

Our Corporate Social Responsibility **Report 2022**

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INTRODUCTION

MISTRAL HOME NV 1

It all began in 1995, when Luc Vanderbauwhede decided to start his own textile business. At that time, his wife Claire De Clercq was reading the book "Mistral's Daughter", that's how the "Mistral" brand name was born.

With great ambition and even greater risk, the Vanderbauwhede family house was turned into a business space. The hobby room became an office, the hall became a reception desk, the garage served as a warehouse, and the living room was converted into the first showroom and photo-shooting studio. The children helped to count curtain brackets, while the help of neighbour Roger also became indispensable.

Years have passed and Mistral Home has become a solid value in the world of textiles.

With knowledge about our planet expanding, it has become increasingly clear that the textile sector is unfortunately a large polluter. An ecological footprint, global warming and sustainability are no longer unfamiliar terms to us all. It is high time to actively, consciously and processively set to work to reduce our footprint as much as possible and take responsibility.

Self-development, equal rights, concern for society and (psychological) well-being have gained prominence as well. In this area too, we are by no means lagging behind. We care for both society and our own colleagues, in every sense of the word.

All our measurements, actions, goals and intentions can be found in this report. From now on, we will publish it annually with an update of all our KPIs and ambitions. This document was created not only to inform, but also to initiate a dialogue and to allow new ideas to emerge, so we would love to receive your feedback

2 **PARTNERSHIPS**

A big part of being a socially responsible company is finding the right partners to work with. Every factory that we work is required to have at least a BSCI certification¹. We offer our employees fair wages and safe working conditions so it is very important to us that the suppliers we work with, offer the same to their employees.

On a yearly basis, we visit our trusted partners in India, China and Pakistan. On top of that we work together with local sourcing managers who keep an eye on our suppliers and visit the factories on a regular basis. When looking for new suppliers, being able to present the certificates is a requirement. In addition, we also value the recommendations and insights of our local sourcing managers.

Delivering qualitative and safe products is on of our main goals. A general requirement for any supplier is to have obtained the OEKO-TEX certificate². This ensures that all our products are safe to use.

The BSCI certification and the OEKO-TEX certification are the bare minimum our suppliers need to comply with. When deciding on new partners, we always opt for the supplier who is also DETOX³ compliant.

By building trusted partnerships, we know who we are working with and how they run their businesses. We proactively check whether the working conditions are safe and whether there is any child labour. Our reliable partners are our preferred partners; this creates security for them and in turn for their employees.

¹ Business Social Compliance Initiative

² Further information about certificates is to be found in chapter II Ecological footprint

³ A campaign by Greenpeace to reduce potential environmental impact



II ECOLOGICAL FOOTPRINT

One of our big goals is to reduce our ecological footprint, in terms of CO2 emissions, water consumption, use of chemicals, and much more. We want to protect and preserve our planet, for everybody around the world and many generations to come.

By way of introduction, we will first give you an overview of our different certificates. This will give you a first insight into where a difference can be made in the textile industry. Subsequently, we give you an overview of our KPIs and discuss each of them in detail.

This is a dynamic working document, therefore feedback is more than welcome at any time. This is not a brief project, but an ethical responsibility that we take on together with the rest of society.

1 CERTIFICATES

All our suppliers need to be BSCI en OEKO-TEX certified. In addition, we offer many other certificates.

Which certificates our required is also product and customer dependent. For our own collection, we consider the added value for people and the environment.

1.1 GOTS

The **Global Organic Textile Standard** is a certificate used for products containing more than 70% organic materials. In addition, the impact of the production process on the environment needs to be reduced to a minimum. This standard sets high requirements on the **environmental, social and chemical level** throughout the whole supply chain.

A product carrying the GOTS label "organic" must contain a minimum of 95% certified organic fibres, whereas a product with the label "made with organic" must contain a minimum of 70% certified organic fibres.

A certification body checks every transaction between the different links in the supply chain. This means the source and the percentage of organic fibres are guaranteed. During a yearly audit the certification body checks if all the suppliers still meet the requirements.

1.2 GRS

The **Global Recycled Standard** is a standard of certification for products with **more than 20% recycled materials.** When a product is made with more than 50% recycled materials, the logo can be added.

The recycled materials can originate from **pre-consumer or post-consumer waste**. Pre-consumer waste is waste that has never reached an end consumer, for example fabric leftovers from a production unit. Post-consumer waste is waste that is produced by the end-consumer in the waste stream.

The objectives of GRS are to ensure accurate content claims and good working conditions, and to minimize harmful environmental and chemical impact.

1.3 OCS

The **Organic Content Standard 100** applies to any non-food product containing 5-100% organic material. It **verifies the presence and amount of organic material** in a final product and tracks the flow of a raw material from its source to the final product.



The OEKO-TEX certificate is a reliable product label for the assessment of the **human ecological quality of textiles for customers/consumers**. It is also a uniform standard for manufacturers in the textile and clothing industry. To ensure the best possible quality and reliability each company gets **an audit every 3 years**. There is also an independent product control body to test the products.

1.5 FSC

We use **Forest Stewardship Council** certified inlays and stiffners in our European production. FSC certification ensures that the wooden components (e.g. inlays, stiffners, boxes,...) come from responsibly managed forests across the world. This management provides environmental, social and economic benefits.

1.6 CE LABELLING

We are CE certified for gloves, potholders and barbecue grill gloves and can offer you all the necessary labelling and instruction manuals. CE certification is necessary for household products used as **personal protective equipment** to ensure safety.

1.7 RDS

The **Responsible Down Standard** aims to ensure that **down and feathers** come from animals that have not been subjected to any unnecessary harm.

1.8 FAIRTRADE

Fairtrade is to ensure workers in the supply chain to receive fair wages and good working conditions. It engages brands to commit to **fair terms of trade**. It also has the intent to reduce negative impacts on workers and environment.

1.9 СміА

Cotton made in Africa is an internationally recognised standard for sustainable cotton from Africa. CmiA has been committed to protecting the environment while improving working and living conditions for smallholder farmers and ginnery workers.

1.10 BCI

The **Better Cotton Initiative** is a global not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to make global cotton production better for the people who produce it, better for the environment and better for the sector's future.

1.11 BSCI

The **Business Social Compliance Initiative** is a leading supply chain management system that supports companies to drive **social compliance and improvements** within the factories and farms in their global supply chains.

The BSCI strong code of conduct has **11 principles** that support its members. These range from fair remuneration to no child labour, along with a step-by-step approach that enables companies to monitor, engage, get empowered and receive support to put sustainable trade at the forefront of their business.



The **Business Environmental Performance Initiative** is a practical framework that can help the textile sector to reduce its environmental impact, business risks and costs through improved environmental practices.

The BEPI system **maps the whole supply chain of our products**, in which we can see the environmental impact of our suppliers. By monitoring and analysing, we can drive them towards continuous improvement.

1.13 REACH

REACH is a regulation of the European Union, adopted to improve the **protection of human health and the environment** from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. It also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals.



KPI'S CONCERNING OUR ECOLOGICAL FOOTPRINT

	KEY PERFORMANCE INDICATOR	2021	2022	2023	2024	2025
1	Textile waste generated at Mistral Home and Confex will not increase in 2021 compared to the base year 2020, so there will be a maximum of 12 trips between Mistral and Delorge (= recycling partner). By the end of 2023, we aim to reduce these by half.	\checkmark	\checkmark			
2	Every year, the ratio of ecological to non-ecological products shifts by at least 10%. The collections of 2021 should consist of 10% sustainable products.	\checkmark	\checkmark			
3	On our own Mistral Home webshop, 10% of all newly added products from 2021 onwards are (partly) made of sustainable* materials. (*recycled, organic or with a smaller impact on the environment during the production process compared to traditional materials)	\checkmark	\checkmark			
4	By 2025, 100% of all printed matter and boxes will be sustainable*, i.e. all paper and cardboard used in and around products sold. (*FSC-certified, recycled or reused)					
5	By the end of 2023, plastic waste will be reduced by a quarter compared to the base year 2020 (maximum 450 300 I foil bags will still be purchased annually), by half in 2025 (maximum of 300 300 I foil bags); this includes only the foil bags from the warehouse.		\checkmark			
6	By 2025 at least 50% of all products will be offered to the end customer in plastic-free packaging; for Mistral Home's own collection this is the case for at least 80% of the products. From 2021 to 2025 at least two methods are explored each year to make the remaining (virgin) plastic packaging more sustainable; starting in 2022 at least one new alternative is offered to customers each year.					
7	From 2021 onwards, at least 2 informal events will be organised with the Mistral Home family within the framework of sustainability.	\checkmark				
8	From 2022 onwards, we derive all of our energy from renewable sources; our ventilation and heating will then operate entirely on our own energy production. From 2021 to 2025, we will investigate at least one method, behavioural change or action to reduce our energy and gas consumption every year.					



9	For the lighting in our own buildings (office and warehouse) we will switch completely to LED lighting by the end of 2022.			
10	By the end of 2023, 20% of our company car fleet will be electric. With a favourable evolution in terms of range and carrying capacity, our company car fleet will be fully electric by 2026.			
11	From 2022 onwards, we compensate our CO2 emissions with 100% of all business air travel through Greentripper and 100% of all hotel bookings through the European Ecolabel or Green Key.		\checkmark	
12	From July 2022 we will no longer receive EURO 4 lorries on Mistral Home's own sites; by then all lorries collecting or delivering goods must be at least a EURO 5 class.			
13	From 2021 to 2025, we will investigate at least one alternative that reduces the number of kilometres travelled in transporting bulk goods every year.			
14	We commit ourselves to organising structured, more sustainable transport by 2025 (such as limiting the number of kilometres travelled, optimising full loads, using greener vehicles, etc.) by appointing a transport manager from 2022 onwards.			
15	From 2021 to 2025, an annual budget of €25,000 will be reserved exclusively for social projects that benefit the environment and people.	\checkmark	\checkmark	
16	By 2030, our CO2 emissions will be reduced by 42% compared to base year 2020. This is within the framework of the Greenhouse Gas Protocol - Company Standard, according to the ambition level of 1,5°C.			
17	From 2021 onwards, an annual Sustainability Report will be produced to communicate progress in achieving the above targets and initiatives undertaken to all key stakeholders (employees, B2B customers and to end customers via the website).	\checkmark		



2.1 TEXTILE WASTE GENERATED AT MISTRAL HOME AND CONFEX WILL NOT INCREASE IN 2021 COMPARED TO THE BASE YEAR 2020.

In 2020, a total of 12 trucks left our warehouse for Delorge with textile waste destined for recycling. One truck carries about 10 000 kilograms of textile waste, this adds up to a total of **120 000 kilograms a year**.

These textiles originate both from our production in Poland and from the activities in our own warehouse in Nazareth. These fabric scraps are used in the upholstery of cars and insulation.

2.1.1 <u>2021</u>

In 2021 the total of textile waste was 120 000 kilograms as well.

2.1.2 2022

In 2022, we solidified a new partnership with a German company specialised in textile processing. They collected 65 706 kg textile waste from our warehouse in Nazareth, Belgium.

With this textile we are doing tests to find out how we can best reuse these fabrics, currently we are focussing on using it as filling for poufs, cushions, ...

Our total textile waste volume is as much as 50% less already than in 2021. One of the reasons is the confection of our patchworks duvet covers, which were made using leftovers from the production of other duvet covers.

2.2 EVERY YEAR, THE RATIO OF ECOLOGICAL TO NON-ECOLOGICAL PRODUCTS SHIFTS BY AT LEAST 10%.

2.2.1 <u>2021</u>

	TOTAL	RECYCLED	%
DUVET COVERS	48	2	4%
TABLE LINEN	39	15	38%
PLAIDS &	55	0	0%
CUSHIONS			
TOTAL	142	17	12%

Figure 1: Ratio of sustainable to non-sustainable products

In the **Spring-Summer and Autumn-Winter collections of 2021** combined we have offered 48 duvet covers, of which 2 were cotton-viscose. This brings us to roughly 4% ecological bed linen.

In total there were 39 kinds of table linen, of which 15 were made using recycled components, a good 38%.

Out of our plaids & decorative cushions none were made from recycled materials.

When combining all these data, we reach a total of **12% sustainable products**. For the collections of 2022 we should at least raise this percentage by 8% to continue achieving our goal.

2.2.2 <u>2022</u>

Out of the Autumn-Winter and Spring-Summer collections of 2022, a total of 37% of the products were sustainable. This means we have increased by a whopping 25% in 1 year.



2.3 ON OUR OWN MISTRAL HOME WEBSHOP, 10% OF ALL NEWLY ADDED PRODUCTS FROM 2021 ONWARDS ARE (PARTLY) MADE OF SUSTAINABLE MATERIALS. ⁴

2.3.1 <u>2021</u>

In 2021 a total of **280 new items** were added to our webshop. Out of all these products **31 were sustainable** products.

To indicate this to our B2C customers we have developed a green logo with a leaf inside. This logo is displayed on all the sustainable products. By using this we intend to **encourage the customer to choose more ecologically responsible products**.

We have created a landing page⁵ on our website which informs people about what a

sustainable product is, which ones we have and so on.



Figure 2: Our sustainable logo

2.3.2 <u>2022</u>

In the course of 2022 we added **425 new products** to our website, of which 75 carry our Mistral Home Cares logo. This equals about **17,5%**.

2.4 By 2025, 100% of all printed matter and boxes will be sustainable⁶.

2.4.1 <u>2021</u>

At Mistral Home we have been working with **FSC** (Forest Stewardship Council) certified printed packaging as much as possible, depending on clients whishes and supplier availability. Unfortunately it proved to be impossible to measure as we didn't track our efforts. First of all we want to change that. By keeping track of whether or not printed packaging is FSC certified (or in any other way) we will be able to track and improve our efforts.

When it comes to boxes it is fairly straightforward: **all boxes are made of recycled material**. A sustainable habit by our purchase department who check and compare suppliers not only on price, but also on their level of sustainability.

We expect that the market of sustainable packaging will grow & innovate a lot the coming years and so we do not want to limit ourselves to simply buying only "FSC certified" goods. We want to look into recycled or reused cardboard, to new and better certifications that mark sustainable paperware. On top of that we have to be critical when suppliers commit to FSC as there has been scarcity & rumours of abuse of the label.

2.4.2 <u>2022</u>

For our European confection for our biggest customer & our own Mistral Home brand all printed matter is FSC certified. For more and more customers, all our print work is FSC certified. The difference in cost price is minimal, which makes the switch even easier.

⁴ recycled, organic or with a smaller impact on the environment during the production process compared to traditional materials

⁵ https://www.mistralhome.com/en/about/sustainability

⁶ FSC-certified, recycled or re-used



For import numbers are a tad more difficult to track. Of our 2022 import orders, approximately 53% was FSC certified.

2.5 BY THE END OF 2023, PLASTIC WASTE WILL BE REDUCED BY A QUARTER COMPARED TO THE BASE YEAR 2020.

To reach this KPI we will be working with the **6 R's of waste management: Rethink, Refuse, Reduce, Reuse, Recycle, Repair.** The concept is to decrease the amount of things we use and simultaneously also decrease the amount of things we throw away.

Apart from these 6 R's we have also focused on the domains of **data and communication**.

2.5.1 Completed actions

2.5.1.1 Rethink

During the creation of each new collection, we look for new alternatives to make our products more sustainable.

1. <u>2021</u>

In 2021, we introduced **cotton-viscose duvet covers**, which are made of **50% cellulose fibre** obtained from wood pulp. By using this fabric, we drastically reduce water consumption during the production process. On top of that, we choose viscose from LENZING ECOVERO, fibres that are gained from sustainably managed forestry and have lower CO2 emissions than conventional viscose.

The new **table fabric Skinny** has also been added to our catalogue. The fabric is made of **72% recycled denim**. At least 21% of this denim has been worn as 'jeans' (post-consumer waste). The other 51% consists of pre-consumer waste from the spinning mill, from the weaving mill, etc. This method saves on water consumption, requires less energy during the production process and there is a reduction in CO_2 and greenhouse gas emissions.

2. <u>2022</u>

This year we have continued to invest in ecological materials with a focus on GRS recycled material.

Today, in our table linen collection we have the qualities Reclon, Box, Sogo,... In the bed linen collection, we have continued along these lines and opted for a GRS quality in renforcé 100% cotton of which 70% recycled cotton and 30% BCI cotton.

We have also chosen to phase out our teflon treatments on our table linen fabrics and start using a **new water-repellent finish** that no longer contains fluorocarbon. This is not yet banned, but we chose to already remove this controversial substance from our products.

2.5.1.2 Refuse

We encourage our suppliers to use less plastic during packaging.

1. <u>2021</u>

When it comes to the products we sell in our own webshop, we are not bound by packaging requirements as retailers are. For these products, we always opt for the **packaging** method with as little single plastic as possible. In addition, we use **biodegradable plastic** for all our plastic packaging.



With the aim of going completely paperless in the near future, we no longer print **invoices** which we receive by pdf. We currently are working with DIS to save and organise all financial and operational documents.

On each floor there is a fridge with chilled drinks, including sparkling water. In order to avoid the use of plastic bottles, we have installed **a sparkling water machine** in September 2021 that serves chilled water, water at room temperature, sparkling water and hot water. In addition to the anticipated desired effect of less plastic waste, we have received feedback from many colleagues that they are also drinking more water throughout the day, with all the good effects on their health in turn.

2. <u>2022</u>

Our webshop's packaging went from plastic bags with large inlays to packaging with ribbons and a hangtag attached with the product code, EAN-code & product name.

2.5.1.3 Reduce

1. <u>2021</u>

In the past packages were sent by post daily. We now group all **non-urgent packages** together and send them once or twice a week.

To avoid food going to waste in the shared **refrigerators**, each colleague has been assigned their own shelf so everybody clearly sees what they still have in there. This has resulted in much less forgotten left-overs and therefore less food waste.

By buying **liquid soap** in a big bottle and distributing it in several small pumps we reduce our plastic waste due to soap pumps.

Since the summer of 2021 there has been a **compost bin** close to our kitchen. Colleagues can put their green waste in it. As a result, we produce less waste for disposal and use fewer bin bags.

2. <u>2022</u>

The only single-use plastic we still use in our offices and warehouse are the coffee cups for the warehouse staff. At the end of December 2022, we decided to ban these too, as well as individual coffee creamers and sugar.

2.5.1.4 Reuse

1. <u>2021</u>

Cardboard boxes coming from the re-packaging of products in our warehouse are re-used for shipments from the webshop and parcels from our Customer Sales Managers.

To indicate to the customers that we re-use old boxes from a sustainable point of view, we have created stickers to are applied to these 'experienced' boxes.



Our used cartridges are sorted separately to be recycled, the unused ones are sold for reuse.

Figure 3: Our 'experienced box' sticker

Once our fabrics are 'out of use' and there are less than 50 metres on a roll, we don't have much use for them anymore. Therefore, we **donate these fabrics to schools and non-profit organisations** in the region. In October 2021, 1,447 metres of fabric were donated this way.

Our **old catalogues**, which would ordinarily go in the paper container, are now re-used in schools and organisations for crafting projects.

Outdated **end products** or products that would go to the bulk buyer are **donated** whenever possible to charities, second-hand shops, natural disasters, etc. For example, in July 2021, we donated 6m² of textile products to people affected by the floods in Wallonia.

One of our bigger product novelties were the **UNIQUE patchwork duvet covers**. These duvet covers are produced in our factory in Poland out of fabric remnants from the confection of our other duvet covers. When cutting out the bottle neck shape at the end of the sheets, pieces of fabric are left behind. These we are matched together, based on quality and design, creating a whole new duvet cover. In 2021 we have sold 4 different designs on our webshop and 1 extra design at Makro, Eke.

2. <u>2022</u>

During our factory sale, we collected **old bed linen** from consumers. For this, customers received a discount voucher in return. These fabrics were transported to a partner in Spain, together with **our own fabrics in clearance** that we could no longer sell, to be **torn apart into fibres and spun into yarn** once again. We are currently in the process of testing to make new products.

The leftovers from our confectionery go to our partner in Germany to be reused for other applications.

2.5.1.5 Recycle

1. <u>2021</u>

Instead of having **individual waste bins** at each desk, starting in October 2021, all the waste from one department is collected in a waste sorting island. By doing so, we avoid the many small waste bags and the extra work of the cleaning team to replace them again and again. In addition, we are convinced that if people have to walk to the sorting island, they will be more inclined to look for the right bin. Informative visuals have been put up by the islands showing which type of waste goes in which bin.

2. <u>2022</u>

We are continuing our recycling initiatives started in 2021.

The **old bed linen collection** during our factory sale was a test, which was hugely successful. A total of 706 kg of linen was brought in over the course of 3 days.

2.5.1.6 Repair 2.5.1.7 Data

To make sure we can track our progress we established as much baselines as possible. The year 2020 is our baseline in terms of waste.

TYPE OF WASTE	2020	2021	2022
PAPER ⁷	€3 861,67	€ 2 492,90	€ 4 702,44
PMD	€3 090,25	€1 928,55	€ 540,49

⁷ incl. rental press container



RESIDUAL WASTE	€ 8 962,41	€ 4 047,79	€ 4 311,33
WOOD	€783,60	€ 676,40	Not yet known
TEXTILE ⁸	€ 4 517,16	€3 030,26	Not yet known
TOTAAL	€21 245,09	€12 175,9	

Tabel 1: Our waste-related expenses in 2020, 2021 & 2022

In 2020 we used 450 large foil bags to gather all the plastic in our warehouse, in 2022 this number was reduced to 200. Instead of having it collected like this, we have been compressing those bags into 240 kg bales since 2022. This resulted in eight bales during the year 2022, good for 1 920 kg.

2.5.1.8 Communication

When welcoming a new colleague, we used to print the "I work here" welcome brochure on paper. Since 2021, this has been forwarded digitally, and during the welcome days the new colleague is thoroughly briefed on all our goals and initiatives concerning a more sustainable way of working.

In the course of our sustainability day, the communication manager will also make the information from this file accessible to B2B & B2C customers and other stakeholders.

2.6 By 2025 at least 50% of all products will be offered to the end customer in plastic-free packaging; for Mistral Home's own collection this is the case for at least 80% of the products.

2.6.1 2021

We are currently (October 2021) in the process of renewing all our packaging under the Mistral Home brand. The objectives here are to use as little plastic as possible, to limit paper waste and to clearly inform our customers that certain articles are more sustainable.

2.6.2 2022

As of the summer om 2022 the packaging for our own Mistral Home products hase been updated.

Our duvet covers, table linen and other products are packed without a plastic bag. They are folded using only recycled carton and a fabric ribbon which can be reused by the end customer.

This is new way of packing does not only benefit in an ecological way but also economically. When customers sent back products they bought on our webshop, the products can be easily repacked and resold.

2.7 FROM 2021 ONWARDS, AT LEAST 2 INFORMAL EVENTS WILL BE ORGANISED WITH THE MISTRAL HOME FAMILY WITHIN THE FRAMEWORK OF SUSTAINABILITY.

2.7.1 <u>2021</u>

⁸ the transportation of textile waste



On the 8th and the 16th of June 2021 at total of 16 colleagues took part in the clean-up initiative of the business park in which we work, De Prijkels. This was organised by "**Mooimakers**" and will continue to be organized twice a year.

This organisation provides all companies with trash bags, grabbers and fluorescent safety vests. The colleagues then set out together to collect waste from the streets and roadsides in the vicinity of our company. Together, we keep our company zone clean.

Our second event of 2021 was the **Sustainability Day**. On Wednesday 13 October, all personnel came together for an afternoon dedicated to sustainability and how we as a company (want to) deal with it.

The day started with a lecture by a climate expert, continued with interactive brainstorming sessions in groups to get as many voices heard as possible, we presented our KPI's & new waste policy and we ended with the awarding of prizes to the winners of the CO_2 challenge. During this challenge, our colleagues were challenged to come to work by bike or carpool as much as possible. The team and the individual with the most 'green kilometres' won a nice surprise, entirely in the theme of sustainability.

The afternoon snack also came from a sustainable bakery and we rounded off in beauty with an ecological food truck that came by. This event was a big success during which our colleagues expanded their knowledge about sustainability, learned more about how we are striving as a company to become 'greener' and a ton of new ideas emerged. These ideas were gathered and and will be brought to the next meeting of the sustainability committee.

2.7.2 2022

Just like the previous year, we participated in the clean-up initiative of the business park in which we work, De Prijkels.

2.8 FROM 2022 ONWARDS, WE DERIVE ALL OF OUR ENERGY FROM RENEWABLE SOURCES

2.8.1 <u>2021</u>

Since June 2021, we have been producing our own green energy through 386 solar panels installed on our roof. This will cover about **70% of our total consumption**. An a yearly basis they will produce up to 165 000 kWh. This equals the energy usage of 45 families for a whole year.

We will continue to investigate how we can increase this percentage in the future.

2.8.2 2022

In 2022 we were informed by Encon about what we can do to reduce our energy consumption.

To reduce gas, we would need to invest in heat pumps, but in an exsisting warehouse this would be a hell of a job. An alternative to heat the warehouse without gas, is the installation of heat panels that run on green electricity. This will be explored further in depth in 2023.

In the offices the temperature went down to 19°C and in the warehouse from 16°C to 14°C. Our emission will have decreased in 2022.

We consumed 280 MwH on average. With our solar panels, we generated 195 MwH in 2022. Rounded up, this brings us back to 70%.

2.9 FOR THE LIGHTING IN OUR OWN BUILDINGS (OFFICE AND WAREHOUSE) WE WILL SWITCH COMPLETELY TO LED LIGHTING BY THE END OF 2022.

2.9.1 <u>2022</u>

In 2022, we replaced only a few lamps in our office. We did buy 400 lamps this year, which will be delivered and replaced in 2023. The entire showroom and part of the offices will get LED lighting. Part of the warehouse and the other part of the offices, will be an investment for the years to come.

2.10 BY THE END OF 2023, 20% OF OUR COMPANY CAR FLEET WILL BE ELECTRIC.

2.10.1 <u>2022</u>

In 2022 we didn't buy any new cars. A complete purchasing plan will be made in beginning of 2023.

2.11 From 2022 onwards, we compensate our CO_2 emissions with 100% of all business air travel through Greentripper and 100% of all hotel bookings through the European Ecolabel or Green Key.

We are committed, through our travel agency, to making a contribution with every trip to compensate for the CO_2 produced by that trip. They invest this amount in projects that have a positive effect on greenhouse gases, such as combating deforestation.

2.11.1 <u>2022</u>

We chose the project Kariba, VCS certified.9

In total we compensated 12,22 ton CO2 emissions.

- o 0 4.22 tCO2e offset in Forest Project in Zambia (VCS certified)
- o o 8 tCO2e offset in Forest Project in Zimbabwe (VCS certified)

The positive impact in Zambia during 2022:

- o 316,5 trees saved
- o 48,11 ares under sustainable agricultural management
- o 633 acres of forest area saved
- \circ 1 266 farmers trained in using SALM practices.

The positive impact in Zimbabwe in 2022:

o 316,5 trees saved

2.12 FROM JULY 2022 WE WILL NO LONGER RECEIVE EURO 4 LORRIES ON MISTRAL HOME'S OWN SITES.

Only one of our transporters still has some EURO lorries in his car park, these are systematically being replaced.

⁹ Annex 4



2.13 FROM 2021 TO 2025, WE WILL INVESTIGATE AT LEAST ONE ALTERNATIVE THAT REDUCES THE NUMBER OF KILOMETRES TRAVELLED IN TRANSPORTING BULK GOODS EVERY YEAR.

2.13.1 <u>2021</u>

One of the methods we used this year was filling the decorative cushions in Belgium, after only the decorative cushion covers had been shipped here from the Far East. Initially, this had to do with the container prices that went through the roof last year, but in doing so, an enormous number of kilometres are saved.

2.13.2 <u>2022</u>

2.14 WE COMMIT OURSELVES TO ORGANISING STRUCTURED, MORE SUSTAINABLE TRANSPORT BY 2025 BY APPOINTING A TRANSPORT MANAGER FROM 2022 ONWARDS.

2.14.1 2021

We are already working on this by grouping the transports as much as possible and choosing the shortest, or rather the least polluting route.

2.14.2 <u>2022</u>

We scrapped the plan to appoint a transport manager. Instead, customer sales managers focus on groupage of transport. For example, we have monthly instead of weekly deliveries to Romania. This is done in consultation with the customer.

2.15 FROM 2021 TO 2025, AN ANNUAL BUDGET OF €25,000 WILL BE RESERVED EXCLUSIVELY FOR SOCIAL PROJECTS THAT BENEFIT THE ENVIRONMENT AND PEOPLE.

These projects are described in detail in chapter 4 "Mistral Homes Cares". To keep up with our various projects, you can also browse our website.¹⁰

2.16 By 2030, our CO2 emissions will be reduced by 42% compared to base year 2020. This is within the framework of the Greenhouse Gas Protocol - Company Standard, according to the ambition level of 1,5°C.

As of 2020, Mistral Home started to take a structured approach to organisational CO_2 emissions. For this we called on Encon, who enabled us to methodologically frame the possibilities and objectives. The measurements were done in 2020.

Our **Carbon Reduction Management Plan**¹¹ was drawn up to clearly show how we can reduce our CO2 footprint. This is not a rigid, but an organic working document.

Reduction measures are always calculated in accordance with the Greenhouse Gas Protocol.

¹⁰ https://www.mistralhome.com/en/about/mistral-home-cares

¹¹ Annex 1 Carbon Reduction Management Plan 2021



2.16.1 Explanatory notes scope 1, 2 & 3

Scope 1: Direct emissions from operational activities

Scope 2: Indirect emissions from the consumption of purchased electricity from the grid

Scope 3: Indirect emissions from the up- & downstream of an organisation's value chain

In the report scope 1 and 2 were calculated as a whole, at least 66% of scope 3 was included. The activities that cause emissions within Mistral Home are:

- Electricity consumption for:
 - Office activities;
 - Lighting;
 - Other technical and production related installations.
- Natural gas consumption for: heating of buildings;
 - Production and transport of purchased materials and services (scope 3):
 - o Textiles;
 - Packaging materials;
 - Office materials;
 - o Etc.

0

- Waste disposal and processing;
- Upstream and downstream transport of goods;
- Home to work commuting;
- Energy-related emissions.

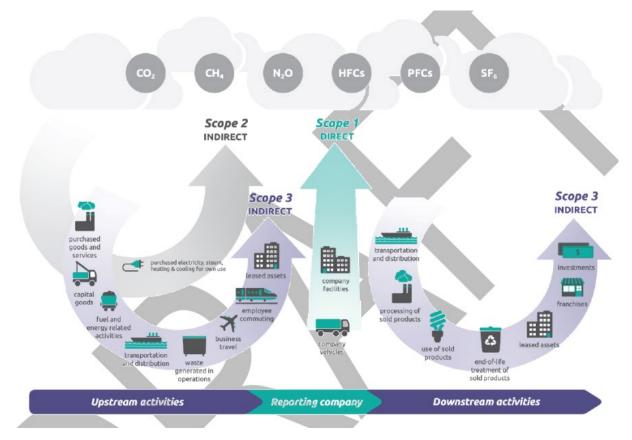


Figure 4: Subdivision of greenhouse gas emission categories according to the GHG



2.16.2 <u>Scope 1 & 2</u>

In total Mistral Home was responsible for 250,51 ton of CO_2 emissions in 2020, of which 94,77% can be attributed to scope 1.

SCOPE	TON OF CO ₂	%
SCOPE 1	237,41	94,77%
SCOPE 2	13,10	5,23%
TOTAL	250,51	100%

Table 1: Scope 1 & 2 CO2 emissions Mistral Home 2020

The biggest contributors to scope 1 were the petrol used in the company cars (75,2 ton) and the natural gas used for MH2 (162,2 ton).

2.16.3 <u>Scope 3</u>

Although scope 3 does not have to be included in the reduction plan, we chose to do so. Considering the business in which Mistral Home is active, the textile business, we are producing a considerable tonnage of CO_2 emissions within scope 3.

Out of 15 categories within scope 3, **6** turned out to be **relevant for us**. These categories have internationally standardised names & numbers.

	TON OF CO ₂	% SCOPE 3
CATEGORY 01: MATERIALS & SERVICES	39 497,35	94,47%
CATEGORY 03: ENERGY AND FUEL RELATED EMISSIONS	52,32	0,13%
CATEGORY 04: UPSTREAM TRANSPORT AND DISTRIBUTION	809,24	1,94%
CATEGORY 05: WASTE	5,28	0,01%
CATEGORY 06: BUSINESS TRAVEL	46,17	0,11%
CATEGORY 07: COMMUTING EMPLOYEES	93,27	0,22%
CATEGORY 12: END-OF-LIFE SOLD PRODUCTS	1 307,65	3,13%
TOTAL	41 811,28	100%

Table 2: Scope 3 emissions Mistral Home 2020

2.16.4 Identification of reduction measurements applying to Mistral Home

2.16.4.1 Scope 1

- Stationary combustion
 - Alternative space heating MH2
- Mobile combustion
 - \circ $\;$ Decrease combustion of fossil fuels from a mobile installation or cars
- Fugitive emissions

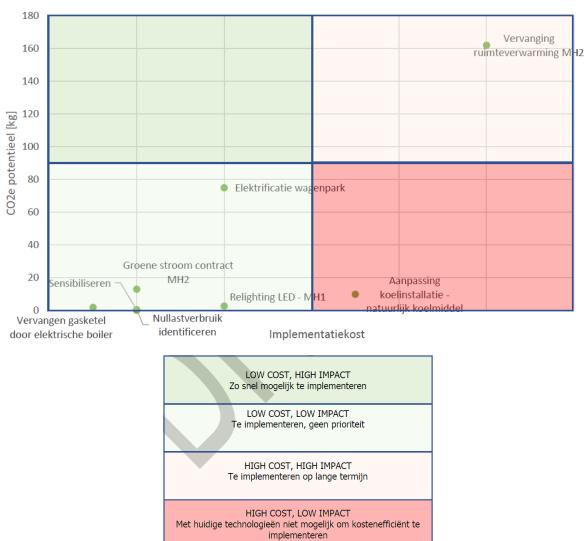
• Greenhouse gas emissions from installations operating on greenhouse gases e.g. the emissions of cooling agent from a cooling installation due to a leak, for Mistral Home this is HVAC in MH1

2.16.4.2 Scope 2

mistral

- Identify zero-load consumption
- Raise awareness
- Relighting LED MH 1
- PV installation MH1
- \circ Green power MH 2

2.16.4.3 Opportunity matrix scope 1 & 2



Opportuniteitenmatrix scope 1 & 2

Figure 5 Opportunity matrix

2.16.4.4 Scope 3

Category 01: Materials & services



3. End products

At the source of our high CO2 emissions within scope 3 lay two textiles: **polyester and cotton**. These account respectively for **53.30% and 40.40%** of the scope 3 emissions. Together they are responsible for 93.70%.

It has been known for some time now that the textile industry is a heavy polluter, and this is now painfully clear once again in these figures. For years, we have been **researching and developing alternatives** to reduce the polluting factor of our products. Take our cotton-viscose duvet covers, for example.

The carbon footprint of textiles is not calculated in the same way as an organisation's footprint, but by looking at the entire life cycle. All input and output flows are converted into a CO2 equivalent impact.



Figure 6: The life cycle of textile

In general, the carbon footprint of textiles is expressed in CO2e/kg. A comparative table of different materials per kilogram is given below.

MATERIAL	GWP 100 A (KG CO₂E/KG)
RECYCLED CARDBOARD	0,29
VIRGIN ¹² CARDBOARD	0,89
BIO COTTON	1,75
PLASTIC (PP)	1,91
PLASTIC (PE)	1,93-1,98
VISCOSE	3,58
VIRGIN COTTON	3,61
VIRGIN POLYESTER	9,52

Table 3: CO2 emissions per kg from different materials

¹² Made from raw materials



Polyester is much more polluting than cotton as cotton is a crop that absorbs CO2 from the atmosphere. Polyester also requires far fewer chemicals for processing than cotton. For the latter, crude oil is used as a raw material, which in turn requires large amounts of energy during the production process. This makes the production of polyester factor **2 to 3 more energy intensive** than that of cotton.

We continue to **research new materials** in order to come to a more sustainable product, for example, hemp is now also being considered within the textile industry. It grows much faster than cotton, it can grow up to 3 meter over a period of 100 days, per hectare, it can absorb as much as 22 tonnes of CO₂. It is also said to last 5 times longer than cotton products and is biodegradable.

Here are some of our products from the autumn-winter 2021 collection and their respective CO2 emissions as an illustration. These emissions were calculated based on their net weight (without packaging) and the composition of the fabrics.¹³

CONCEPT CODE	PRODUCT NAME	EMISSIONS PER PRODUCT (KG CO2E/PIECE)
135421	Duvet cover RENFORCE RAPHIA STRIPE 140x200 cm	3,41
135430	Duvet cover SATIN MARIE 200x200 cm	6,00
135407	Duvet cover FLANNEL LE KING 240x220 cm	9,44
135292	Duvet cover WASHED COTTON UNI BOTANICAL 260x240	8,45
135421	Plaid FAKE RABBIT FOREST GREEN 130x170 cm	12,19
135865	Plaid FLANNEL SHERPA SOLID CABARNET 130x170 cm	11,44
134477	Deco cushion VELVET STONEWASH RED 45x45 cm	1,75
135254	Table cloth UNILINE PORTO 150x250 cm Table 4: Products from our AW21 collection with their emissions per product	6,59

.

Ultimately, we can make our end product less polluting by also looking at:

- Transport of goods from the factory to the production site
- The energy consumed to manufacture these products
- o Transport of these products to the retail and end consumer
- The use phase of products (in the washing machine, hand washing, etc.)
- The end-of-life treatment (incineration, recycling, etc.)
 - 4. Sustainable procurement policy

Through a sustainable purchasing policy, we use our purchasing power and influence in our relationships with suppliers and customers to **improve the social and environmental performance of the entire product chain**. An effective way to ensure sustainability within a chain is to integrate requirements into the selection process of potential suppliers.

¹³ Annex 3: Carbon Footprint Calculator - textile



These criteria may relate to the company (ethical management, safety, environment, etc.) or to the products supplied (FSC, GRS, etc.).¹⁴

5. Packaging materials

In recent years, no exact records have been kept of which packaging was used for each product, so we cannot give accurate statistics on this.

There are different types of plastic and cardboard, some of which are more or less polluting than others. Here is a brief summary:

• Virgin material

New material produced from raw materials of fossil nature.

o Recycled

Material that for a certain percentage consists of recycled raw materials of fossil nature or inorganic waste flows.

• Bio-based material

Material that for a certain percentage consists of raw materials of biological origin. This includes all raw materials of plant or animal origin, both new products and waste streams (vegetable oils, residues from maize production, etc.)

For several years now, all our plastic packaging has been **biodegradable**, although this is not indicated on the packaging. Since the middle of 2021, we have also been working on packaging that is as plastic-free as possible. Sadly, we are often bound by the customer's wishes in this respect, but we offer the plastic-free variant wherever possible. This only consists of the product itself and cardboard.

Category 03: Energy and fuel related emissions

In this category we find emissions related to the production of fuels and energy purchased and consumed by Mistral Home that are not included in scope 1 & 2.

The biggest progress we have already made in this regard is installing **solar panels** (generating our own green electricity) and switching from purchasing grey to green electricity from our energy supplier.

By green power we mean renewable energy (generated by wind, sun, etc.)

Category 04: Upstream transport and distribution

Here we group emissions caused by the **burning of fossil fuels for transport and distribution** of purchased materials and services via road, water, rail and airways. In general, the larger the vehicle within the same category, the more efficient the transport, the lower the emissions per unit distance.

The following table illustrates the carrying capacity and emissions per tkm (tonne-kilometre), this variable shows how much emission there is per kilometre when the weight of the payload is 1 tonne.

TRANSPORTATION GROUP	METHOD	PAYLOAD CAPACITY (TON)	EMISSIONS (KG CO₂E/TKM)
ROAD	Van	0,5-1,5	1,83

¹⁴ For more information on all our certificates, see chapter 2 "ecological footprint", title 1 "certificates".



	Truck	3,5-7,5	0,51
	Truck	7,5-16	0,21
	Truck	16-32	0,16
	Truck	> 32	0,09
RAILWAYS	Goods train (electric)	10 ton/m	0,04
WATER	Barge	50	0,05
	Cargo	43 000	0,009
	Tanker	72 000	0,007
AIR	Intercontinental	25	1,08
	Intracontinental	25	1,67

Table 5: Illustration of the emissions per type of transport, per tonne

An additional reduction measure we could take if our customers are open to it is to replace the wooden EURO pallets with **cardboard pallets**. These have a lower embedded carbon footprint and are lighter in weight.

Category 05: Waste

In terms of waste, quite a few steps have already been taken. For instance, we reuse our cardboard boxes, fabric waste is donated to schools and textile waste is taken to Delorge, a company that recycles textile waste.

In the offices we focus on working as paperless as possible. We review individual single streams and reduce paper, still considering efficiency. We also review or shorten streams per department.

In addition, we also focus on informing and raising awareness amongst our colleagues.

To further reduce the waste mountain, we could establish **additional partnerships** with textile processing companies.

Category 06: Business travel

Given the corona pandemic of 2020, we cannot speak of representative figures here. The impact of business travel will therefore most likely increase in 2021 compared to the previous year.

Category 07: Commuting employees

In terms of commuting, we choose to particularly incentivise the employees.

In the spring of 2021, a **challenge** was held at Mistral Home in which people could score points by coming to work by bike or by car pool. The department and the individual who had accumulated the most kilometres in doing so received prizes at our first Sustainability Day on 13 October 2021.

Since 2021, there has also been the option of **leasing e-bikes**. For a small fee, colleagues can use an e-bike and charge it at work.

Category 12: End-of-life sold products



The end-of-life of textile products generally constitutes a difficult topic. Although the producing companies can indicate to the end consumer that these products should be recycled, it is ultimately the consumer who chooses what to do with them. More and more people take these products to a thrift shop, sell them on or take them to the container park, but unfortunately a significant proportion still ends up in the pile of residual waste.

A test project we could start in this regard would be to create a collection point for items purchased from our webshop, for example. We could then ensure that these products are recycled in a sustainable way.

However, this is still an idea at the moment and needs to be worked out thoroughly in order to be successful. To be continued.

2.16.5 <u>Summary company carbon footprint 2020</u>

As a company, we have chosen to commit to the **1,5°C target** of the **Science Bases Targets Initiative** at the SME level. This target will be evaluated annually and adjusted if necessary.

This target implies that by 2030 we aim for an absolute reduction of CO_2 emissions in scope 1 & 2 in order to limit global warming to 1,5°C compared to 2020.

To achieve this, Encon has worked out a reduction plan¹⁵ for us. The biggest steps that will be taken are:

- A fully electric car fleet;
- Only green electricity and no more extra polluting practices;
- o Avoiding refrigerant leaks from cooling systems through regular inspection and maintenance;
- Making the heating of MH2 at least 11% greener, either by reducing the temperature or by replacing the systems.

In addition, we take great efforts year after year to reduce our scope 3 emissions, and it will continue to be a permanent focus of our attention.

We aspire to be a pioneer in sustainability in the textile industry. We are not there yet, but we are well on the way thanks to the commitment and motivation of our colleagues.

¹⁵ Annex 2



III SAFETY, HEALTH & WELL-BEING

In 2021, the **"Well-being at Work" Act**¹⁶ celebrates its 25th anniversary. Over the past 25 years, this regulation has been in constant movement to reduce occupational risks and improve working conditions.

Important developments include:

- o the integration of new areas such as musculoskeletal disorders and psycho-social risks
- the reform of prevention structures (prevention services, training of prevention advisers, etc.)
- o adaptation to the rapid changes in the world of work (teleworking, ageing of the workforce, etc.)

In 2021, it became clear that companies that already followed these regulations correctly, were able to adapt much easier to the changed work situation at the time of COVID-19.

1 OUR COMMITTEE

Mistral Home has always taken care of the safety of its employees. At the **safety committee**, subjects such as safety at the workplace, fire hazards, tools to do your job (ergonomically), machines & adequate training of their use etc. were all included in the agenda.

In 2021 the committee expanded to a **committee of "Safety, Health & Well-being"** with more attention for the **"soft" aspects of prevention**. We appointed a person responsible for each element, who is known by the committee and the other employees.

- o psychosocial support
- o reception of new employees
- o guidelines & training
- o first aid
- o ergonomic screen work
- o order & tidiness
- o etc.

Prevention entails quite a lot, the Belgian government states that

"Prevention is the set of regulations and measures that are taken or provided for, at all stages of the activity of the company, in order to reduce professional risks. Prevention allows to maintain health and improve well-being."

By the end of this year we will decide on which issues we will be focusing on in our general prevention plan for the **next 5 years** (2022-2027).

A **concrete and comprehensive action plan** with specific measures, both recurring and new initiatives, will follow annually. The evaluation of the the previous year's measures will also be featured here in this report. This too is part of Mistral Home's Corporate Social Responsibility.

¹⁶ Read more about it at <u>https://werk.belgie.be/nl/themas/welzijn-op-het-werk/algemene-beginselen/toelichting-over-de-welzijnswet</u>



IV MISTRAL HOMES CARES

1 PRODUCT

There are ways to improve our product on 2 different levels: the components and the packaging. We are researching¹⁷ several ways to reduce our impact.

2 PLANET

The planet, unfortunately we only have one, so it is high time we took better care of it. In order to be as efficient as possible, we have established KPIs related to our environmental footprint.¹⁸

3 PEOPLE

3.1 THE TEAM

3.1.1 The committees

The Mistral Home team is the **backbone of the company**. Being a socially responsible company starts with our team. This is why we created our sustainability & social committee, for example. The committees are made up out of members from every department. This helps us to see where changes can be made as each member has knowledge of their respective department. But it also helps us to communicate our goals and values internally. It is important that every team member keeps our values in mind. Next to these two we also have our team for product development, decoration, marketing, etc.

We have created a variety of committees and given everybody the chance to join. We want everybody to feel free to express their opinion and we want them to brainstorm with other each other. We believe every Mistraller can be an added value to the company, not just within their job description, but also a human being with their own interest and strengths.

3.1.2 <u>Healthy mind in a healthy body</u>

A healthy body is the basis for a healthy mind. With this in mind, we are happy to focus on the health and wellbeing of our Mistrallers. There are various initiatives that are undertaken to this end. These come from both the management and the colleagues themselves.

In our breakroom 'The Cantina' everybody can help themselves to **free fruit** that is freshly delivered each week.

Another crowd favourite is **sports at work**. Every other week or every two weeks, depending on the possible time slots, we exercise one day after work. Every few weeks we alternate between sports so that there is something for all likings. For these sessions, the trainers come to us with all the necessary equipment. All colleagues have to do is show up in sportswear and be ready to go all-out. So far we have done boxing, cross-fit and piloxing.

We like to mix our social commitment with initiatives for improving health, for example, in October 2021 we will participate in the **Pink Walk** in support of Think Pink. Fifteen of our colleagues will take part and strive to

¹⁷ More information in chapter 2 "Ecological footprint"

¹⁸ More information in chapter 2 "Ecological footprint"



walking 10 000 steps every day. In addition to the health benefits, we are raising money for Think Pink with our registration fees and donations.¹⁹

3.1.3 <u>Professional development & improvement</u>

Giving everybody on the team a chance to grow helps us evolve as a company. We offer our co-workers the opportunity to follow **trainings** to help them **improve their skills**. These can be external trainings, but can also very will be held in-house. In the autumn of 2021 the management sent around a questionnaire in which people could indicate about which topics they would like to know more, and to which extend. Do you need an introduction or is there a specific need you have within a program you use every day? Combining all of these result, it was clear that the need for more knowledge and training was clearly present.

In the following months multiple training sessions will be held. A large part of those will be given by a colleague who is more experienced in a certain area, a part will be given by external professionals. Topics for the trainings are for example plaids, our operational platform, languages, and many more.

3.2 OUR PROJECTS

Next to taking care of the people within our own company, we also care about others. We express this in multiple manners.

In 2020 was determined that starting the following year, 2021, we would be donating €25 000 each year to charity. Evenhough 2021 was a very tough year on our company, the management decided to stand by this choice and still donate the entire sum.

We divided this sum among several projects in order to make as much impact as possible. In general, we prefer to choose for projects that are close to someone's heart. This way we have a stronger connection with the organisation instead of just donating money. We like to be involved, see where the contribution goes and learn about the functioning of the organisation.

- 3.2.1 <u>Alzheimer researchp</u>
- 3.2.2 School in Arusha, Tanzania
- 3.2.3 Pink Walk
- 3.2.4 Vzw LEJO
- 3.2.5 Kinderkanker fonds
- 3.2.6 Warmste week
- 3.2.7 Katako-kombe

3.3 SHELTERED WORKPLACES

For reinforcement in repetitive tasks, we rely on the people of the sheltered workplace "De Zonnehoeve".

The supervisors put together a motivated team for us, drive the workers to our warehouse and oversee all the activities. This way, our production is kept in-house and we can easily adapt to busy or less busy periods.

Certain parts of our production are also carried out in the sheltered workshop itself, such as the sewing of cherrystone pillows or the finishing of table linen.

¹⁹ More information about Think Pink at <u>https://www.think-pink.be/en</u>



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