SUSTAINABILITY STATEMENT BALTA GROUP

Sustainability is not just a word within the Balta Group. It's about preserving our environment for future generations and valuing our customers, employees and shareholders. Please read the following pages to find out more about our activities as well as our value proposition to costumers.

SOCIAL COMMITMENT

The Balta Group expects all its business to be conducted in compliance with high ethical standards of business practice and is applying these standards to all dealings with employees, customers, suppliers and other stakeholders.

Business is conducted in adherence with high ethical and legal principles relating to:

- All employees having the right and responsibility to ensure compliance to the principles described above
- Discrimination or harassment
- Bribery and corruption
- Conflict of interest
- Community
- Whistleblowing

SUSTAINABLE PRODUCTION

LEAN manufacturing – ISO 9001 certified

The Balta Group has vertically integrated, state-of-the art, production plants and is constantly looking to improve operations on all levels applying the principles of 'LEAN' manufacturing. Balta is ISO 9001 certified and a Total Quality Management system in our production plants guarantees safe products that perform well. We look for leveraging synergies where possible and rationalize our product portfolios. Our goal is to maximize customer satisfaction.

Environmental policy – ISO 14001 certified

Balta is committed to:

- comply with all applicable legal requirements and any other require-ments that have been approved by the organization and which relate to the environmental aspects of the company. E.g. CE marking & REACH
- create a framework for the permanent determination, assessment and improvement of the environmental objectives and the environ mental assignment proposal
- permanently improve and prevent environmental pollution

This is translated into the following management objectives:

- to carry out all economically sound energy-reducing measures
- to reduce water consumption, to reduce water discharge and to assess the re-use of water
- to take anti-noise measures in case of transgression of the legal norms
- to draw up the list of unclean water streams and to reduce them continually
- to avoid soil pollution

The environmental targets must be achieved by the constant updating and the focused application of the ISO 14001-system, whereby the company commits itself to make the necessary resources available.

Addressing climate change

In 2004 the Balta Group concluded a so-called 'benchmark covenant' with the Flemish Government. Starting with the goals laid down in the Kyoto protocol to reduce CO2 emission drastically, a phased plan was worked out to implement energy saving measures in all Balta's production sites All production processes are optimised for energy use and after several audits by external energy consultants concrete steps were taken such as better insulation of steam pipes, replacement of engines and lighting by more energy friendly alternatives, gas driven generators for electricity with heat recuperation and the optimisation of ovens to mention just a few examples.

Green energy

Balta has invested in 3 solar energy projects with in total 50.000 solar panels on 271.000m2 (54 football pitches) of factory roof. The production of this renewable green energy will allow to reduce CO2 emissions with 95 Mio kg in the next 20 years. In this way we are reducing our ecological footprint.

Steps were also taken to reduce drastically the quantities of production waste and to sort it better. This makes it possible to enable the recycling of certain materials.

Clean water

In the same year a water purification installation was built in Sint-Baafs-Vijve for the treatment of water used in production. In 2000 a similar installation followed in ITC in Tielt. Both installations are constantly being followed up in order to satisfy the dis-

charge standards for surface water. Water saving measures were taken to reduce both the use of ground water and the discharge of water.

Balta is a member of GUT

GUT = Gemeinschaft Umweltfreundlicher Teppichboden, is an industry partnership that aims to reduce environmental impacts and ensure product safety at every stage of a carpet's life cycle. We send all our products to GUT for testing and certification to ensure they meet strict safety standards on factors such as levels of volatile organic compounds (VOC) and hazardous substances.

Only products that meet GUT's high standards are given a GUT license number and all our products have been awarded such a number. The label is printed on the back of the product sample card, reassuring customers that it's met the rigorous criteria of a certified testing institute.

The GUT license number is evidence of testing for:

- Environmentally compatible production
- Compliance with GUT's test criteria on hazardous substances
- Minimal emissions and odours in new carpets

Environmental Product Declarations (EPDs)

We provide harmonized EPDs in accordance with ISO 14025 for our products. The process to establish EPD's involves the sending of production and raw materials data to GUT to make the calculation consistently. These are then verified by the Institut Bauen und Umwelt (IBU) and are valid for a period of three years from the date of issue exclusively for the product group indicated and only in con-junction with a valid PRODIS license.

VALUE PROPOSITION TO OUR CUSTOMERS

Our products can help to lower the ecological footprint and to improve many living environment.

- Dependent on the structure or density , a carpet can help to insulate against cold. Our products help to save up to 12% heating energy

- Carpet insulates against sound and creates a welcoming, cozy atmosphere. A quieter, healthier way of life.

- Our carpets are manufactured from synthetic fibres or wool They can be recycled or re-used as e.g. insulation material. Carpet waste can also be used to generate energy.

- There is no risk to slip on carpet and the consequences of an accident on this floor are less severe than on hard flooring making it safer.

- A textile floor helps to make a living environment healthier. It retains fine dust particles and 'cleans' the indoor air quality.

- Carpet can be cleaned and maintained very easily. It consumes less energy for cleaning than most other flooring products.

- Our products can be installed with eco-friendly methods such as stretching, fixation or adhesion (see adhesion products with eco labels)

- All our carpets are free of any harmful substances and are tested GUT to ensure a healthy product enhancing the quality of a living environment.

- Our carpets are in conformity with the relevant European Regulations and Norms. They are applied with severance and tested by independent laboratories.

- We are fully committed to the REACH guidelines on hazardous substances and make sure that all our raw material is in accordance with those regulations.

- Our product know-how supports continous design of innovative features that reduce the ecological footprint even more (e.g. carpets made from corn fibres)

- Our textile products are produced in integrated production sites ensuring quality controlled processes and best performance in their respective price category for years to come.

- We ensure on-time, eco-friendly delivery by our effective production planning and by combining freight as much as possible.