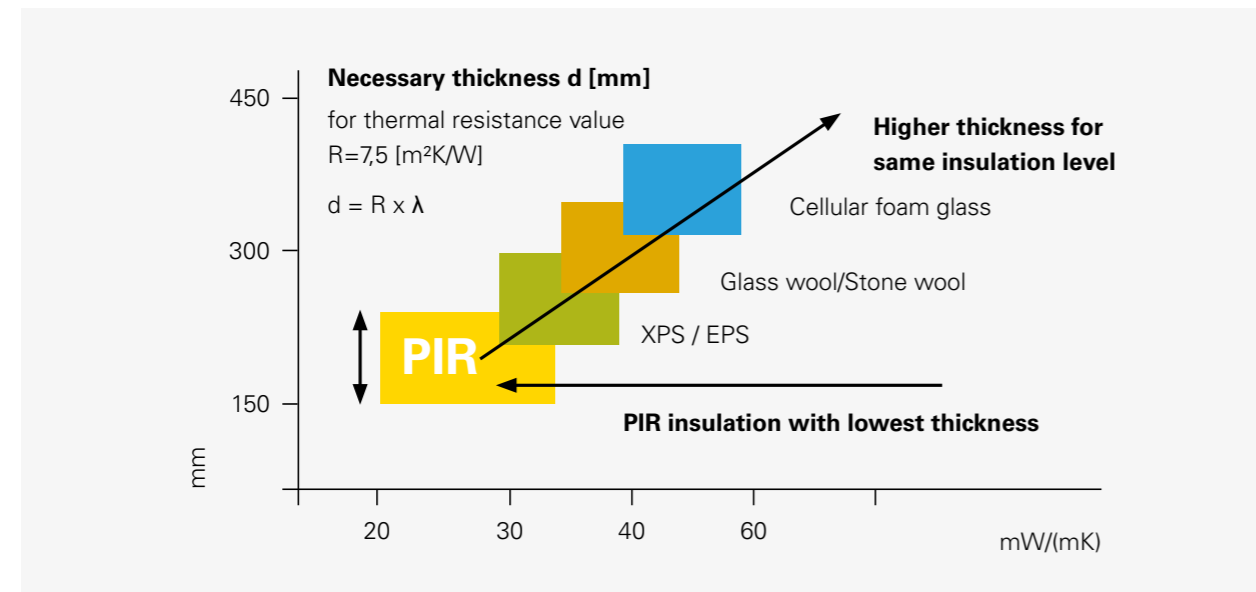
Conserving energy and promoting a low-carbon society are key objectives for our Insulation business. Over the lifetime of their use, the insulation products we sold in 2020 will offset 46 times our carbon footprint for the year. To stay ahead of the competition, we seek to continuously improve the thermal insulation performance of our products while reducing the amount of material required. In this way, our products have significant potential to reduce CO₂ emissions and help mitigate climate change.

Raising the benchmark

Supported by ever-increasing standards, polyurethane insulation is gaining market share from more traditional insulation materials, such as mineral wools and polystyrenes (EPS and XPS). Today, polyurethane thermal insulation

solutions are considered the highest-performing insulation materials available on an industrial scale. Their development is supported by European legislation for energy performance requirements and energy efficiency, including the Energy Performance of Buildings Directive 2010/31/EU (EPBD) and the European Energy Directive (2012/27/EU) (EED).

Recticel is well known in the market for the breadth and quality of its product range and for its professional and efficient customer service. Our products are stringently tested during development and before launch to ensure the highest quality standards and are considered among the best insulation materials against cold and heat available today.



A comprehensive footprint

Recticel Insulation currently operates from production sites in Belgium, France, Finland and the UK, with local sales offices in Germany, Poland and the Netherlands. It also holds a 74% participation in the Slovenian joint venture company TURVAC. We benefit from the Gór-Stal acquisition as it fills a blind-spot in Central/Eastern Europe.

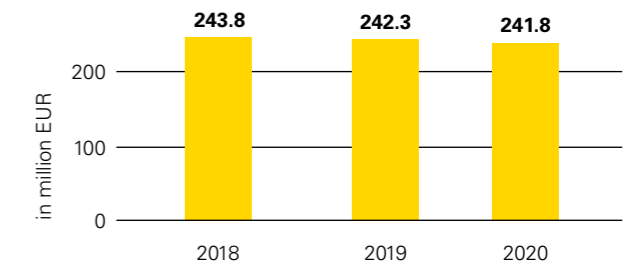
- Gór-Stal (Poland)
 - Footprint complementarity
 - Same PIR product technology
 - State-of-the-art factory
 - Synergy potential
- Recticel Insulation production sites



4.2.3. Bedding



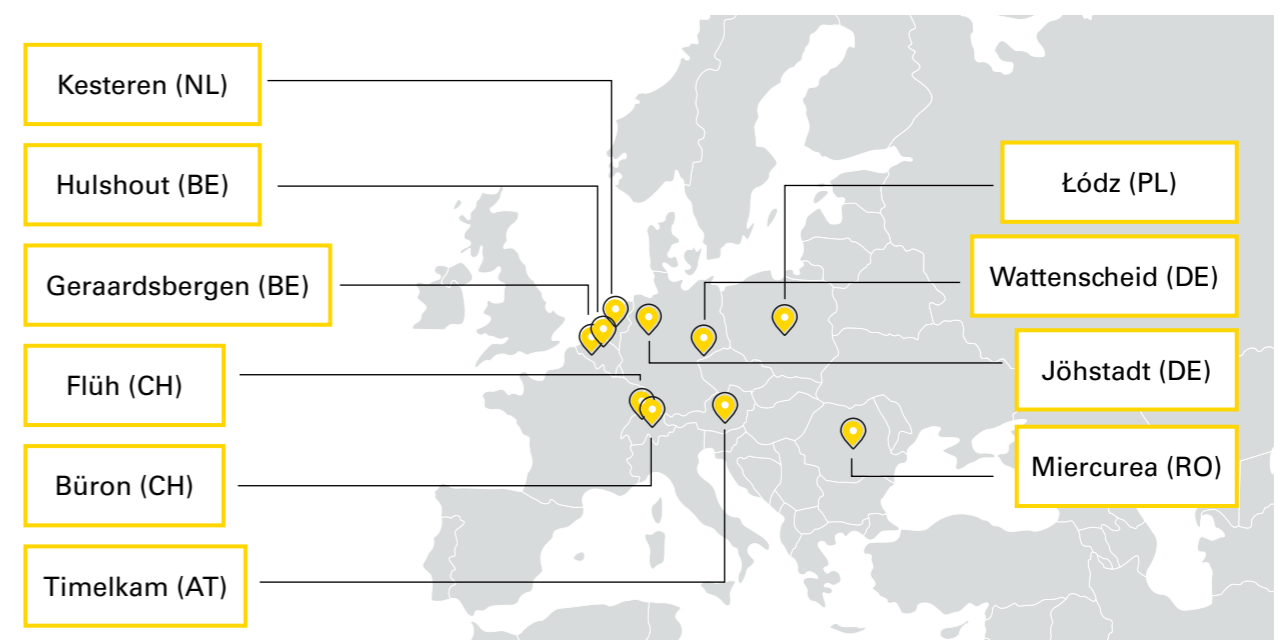
Consolidated net sales Bedding



Our Bedding business line develops and produces consumer-ready mattresses, slat bases and box springs, primarily marketed under popular brand names such as Beka®, Lattoflex®, Literie Bultex®, Schlaraffia®, Sembella®, Superba® and Swissflex®, as well as ingredient brands including GELTEX inside® and Bultex®.

As part of our strategic transformation process, the Bedding business line has been identified as a non-core activity. In February 2021, the Group announced its intention to launch a divestment process for the Bedding business line while pursuing further external growth opportunities.

Currently, our Bedding business line has manufacturing locations in eight EU countries. In 2020 it accounted for 29.2% of our Group's total consolidated sales.



5. Transformation through responsible business



Our sustainability strategy

Sustainability is profoundly embedded in Recticel's overall strategy. We are committed to finding responsible solutions for climate change, the depletion of natural resources and the world's growing and ageing population. Our renewed Sustainability Strategy for 2021-2025 works in tandem with the United Nations Sustainable Development Goals and the European Green Deal as well as the goals of our organisation and stakeholders.

Our guiding goals

• Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) set in 2015 are universal targets and indicators designed to help countries and end poverty, protect the planet and ensure global prosperity as part of a sustainable development agenda.

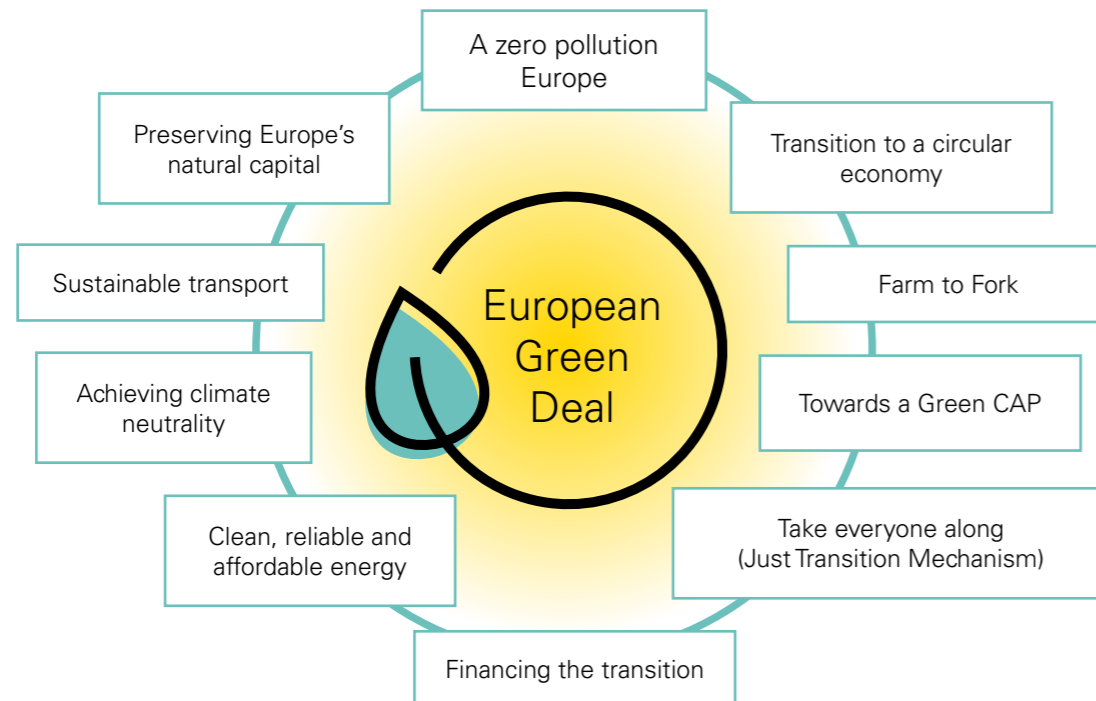
As part of its 2015-2020 Sustainable Development journey, Recticel identified the five SDGs that are most impactful, relevant and embedded in our company's Sustainability Strategy:



As part of the renewed Sustainability Strategy for 2021-2025, focus will also be given to a sixth SDG: sustainable cities and communities.

• European Green Deal

The European Green Deal is a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral by 2050. Effective insulation plays a crucial role in meeting this objective by reducing the amount of energy used to heat and cool buildings.



Two plans: the pillars of our strategy

Since the beginning of our sustainability journey in 2013, we have seen sustainability above all as an opportunity to create shared value for our Group and society. Innovation and people are key to achieving our ambitions. Our business lines are focused on creating more shared value by innovating to meet societal needs and align with stakeholder expectations.

Sustainability is the driver for all our innovation efforts and underpins our commitment to improving people's daily lives. In 2020 we

renewed our sustainability journey by further refining our strategy and setting out a clear path for 2021-2025. Working closely with our stakeholders, we defined the six most important material aspects for Recticel with the biggest potential to turn sustainability into a keener competitive edge.

These aspects form the basis of the two pillars supporting our Sustainability Strategy: our **Sustainable Innovation Plan** and **People Priority Plan**. We have defined six strategic priorities, KPIs and targets for these plans.



Our KPIs for 2021-2025 are listed on pages 4-5.

5.1 Pillar 1 Sustainable Innovation Plan



All our innovations are driven by societal needs. Knowing that sustainability adds value and drives success for all stakeholders, we innovate to support healthy, sustainable lifestyles, reduce carbon emissions and use resources with the utmost efficiency. Already a climate-positive company, we are implementing a Climate Action Plan to further reduce our carbon footprint and increase the positive impact of our insulation activities. Our efforts focus on responsible selection of raw materials, greener and more energy-efficient processes and on increasing the sustainability of our products. We support a circular economic model built on preservation of natural resources, eco-design, responsible production and end-of-life solutions.

Recticel's overriding sustainability ambition is to lead the transition to a circular economy and a low-carbon society for our industry while promoting well-being by offering innovative solutions to enhance comfort in daily life.

2025 objective

By 2025, 80% of our R&D projects will be classified as sustainable according to the Sustainability Index and we will be bringing ≥ 3 R&D projects to market every year.



5.1.1. Four sustainable innovation programmes for societal needs

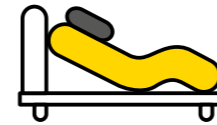
Our Sustainable Innovation Department's R&D efforts are centred around **four innovation programmes**, which underpin our Sustainability Strategy, differentiate Recticel from its competitors and generate shared value for all stakeholders. Three of the innovation programmes are aligned with the specific market expectations and future needs of our business lines through permanent interaction between product development teams in the business lines and the SID teams. In this way, we accelerate the innovation pipeline and make sustainable solutions available more quickly for our Engineered Foams, Insulation and Bedding customers.⁴ The Automotive business line, which Recticel divested in 2020, is no longer included in the SID innovation programmes.

Developing new insulation solutions with lower lambda values is high on our agenda, as it contributes to a low-carbon society by reducing energy consumption and CO₂ emissions. We create new comfort foams for bedding and seating applications, and technical foams to fulfil the most stringent requirements in the field of silencing.

The fourth innovation programme covers projects impacting all three business lines and coordinates all initiatives to prepare durable polyurethane products for a low-carbon society and a circular economy.

Each of the four innovation programmes is led by an Innovation Manager.

⁴ Engineered Foams is the new business line formed from the merger of FoamPartner with the former Recticel Flexible Foams business line.



Fit² Engineered Foams Bedding

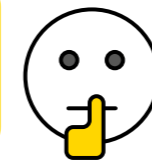
Fit² – Science-based product development of new sleeping systems

The Fit² programme seeks to gain a deeper scientific understanding of comfort for seating and sleeping systems. This knowledge is reflected in the Sleep Triangle as the guideline for the development of new, more durable and sustainable materials and systems.

After several years of scientific research and cooperation with various experts, knowledge institutes and consumer organisations, we have now reached a new level of knowledge on sleeping comfort. This data has been transferred into a **science-based modelling configurator**.

It allows us to develop high-quality and consumer-relevant sleeping systems, offering unique sleeping comfort performance across all Sleep Triangle criteria. Bed base and mattress product development is now guided by objective, science-based knowledge, meeting the standards of international test institutes.

Our ambition is to provide our customers with the best sleeping system in terms of ergonomics and sustainability. In 2021, we will launch a new range of products illustrating our vision of sustainable and circular sleeping comfort.



Silencing Engineered Foams Insulation

Silencing – technical solutions with enhanced silencing properties

The Silencing programme concentrates on the development of differentiated and innovative acoustic solutions for the mobility and industrial markets. For Automotive, the focus applications are side fender, wheel arch, HVAC (heating, ventilation and air conditioning), engine compartment and silent tyre; the focus for Industry is on industrial equipment, primarily compressors and gensets (generator sets).

The aim of our research is to reduce noise impact, hence contributing to more comfortable and productive environments. For this purpose, we have established a **Centre of Competence for Acoustics** with state-of-the-art equipment, methods and tools to characterise the acoustic

performance of materials and solutions. Extensive studies have been conducted through our unique set-up for large scale experiments, comprising coupled reverberant and hemi-anechoic rooms, resulting in the development of high-performing acoustic solutions for Automotive and Industry applications. These activities demonstrate our ambition to be the global preferred supplier of silencing solutions for these industries.

We have further extended our capabilities with simulation and modelling techniques to both accelerate the development of advanced multi-layered complexes as acoustic solutions and enhance our understanding of the fundamentals for the development of next-generation acoustic polyurethane foams.



Low Lambda Insulation

Low Lambda – reduced lambda values in insulation

Sustainability has always been core for the thermal insulation business. Our thermal insulation solutions for building renovations and new-build projects contribute to a low-carbon society: the amount of CO₂ emissions avoided by our insulation solutions offsets more than 46 times the carbon footprint of all Recticel activities combined.

The Low Lambda programme concentrates on developing new rigid foams with better insulation values. Improving the insulation value of a product has an immense positive effect on natural resource consumption. Research is ongoing to push the boundaries of insulation properties even further and find new applications for existing technologies.

In the first quarter of 2021, Recticel Insulation proudly announced that it is producing insulated boxes to transport temperature-sensitive COVID-19 vaccines. In combination with coolants, these high-performance vacuum insulation panel (VIP) boxes help to preserve a temperature below minus 70°C for several days, which is critical for the safe delivery of many of these vaccines.

Vacuum insulation panels (VIPs) deliver a thermal performance of 0.004W/mK and can allow insulation layers to be up to five times thinner compared to conventional insulation materials. Recticel's VQ-Si VIP is the ideal basis for a temperature-controlled packaging system, allowing these high-value products to be shipped securely and in an optimised package size. This ongoing programme means that Recticel Insulation is and will continue to be an important link in COVID-19 vaccine logistics around the world.



Corporate Sustainability Engineered Foams Insulation Bedding

Corporate Sustainability programme

The Corporate Sustainability programme steers and coordinates initiatives across our business line to support the priorities defined in our Sustainable Innovation Plan and prepare the transition to a circular economy and a low-carbon society. Corporate sustainability projects cover the whole value chain of our products, from raw materials to production, use phase, recycling and reuse of polyurethane at the end-of-life phase.

A variety of large projects are currently running in collaboration with different consortia as enablers with the aim of realising our sustainability goals (see section 5.1.3.). Such partnerships and projects are also an essential part of our People Priority Plan.

5.1.2. Climate Action Plan

We focus on introducing raw materials with lower GWP (global warming potential) values and lower carbon impact, improving the energy efficiency of our activities, and developing more sustainable products and end-of-life solutions that support a circular economy.

At the end of 2020, 30,000 m² solar panels covered the roofs of Recticel sites.

To optimise our carbon footprint, we want to reduce our negative impact and increase our positive impact in a significant way. In line with these goals, we focus on areas in our value chain where the biggest progress in carbon footprint reduction can be made: upstream (raw materials) and downstream (usage and end-of-life phases).

2025 objective

Recticel is committed to a 40% reduction in its carbon footprint by 2030 (in tonnes CO₂e) (2013 baseline, target in line with EU Green Deal -55% vs 1990) and a 25% reduction in its carbon intensity by 2025 (2020 baseline).



Innovation through digitalisation

Swift and disruptive technological progress and the development of robotics, artificial intelligence, the internet of things (IoT) and 3D printing have created an explosion of new threats along with new opportunities. Industries have been, and will continue to be, deeply transformed by digitalisation. Recticel is embracing digital technologies to seize new growth opportunities and make the success of our company sustainable.

Digital technologies will enable Recticel to make a step change in value creation and differentiation in the following three areas:

- Digital Supply Chain & Customer Experience: Retrieve value from existing and new data sources through seamless interfaces and a big data approach to accelerate and streamline the customer experience and create transaction efficiency.
- New Digital Business Models: Increase our customer intimacy through better understanding of customers and anticipation of their needs, and by differentiating value propositions in a changing marketplace.
- Smart Manufacturing & Digital Operations: Further accelerate our use of digital tools in manufacturing and operations to optimise our operational efficiency by primarily focusing on: (i) labour efficiency, (ii) material efficiency, (iii) production flows and (iv) internal logistics.

In all these areas, digital opportunities have been prioritised based upon their potential for the business lines and functions.

The Information & Digitalisation Technology (IDT) department acts as a centre of expertise and works in close collaboration with the business lines to deliver on a digital roadmap involving the entire organisation.

5.1.3. The transition to a circular economy

We support a sustainable economic model built on preservation of natural resources, eco-design, responsible production and end-of-life solutions. Therefore, we aim to lead the way in implementing new chemical recycling solutions for flexible PU; in supporting exploration of chemical recycling solutions for rigid foam; and in mechanical recycling and reuse of flexible PU waste as interim steps on our journey to full circularity.

Together with our stakeholders, including customers, employees, suppliers, the industry and knowledge institutes, we are constantly exploring ways to develop new lower-carbon (bio-based, renewable or recyclable) raw materials for our polyurethane solutions. We investigate all options to efficiently eliminate waste across our entire value chain and introduce eco-design products that are easy to dismantle, recycle or reuse at the end-of-life phase.

Polyurethane is in many cases our preferred technology. It allows us to create durable products such as insulation panels, mattresses and acoustic solutions which retain their comfort and technical properties for many years. At the

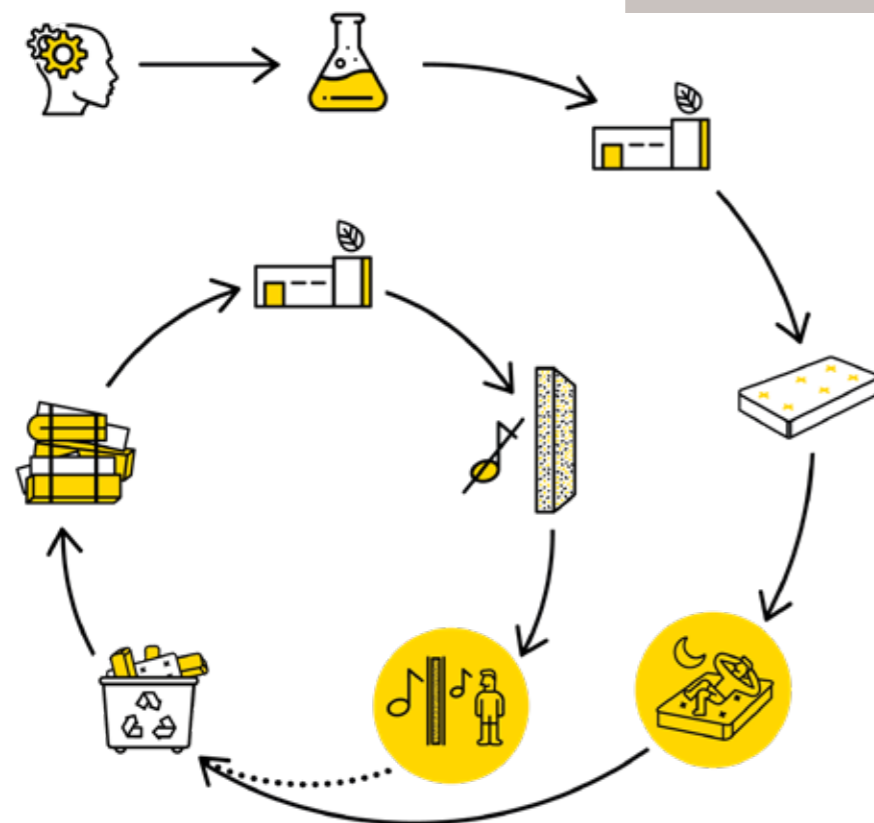
end of the product life, polyurethane can be recycled and reused for the same or other value-added purposes.

Up to now, existing or new **mechanical recycling** processes have allowed us to reuse our production waste. Since 2020, Recticel has also been processing end-of-life foam in one of its two French plants, transforming this valuable material into acoustic building insulation solutions.

Mechanical recycling is an intermediate solution to absorb post-consumer waste from products launched 10 to 20 years ago. **Chemical recycling** is more challenging, as it defies the basics of polyurethane. It involves breaking down its highly durable material structure at the end-of-life phase, reusing its building blocks and creating polyurethane again. We strongly support chemical recycling and pyrolysis R&D projects as these technologies will turn polyurethane into a fully circular material and help to save the Earth's finite resources.

2025 objective

By 2025, we aim to recycle 5,000 tonnes of post-consumer polyurethane foam from mattresses.


In 2020 1,059 tonnes of PU mattress foam were recycled, representing > 50,000 foam mattresses.

Recticel is participating in a variety of R&D projects with different consortia, some of which are funded by the European Horizon 2020 programme, and other international and national bodies, to advance new solutions:

PUReSmart – transitioning to a circular lifecycle

We are proud to lead the groundbreaking PUReSmart chemical recycling project funded by the European Union's Horizon 2020 Innovation and Research programme. The project aims to develop a completely circular product lifecycle by breaking down polyurethane into its two building blocks (i.e. polyol and isocyanate) in an optimised mass balance for full one-to-one circularity.

More information on the current project status can be found at: www.puresmart.eu/puresmart-progress-after-18-months



This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 814543. The PUReSmart project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.


Carbon4PUR – sustainable plastics made from CO₂

Carbon4PUR is an EU Horizon 2020 Research and Innovation Programme project concentrating on carbon capture and utilisation. The use of process gases from the steel industry is being investigated as a way to move closer to the goals of climate neutrality and a circular economy.

With Covestro as project coordinator, the consortium of research-oriented industry and application-oriented science has been working together on an interdisciplinary basis since 2017. The 14 partners in this innovation project are focusing on expanding the technology platform that Covestro first successfully implemented in 2015 for the use of CO₂ as a new, alternative feedstock for the chemical industry. Recticel will test its use in rigid foam applications such as insulation panels.

For more information, visit www.carbon4pur.eu

⁵ www.eco-mobilier.fr/nine-innovative-and-ambitious-projects-in-order-to-find-new-ways-of-recycling-and-recovering-materials




This project has received funding from the European Union's Horizon 2020 Research and Innovation programme under grant agreement N° 768919. The information contained in this document has been prepared solely for the purpose of providing information about the Carbon4PUR consortium and its project. The document reflects only the Carbon4PUR consortium's view and the European Commission is not responsible for any use that may be made of the information it contains.

SWEETWOODS

SWEETWOODS, a Bio-Based Industries Joint Undertaking (BBI JU) funded project, focuses on bio-based materials such as wood as a replacement for fossil fuel. It aims to demonstrate the successful and profitable production of high-purity lignin, derived from low-quality wood residues and sugars, on an industrial level. Recticel will test its use in rigid foam applications such as insulation panels.

Read more at: www.sweetwoods.eu



SWEETWOODS has received funding from the Bio-Based Industries Joint Undertaking under the European Union's Horizon 2020 Research and Innovation programme, under grant agreement N° 792061. The SWEETWOODS project results presented reflect only the author's view. The Commission is not responsible for any use that may be made of the information it contains.

ValPUMat

The ValPUMat (Valorisation of the Polyurethane of Mattresses) project is one of the nine winners of the first Eco-Innovation challenge, launched in 2017 by Eco-Mobilier. A non-profit eco-organisation approved by the French Ministry of Ecology, Sustainable Development and Energy, Eco-Mobilier organises the collection and recycling of used furniture and mattresses.

The Eco-Innovation challenge was originally set up to explore new ways of recycling mattresses and to develop new value-added applications based on polyurethane. Recticel and Tesca Group, a French manufacturer specialising in textiles and seat components for the automotive industry, teamed up to tackle this innovation challenge together.⁵

2025 objective

We will report annually on reinforced R&D partnerships with customers, knowledge institutes, universities and strategic suppliers for sustainable development.



VITRIMAT

VITRIMAT, an EU Horizon 2020 Research and Innovation Programme, started up for a period of three years on March 1st, 2020. VITRIMAT aims to offer a world-class multidisciplinary and inter-sectoral training platform that will bridge a critical training gap between cutting-edge European academic research on vitrimers and industrial development of everyday products.

For more information, visit: www.vitrimat.eu



VITRIMAT has received funding from the European Union's Horizon 2020 Research and Innovation programme under the Marie Skłodowska-Curie Grant Agreement, N° 860911. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

NIPU

The NIPU project started up on January 1st, 2021, for a period of four years. Funded by the European Union's Horizon 2020 Research and Innovation programme, NIPU-EJD is a European Joint Doctorate programme concentrated on novel non-isocyanate polyurethanes. It is formed by a consortium of 15 research-performing institutions: seven academic beneficiaries and eight non-academic partners, including Recticel.

For more information: www.nipu-ejd.eu/consortium



NIPU has received funding from the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie Grant Agreement N° 955700. This presentation reflects only the author's view. The European Union is not liable for any use that may be made of the information contained herein.

5.2. Pillar 2 People Priority Plan



People are central to our Sustainability Strategy. We passionately believe that, to create a better society, we must act together and share knowledge, expertise and technology. This means maintaining the highest standards and principles on human rights, labour, the environment and anti-corruption. We maintain strong partnerships across our industry and beyond, and support social projects relating to our strategy. We constantly seek to reduce the HS&E impact of our activities and products and are committed to workplace and product safety. As an employer, we strive to create an inspiring and rewarding place to work. We build our community on inclusiveness and respect, believing that diversity improves the quality of decision making and overall performance.

5.2.1. Sustainable partnerships

No company can bring about the transformation to a sustainable future and a circular economy alone. Partnerships across the value chain are essential. We value high-quality, long-term collaboration and mutually beneficial partnerships with suppliers, R&D specialists and social projects worldwide.

2025 objective

We take a proactive approach towards compliance with the European Green Deal Chemicals Strategy for Sustainability by striving for zero chemical hazard impact from our activities and products. We are committed to reporting annually on this.



5.2.2. Lower HS&E impact of our activities & products

COVID-19 response

We never compromise on safety!

In the first quarter of 2020, the world was shaken up on an unprecedented scale by the emergence of a new coronavirus, COVID-19. Recticel took every precaution to protect its employees, customers, suppliers, shareholders and their families from its impact. Crisis Response Teams were activated in every country and monitored the situation closely to ensure that the correct actions were taken, in line with Group and local guidelines as well as local legislation. In 2020, less than 5% of Recticel employees tested positive for COVID-19. All infections seem to have occurred outside Recticel premises.

Business continuity

As a responsible company, we remained flexible and responsive to the situation as it evolved, so that we could help our customers and communities through the challenges ahead.

In the first half year, the impact of a -17.5% sales decline was largely mitigated by cost saving measures and the implementation of temporary unemployment. The second half of 2020 was marked by significant sales fluctuations, varying from one business segment or country to another, influenced by subsequent waves of the COVID-19 pandemic and the related precautionary measures taken by national governments. In this difficult context, Recticel managed to generate a robust 7.0% sales growth in the second half of 2020 and a 10.0% increase in Adjusted EBITDA⁶.



2025 objective

We continuously improve our safety culture and implement behaviour-based safety measurement as a tool to assess it. We have set a target of ≤ 2 Frequency 1 LTAs and ≤ 5 Frequency 2 LTAs by 2025.

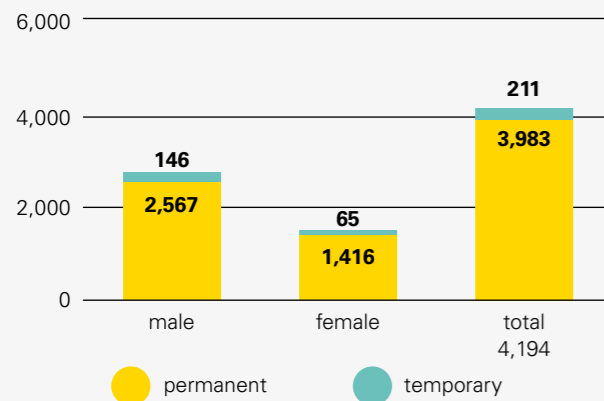
Following further implementation of the Green Car Policy, 80% of company cars renewed in 2020 in Belgium were replaced with electrical or hybrid vehicles.



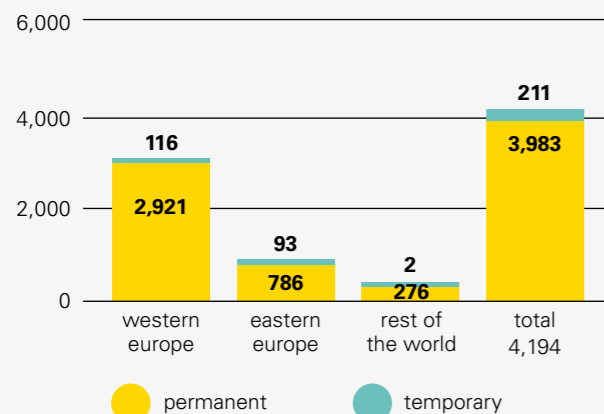
⁶ See Recticel Annual Results 2020 - Solid 2nd half 2020 and Strategic Repositioning www.recticel.com/recticel-annual-results-2020-solid-2nd-half-2020-and-strategic-repositioning.html

Status at 31/12/2020. Joint Ventures and Automotive business line excluded.

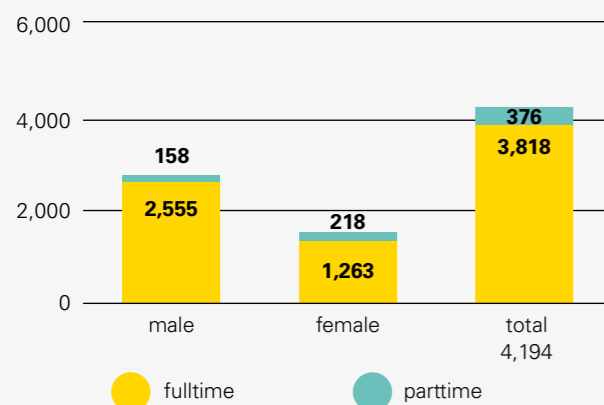
Total number of employees by employment contract by gender



Total number of employees by employment contract by region



Total number of employees by employment type by gender



5.2.3. An inspiring and rewarding place to work

The actions defined in our Sustainability Strategy and Business Development Strategy can only be successfully executed if they are supported by a strong Human Resources organisation. Our people are the true drivers of our transformation. It is therefore vital that we recognise their talent, empower them as much as we can and help them thrive and develop by offering them a wide set of training and development programmes.

Recticel's HR teams were extremely active in 2020. The health crisis required us to pay continual attention to the health of our employees while aligning activity levels with demand. Despite the focus on crisis management, we maintained the robust and well-established HR processes we have built over the years, such as employee performance management discussions, compensation and benefits management based on the Recticel Hay Grading system and the People Review process.

Rapid response to the COVID-19 pandemic

In its early stages, the pandemic had a significant impact on the activity levels at most Recticel sites. With the economy rapidly slowing down, business reached its lowest point in April 2020. Recticel HR reacted promptly by activating temporary unemployment schemes first for blue-collar workers and subsequently for white-collar employees in the different countries and locations.

This measure enabled us to bring our activities into line with the reduction in demand while maintaining our experienced workforce. It also meant that Recticel was able to ramp up quickly when business picked up again later in the year.

2025 objective

By 2025, we are committed to increasing gender equality to 25% in senior management (compared to 18% in 2020).



Exploring new ways of working

Triggered by the first lockdown in 2020, the Recticel Management Committee launched a work group to reflect upon New Ways of Working at Recticel. The work group comprised employees from a wide variety of professional backgrounds, business lines, functions and countries.

The group's first task was to establish a simple set of principles that would guide Recticel employees and line managers in all countries and locations when working from home. The principles were approved by the Management Committee in July, enabling Recticel to take a proactive approach towards teleworking. The aim is to provide employees with more flexibility in organising their work to benefit themselves and the employer, and considering every aspect of people, planet and profit.

The guiding idea is to give all employees the same opportunity to work part-time from home where possible within the scope of their job and local country legislation. The group principles have been converted into country-specific policies that will be applicable as soon as the health situation allows a return to normal working conditions.

This important step is made possible by the digital workplace previously introduced at Recticel under the name of SimplyConnect, and by providing employees with digital tools that enable a more collaborative, agile, and remote way of working.



The work group also debated the implications of New Ways of Working. As an outcome of this process, the Management Committee validated two areas in which the company will further explore and intensify its efforts: employee well-being, engagement and motivation; and communication.

In the context of a rapidly changing world, digitalisation, new online tools, and the emergence of new ways of working, it is clear that we must persevere in this direction with fresh energy and ideas to engage employees at all levels of our organisation. SimplyConnect, along with new collaborative tools and a new intranet allowing more targeted, interactive communication, will enable us to achieve these objectives.



Training and development

A year of transition



Recticel places great emphasis on attracting and onboarding new skilled employees. Unfortunately, due to the COVID-19 pandemic, 2020 saw a suspension of all on-site training modules planned under the Recticel University (RECUN).

Instead, the time was used to work on a new RECUN programme of online classes allowing participants to meet and interact in a virtual classroom environment. This is complemented by peer learning, where employees can engage in a learning community. As identified during the People Review process, the learning focus for 2021 will be Change Management and Project Management.

For 2020 and 2021, the regular employee performance management discussions (EPMD) with our approximately 1,500 white-collar employees are being conducted online. These discussions are essential to enhance the reward, retention, succession and career planning process.

In 2021, we plan to give all white-collar employees access to a broad catalogue of e-learning materials allowing them to train in a self-paced way on topics identified during the EPMD process.

2025 objective

We are aiming for 100% employee participation in e-learning on legal, cybersecurity and safety topics among others, as well as expanding new offerings based on specific needs detected during the annual Employee Performance Management Discussion (EPMD).

Legal e-learning and training sessions



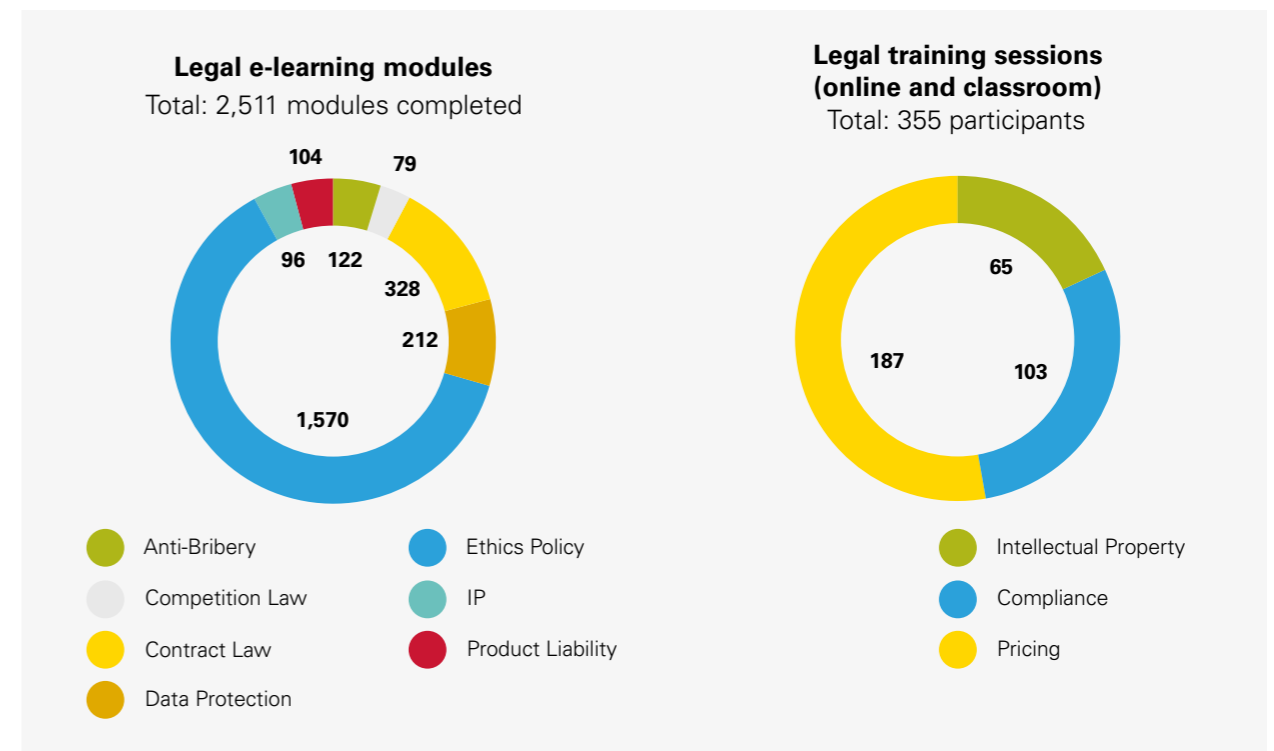
Complementing the RECUN resources, we are constantly increasing our e-learning offering for all white-collar employees, not only those who enrol in RECUN training.

In 2020, a wide range of legal and compliance e-learning courses were offered, complemented by online and classroom training sessions delivered by the group's legal department. The legal e-learning modules were updated and extended to make them more interactive and appealing. Today, employees can follow self-paced e-learning courses on a variety of legal subjects such as Intellectual Property, Group Bribery Policy, Product Liability, and EU Competition Law Compliance.

Compulsory modules for white-collar employees

In 2018, Recticel embarked on an ambitious endeavour to reach a higher level of integrity and compliance within the Group. Three legal e-learning modules were made compulsory for all white-collar employees. They deliver the necessary knowledge on the Recticel Ethics Policy, Data Protection procedure, and the basics of Contract Law.

Because of the importance of our Ethics Policy, all Recticel white-collar employees were asked to repeat the e-learning module in 2020 and restate their commitment to respecting and integrating Recticel's ethical foundation in their respective environments.



DIGIWIZZ e-learning and phishing test campaign

The impact of cybersecurity breaches can be huge in terms of both financial loss and reputational damage. In 2018, Recticel launched its first DIGIWIZZ campaign to raise awareness about cybersecurity, malware, and phishing. In 2020, we launched a new and completely revamped DIGIWIZZ e-learning course. As well as phishing and malware, it covered safe web browsing and teleworking. The modules combined short videos with assessments to test employees' understanding of these four topics. The e-learning course was made available in English and in local languages.

Theft of credentials such as user IDs and passwords via phishing emails remains one of the most common types of cyberattack affecting organisations. In 2020, we conducted 'phishing tests' in which users received fake phishing e-mails. These tests helped employees to consciously improve their awareness regarding cyberattack techniques and to recognise and report them.

Recticel will continue to invest in DIGIWIZZ in 2021. The goal is to enable employees to stay alert and test their behaviour while also enabling Recticel to monitor their learning progress.



Managing divestments and acquisitions

With effect from June 30th, 2020, Recticel transferred its Automotive Interior business, with 1,400 employees, into a new joint venture under the control of Munich-based privately-owned investment company Admetos GmbH.

For HR, this meant administering the transfer of all the workers employed in 11 production sites located in China, the Czech Republic, Germany and the United States, as well as employees from Automotive Interiors who shared offices with Recticel in Belgium and Germany.

Throughout the year, Recticel maintained an active dialogue with its social partners, at both country and European levels.

In 2020, the usual annual EWC meeting and the quarterly restricted EWC committees were supplemented by various special meetings to consult with our social partners at European level regarding not only the divestments of Automotive Interiors and Eurofoam, but also the acquisition of FoamPartner, which was announced towards the end of the year.



“SuccessFactors was selected because it offers an intuitive user experience and it is cloud-based, so we will always have our data in back-up and will have immediate access to new functionality through half-yearly updates.

The different modules such as Employee Central, Compensation & Benefit, and in a next step, Performance Management and Succession Planning, will offer us the advantage of a 360° view on the most important HR data.”

Romain Boesinger, Group Talent Director & Simon Veeckman, SAP CO Consultant

Project Co-leaders for HR4U, the Recticel SAP SF implementation



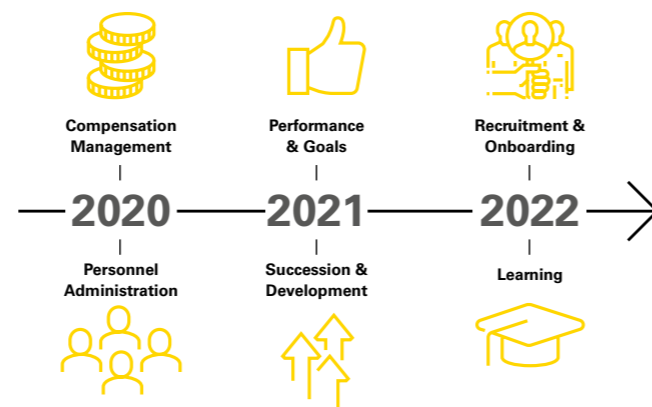
HR4U – launching our digital HR transformation

HR4U – Recticel’s SuccessFactors implementation project – was kicked off in early summer 2020 by Corporate HR, Recticel HR process experts from different countries and the Recticel IDT department. The Recticel project team was supported by an external implementation partner.

SAP SuccessFactors is a state-of-the-art tool allowing us to manage our HR processes and data in a uniform and streamlined way throughout all countries and locations. The system went live on December 1st, 2020, with the first two modules (Employee Central and Compensation Management) for all white-collar employees. This allowed us to launch the ASR (Annual Salary Review) cycle for 2021 successfully in the new system. HR4U aims to make approval flows and administration checks easier.

The next step is to implement four additional modules: Performance & Goals, Succession & Development, Recruitment & Onboarding and Learning.

The transition to HR4U will be a significant driver of further business integration and help to leverage our employer branding and attractiveness. A key element of the user-friendly, digital workplace we are building, it will optimise our recruiting, onboarding and compensation processes while giving employees a better view of their career path and performance.



Co-creating an inspiring and rewarding place to work

Engaging our global workforce

We know that our success relies on the ability to attract, engage and retain a pool of talented employees. It is essential that we offer all employees a stimulating and rewarding place to work; one that encourages them to feel engaged and allows them to develop their talents and skills.



We are committed to continuous improvement of employee engagement and to follow-up and scoring of well-being through the annual Employee Performance Management Discussion (EPMD). We will report on this annually.

In previous years, Recticel rolled out engagement surveys through an independent research agency, Profacts. Employees were able to provide anonymous feedback on topics such as the working environment, leadership, cooperation, communication, career development and employee engagement.

In 2020, our focus was to follow up on the insights gained. We organised information sessions and workshops at all levels of the different business lines and in the local plants worldwide. These groups reviewed the findings of the surveys and discussed the conclusions.



The Flexible Foams leadership team held a dedicated session at their annual FELT meeting in early 2020 (pre-COVID). They discussed the survey results and agreed on conclusions and action plans to improve employee engagement.

People Review Process and succession planning

We continued our People Review Process in 2020. Facilitated by the Group HR team, the business line and functional management teams each dedicated an entire day to discussing topics such as succession planning, people related SWOT analysis, identification of high-potentials, future recruitment and retirement planning, and related knowledge transfer plans. The Group Management Committee went through the same process related to their direct reports.

During this annual process, we prioritise consistency between the outcome of the People Review Process and the other related processes such as succession planning, employee performance management discussions (EPMD) and the annual salary review (ASR) process.

This approach helps Recticel to anticipate internal succession needs and to leverage employee motivation, knowledge transfer and business performance. The outcomes are converted into clear action plans and follow-up processes. The People Review Process is also being cascaded down into the local organisations. In the future, the process will be supported by HR4U, our new HR IT system.



Further refinement of our remuneration practices

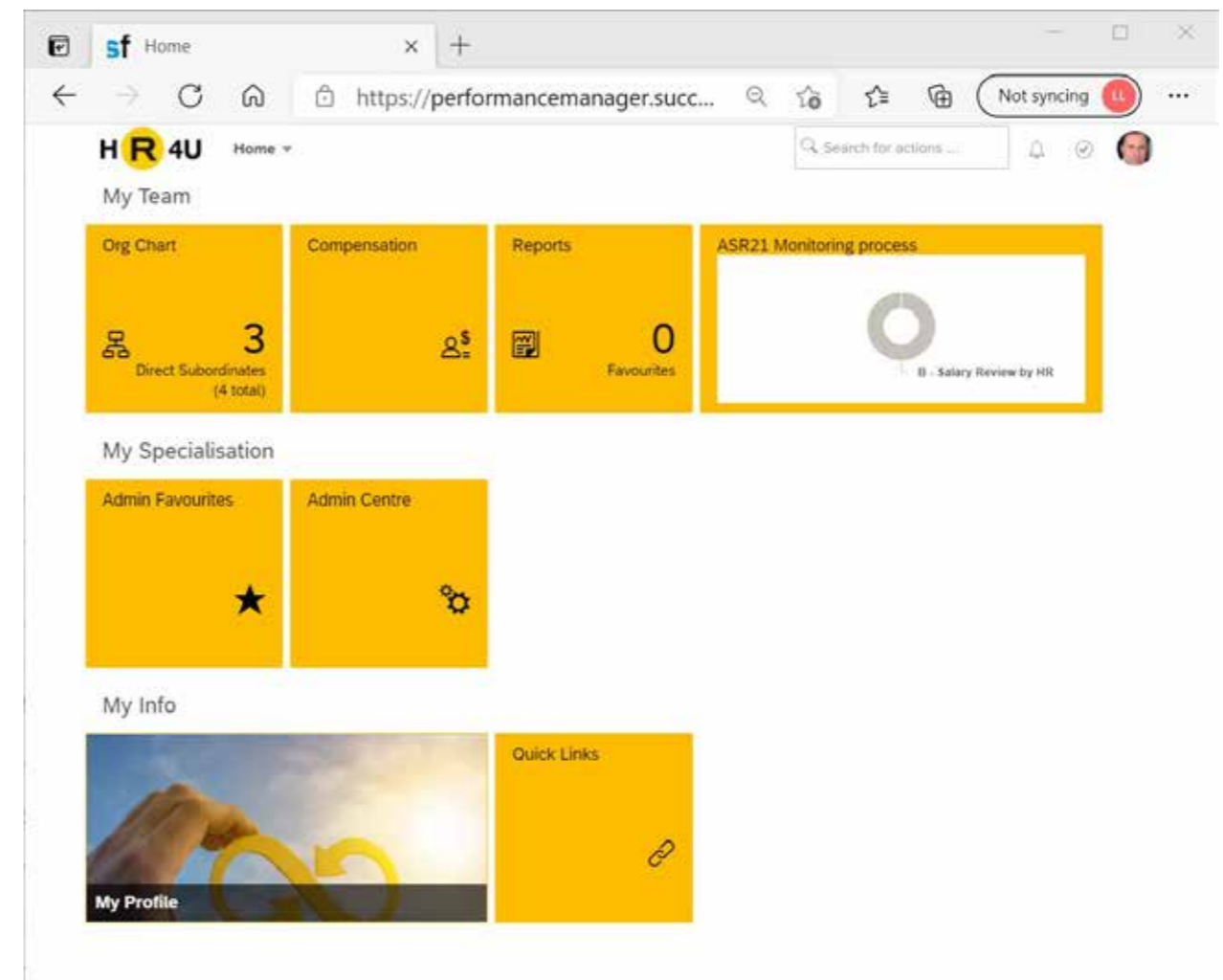
Recticel continues to upgrade its HR processes. In 2020, the compensation processes and databases were migrated into HR4U. The use of reliable, well-integrated and standardised employee data on a single future-proof platform improves the delivery of our HR services. Over time, it will cover and connect all key HR functions and processes across the entire Group. In December of last year, the worldwide Annual Salary Review (ASR) process for 2021 was launched in HR4U. The ASR process is a system-based workflow, using a standardised compensation form.

With HR4U, the decision-making process is enhanced: the Recticel line managers involved in the ASR process are empowered to access trusted HR data online, as well as new reporting capabilities, both fully in line with GDPR requirements. The ASR process now includes calibration meetings held at business line and Group levels to systematically review the performance of our white-collar employees. HR4U is making the overall administration of the process easier.

In parallel, Recticel continued to structure its remuneration practices based on the worldwide Recticel Hay Grading structure and to streamline compensation and benefit decisions, also at the time of recruitment. This is supported by an improved online benchmarking interface, Korn Ferry Pay, and synchronised with HR4U.

“HR4U, our new Group HR IT system, allows line managers, who are involved in the annual salary review process, to access trusted HR data online as well as new reporting capabilities. This brings people management decisions closer to them, fully in line with our GDPR compliance requirements.”

Lionel De Leener, Reward Director



The HR4U dashboard empowers Recticel Line Managers to access HR data online

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