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CEO's Statement.



Sustainability is no longer a marketing strategy or, “Something we’ll get to once we get a few other more critical business issues addressed.”

As we know, things are moving at a rapid pace, and the greatest humanitarian risks we face are now climate change related. This is clearly referenced in the latest World Economic Forum (WEF) Global Risks Report 2020.

One of the challenges with confronting a broader, more holistic sustainability agenda, is that we often feel powerless and insignificant in our ambitions and contributions.

If we bring the conversation closer to home, risks include the state of our economy, as well as energy and water crises. We can no longer assume that we will have access to sufficient water or energy to meet our needs. We therefore have to put plans in place to mitigate this risk. In essence, we have no choice but to be more sustainable. The conversation has moved along rapidly from, “Sustainability is a nice to have.” towards, “If we don’t think about sustainable approaches to business, we can’t operate.”

Since inception in 1983, we have always had a long-term view. This has influenced how we have invested in our business, and the decisions we have made along the way. We are fortunate that this thinking exists, because it does bring some calm to the storm, and allows us to take a view and make the necessary investments that may not otherwise be seen as core to the business, in order for us to have the best chance of success going forward.

We have a clear sales strategy, which is different for our local and export markets.

Ed Colle
CEO

Export – identify geographies with whom we can relate culturally and grow the brand presence in those territories. We have primarily focused on the Southern Hemisphere and have a presence in: New Zealand, Australia, Middle East, India, certain African countries and Brazil.

Local – it is clear that in South Africa we need to create greater demand for our products and find alternative and innovative routes to market for a larger part of the population. We have not reacted fast enough to changes in local consumer demand and rapidly changing, largely technology-driven, purchasing practices.

Our industry has an impact on finite natural resources. Most of our raw materials are derived from oil. We therefore need to work harder on looking for alternative renewable raw materials and innovation in our manufacturing processes to accommodate this.

This is no easy task, but it cannot be impossible. Everything is possible. Humans are resilient and we have solved some very complex issues over time. We will continue to figure it out.

A deep concern for me, is that of the state of society. The tendency towards conservative protectionism on some of the world’s biggest stages has deepened polarisation, simply creating more tension and hatred. We all have a role to play in this. This is not confined to the realms of politics. It starts with us. As individuals we all need to reflect on our own biases and views of the world. We need to take accountability for the decisions we make daily. We are working hard on the culture within our business, as I firmly believe that business can play a key role in this conversation. There is a deep willingness for us to engage with each other in ways that we have previously not done. And we are having conversations with stakeholders with whom we would previously not have. The upside is a fresh perspective and new understanding of the challenges of others and how we impact on these. **We cannot think or live in our own bubble any longer – it is simply not sustainable.**

About Us.

Locations of the Belgotex International Group



Belgotex strives to be a world-class African Brand Showcase through the deep connection we share with our people, our product and our planet. We believe that this starts with a desire to explore and achieve the unimaginable, constantly challenging what we know today to impact the future.

Belgotex is Africa's leading carpet and artificial grass manufacturer and vinyl distributor. As a soft flooring specialist, we design, make and distribute high-quality broadloom and modular carpets with custom solutions available to the commercial market. Our extensive product portfolio also includes imported luxury and specialist vinyl and locally manufactured artificial grass.

Made in Africa

Driven by our vision, we focus our efforts on innovation, quality and sustainable product manufacture.

As an African company we have set out to lead by example, providing certified greener alternatives without compromising on product performance and trend-right design.

A Global Player

Belgotex Floorcoverings (Pty) Ltd is a member of the multinational Belgotex Group, comprising eight companies over four continents. We are proud to take Africa to the world. Our global footprint keeps us on the pulse of design, décor and lifestyle trends that enrich the brand experience we deliver on home soil.

Our four subsidiaries are excluded from the boundary of this report, but following the GRI principle of completeness, we include a description of their activities in this report. Each subsidiary, while serving its own unique purpose, provides valuable insight into upstream pressures and requirements as well as routes to market.

Greenfields Sports & Leisure

A construction and engineering business which

has been ring-fenced so that we can monitor its performance metrics in its own unique and appropriate way. This division exclusively supports the “Belgotex Sport” sales team, which sells and implements turnkey projects for its clients.

Likewise Trading

Selbourne Carpet Wholesalers, MF Wholesale and Fotakis Bros were acquired and together now form Likewise Trading, a distribution/wholesale business, which services a diverse customer base in South Africa. Likewise has the freedom to source product from various suppliers locally and globally.

Airloom Décor

An e-commerce business focused on interior finishes. It leverages various suppliers stock holdings locally and is a new route to market focused on the tech-savvy consumer.

Belgotex Franchise

A professional landscaping grass-focused business

which deals directly with the consumer. These franchises procure from Belgotex exclusively, and also have exclusivity on the products they promote.

Our global connection affords us the opportunity to broaden our product offering beyond our own production capacity by exclusively representing some of the world's most recognised flooring brands. Leaders by design, together with our international business alliances, we remain at the forefront of technology, offering hi-tech flooring solutions that satisfy needs rather than just cover surfaces.

Beyond broadloom and modular carpeting, our offering includes Belgotex Grass, Belgotex Sports and a variety of vinyl products suited to various applications. These range from popular Luxury Vinyl Tiles (LVT) and cushion vinyl, to more technical, specialised products such as medical vinyl for the healthcare sector, low electrostatic vinyl for server rooms, specialised non-slip vinyl solutions for gyms and sports centres to Vinyl Composite Tile (VCT) ranges for schools or canteens.

Our Global Business Structure.



A Culture of Innovation

Whether its greater comfort and convenience, stain resistance, new design capabilities or improved operational efficiency, health benefits or eco-friendliness, we're always on the lookout for new ways to rethink our product and service offering.

A Legacy of Firsts

Backing: We were first to introduce the advanced FusionBac backing for tufted products, and the first to offer NexBac, a bitumen-based backing with a fibreglass scrim to make our needlepunch and tufted tiles dimensionally stable. We were also first to incorporate recycled content for a greener backing alternative – NexBac Eco.

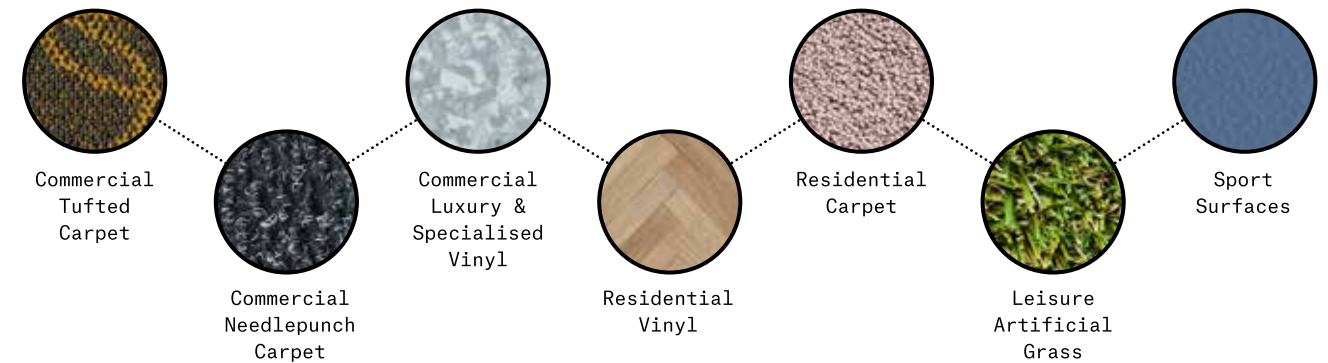
Needlepunch: We created the first structured needlepunch range in South Africa to successfully address the key issues of performance, price and availability. At the time, commercial carpeting was limited to flat, unstructured needle felt or woven, ribbed or plain tufted tiles and sheeting. Berber Point was the first rugged, structured design carpeting with a heavy commercial grading to deliver durability and style at an affordable price.

harsh UV-rays of the sunny South African climate. For garden and home, a choice of high-quality artificial grasses allows one to experience the art of living with natural looking landscaping. Belgotex Sports in association with Europe's leading manufacturers, make world-class sports systems certified to international standards that are freely available in Southern Africa and backed by local warranties.

Industry Qualifications: Belgotex believes in the power of work, especially in combatting the country's high unemployment rate and empowering people to contribute to society in a meaningful way. We are committed to the upliftment and development of the industry as a whole and recognise the role that artisans play in growing our economy and servicing our customers through quality installations. Our academy has led the development of unit standards for carpeting and vinyl floor covering for many years and since 2018 has been rolling out CETA accredited skills programmes across the country. It was formally branded as *The Academy* in 2019.

Custom Design: We introduced the first truly bespoke designer carpeting with the sophisticated pattern tufting technology of Custom Broadloom. This allows designers to create a luxurious carpet from any design or pattern, image or fabric swatch, previously only achievable by weaving.

Product Offering



Stainproof: Concerns about carpet stains and ease of cleaning led to the development of Belgotex's Stainproof Miracle Fibre™. This synthetic polypropylene fibre revolutionised yarn production, offering colourfast carpets that do not mark or fade and can be cleaned with bleach and water. Stainproof SDX™ soon followed as an equally eco-friendly alternative to the polypropylene variety with the high-performance characteristics required for commercial installations.

Turf Belgotex Grass: is the first locally manufactured artificial lawn specifically designed to withstand the

6 Star Green Building Rating: We are proud recipients of South Africa's first Custom Industrial 6 Green Star rating from the Green Building Council of South Africa, recognising "World Leadership" at our Pietermaritzburg-based factory.

Global GreenTag Product Certifications: A significant milestone was achieved when we became the first South African flooring manufacturer to receive the internationally recognised Global GreenTag eco-label for our commercially graded products.

Locations of Belgotex Showrooms in SA



Production

Total production of broadloom, tiles, artificial turf and underlay is reflected in square metres off our backing plant, with yarn, fibre and masterbatch reflected as kilograms. These are the same units of measure used to calculate intensity figures.

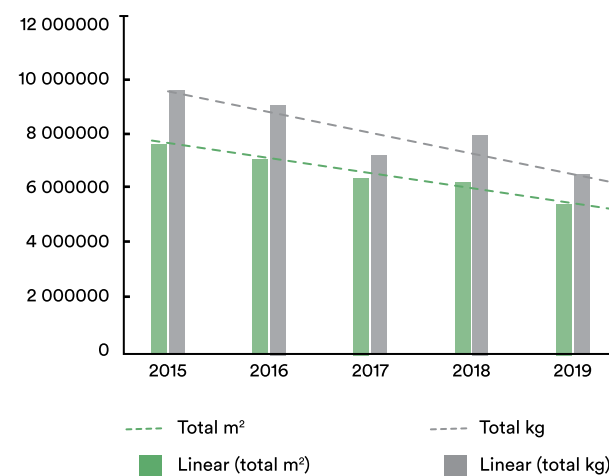
Of the fibre produced, just under 60 percent is sold and approximately 15 percent of yarn produced is sold, with the remainder used in production of our finished product.

Overall production volume has decreased by 30% since 2015, as demand for carpeting, most notably in the residential market, has declined. Our needlepunch and tufted broadloom range remain our largest output. Increased demand for custom flooring solutions has seen a sharp increase in demand for custom tufted tiles and the introduction in 2018 of custom needlepunch tiles.

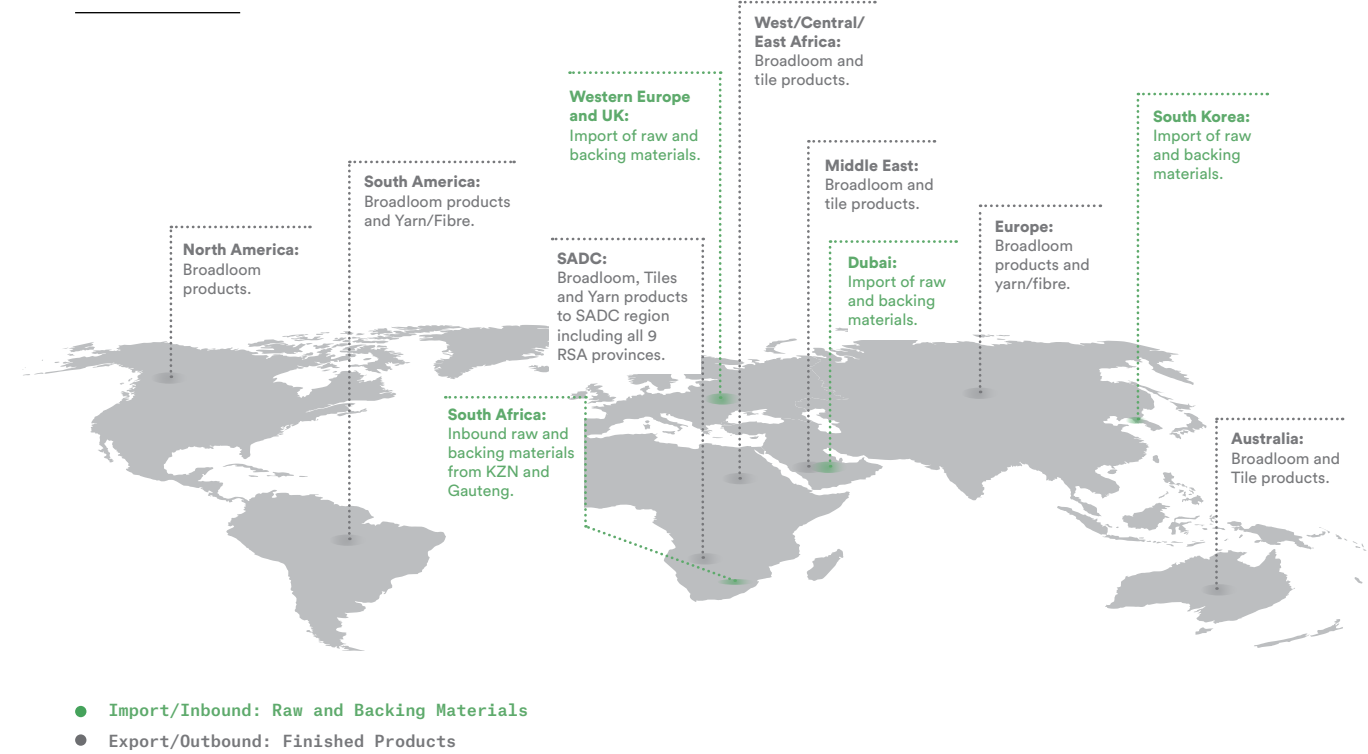
As a vertically integrated company with a strong focus on innovation, quality and environmental imperatives, our backwards integration structure gives us complete control over our production processes. This gives us control over the quality of our products and ensures unprecedented speed to market, as well as allowing

us the flexibility needed to explore and execute fresh ideas. Innovative production processes have enabled significant reduction in our environmental impact while also delighting customers with our ability to co-create custom flooring solutions. Further investment into patented tufting technology was made allowing designers to create a luxurious Axminster-type carpet from any design or pattern, image or fabric swatch previously only achievable by weaving.

Total Production 2015 - 2019



Supply Chain



We distribute to over 40 countries worldwide with a network of agents in Africa, Europe and the East and direct representation in Australia, New Zealand, the Middle East and India.

Plant upgrades have also included the purchase of tile cutters, an upgrade to the needlepunch equipment used to produce bestselling Berber Point seen in most corporate and commercial developments, three new twisting machines, power heatset machinery to increase production capacity on cabled solution-dyed nylons, as well as new tufting machinery for the synthetic grasses used on artificial sports and landscaped surfaces sold by Belgotex Grass.

Markets

As market leaders we pride ourselves on staying ahead of the curve. Having established and grown market share through collaboration and leveraging technology, we are able to offer the latest fibre and manufacturing processes. Through investment in machinery, training and process improvement, we continuously work towards trading softly, asking less of the planet in all that we do.

We distribute to over 40 countries worldwide with a network of agents in Africa, Europe and the East and direct representation in Australia, New Zealand, the Middle East and India.

Indoors or out, Belgotex's quality products are suitable for use in the home, office, retail, commercial, hospitality, high-spec health and education centres, landscaped environments or specialist sports facilities. Many of our broadloom or modular carpet ranges, luxury vinyl and artificial lawn form the foundations for leading financial institutions, company head offices, hotels and restaurants, upmarket homes and even airport lounges.

Significant Changes

Two new showrooms were opened during the reporting period. In 2018 we opened our Cape Town showroom at Century City, employing two extra staff to our team

of eight, and in 2019 our Umhlanga showroom opened its doors, now the base for a team of four, including the creation of one extra position. We also increased our staff compliment in our Johannesburg showroom and sales office through the employment of two new staff members and the relocation of two team members from our Pietermaritzburg Sales and Marketing team.

While these were designed to be functional spaces from which our teams operate, they are not traditional showrooms where we try to sell product. These interactive showrooms create spaces that allow our customers to experience our product categories and brand in a very personal way.

Other significant changes included the creation of Likewise Trading and our grass franchise distribution model described among our subsidiaries above. The Governance section of this report provides further detail around the appointment of HR to our Board of Directors.

Precautionary Principle

The Precautionary Principle or approach was introduced by the United Nations in Principle 15 of the Rio Declaration on Environment and Development and states:

“In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.”

The global climate change and water crises have an enormous impact on our business, exacerbated by failing energy infrastructure on a national scale. Access to sufficient and reliable energy and water is no longer guaranteed and without alternatives, our ability to continue to operate effectively, creating shared value over time, is severely compromised.

Our response has required working with a sense of urgency and an appropriate amount of caution. Cost-effective measures have been implemented, sometimes without much precedent with which to work. After exploring a wide range of alternatives and considering any possible further harm, we have embarked on ambitious projects to improve water, waste and energy consumption within our operations.

External Compliance and Memberships.

External Initiatives

Name	Date of Adoption	Operations Where Applied	Obligation	Nature
ISO 9001 ISO 14001 ISO 45000	Year of certification for ISO 9001 was 1996, ISO 14001 was 2009 & ISO 45001 was 2019	Belgotex Floorcoverings (Pty) Ltd	Voluntary	Certification
SMETA	2014	Belgotex Floorcoverings (Pty) Ltd	Voluntary	Supplier approval
International Tennis Federation (ITF)	2019	Belgotex Floorcoverings (Pty) Ltd and Greenfields Sports and Leisure	Produce to specification	Supplier approval
International Hockey Federation (FIH)	Pre-2010	Belgotex Floorcoverings (Pty) Ltd and Greenfields Sports and Leisure	Produce and install to specification	Supplier approval
World Federation Sporting Goods Industry (WFSGI)	2016	Belgotex Floorcoverings (Pty) Ltd	Voluntary	Binding once Code of Conduct signed, including FIFA Quality Programme

A number of external certifications and approvals support our product and brand credibility.

Membership of Associations

Name	Position on governance body	Participation in projects or committees	Funding beyond membership dues	Strategic to the business
Green Building Council of SA (GBCSA)	No	No	Yes – GBCSA Conference	Yes
Pietermaritzburg & Midlands Chamber of Business (PMCB)	No	No	No	Yes
Southern African Wood, Laminate and Flooring Association	No	No	No	Yes
World Wide Fund for Nature (WWF)	No	No	No	Yes
The Pretoria Institute for Architecture (PIA)	No	No	No	Yes
Flooring Industry Training Association (FITA)	No	No	No	Yes
South African Institute of Architects (SAIA)	No	No	No	Yes
South African Carpet Manufacturing Employers' Association (SACMEA)	Chairperson	Yes	No	Yes
National Textile Bargaining Council (NTBC)	Party to the Council via membership of SACMEA	No	No	Yes

We recognise the valuable opportunities for stakeholder engagement via our membership of various associations.

Ethics and integrity

Values, principles, standards, and norms of behaviour

As a key business objective, we have invested significant time and resources into deepening our engagement with our brand DNA. Revisiting, interrogating and articulating our mission, core purpose, vision, values and attributes has been a journey of significance for the company. Since 2017 we have measured the adoption of the DNA in the way that we work, through the annual 'I am Belgotex' Culture Survey. The results of the 2017 and 2018 surveys showed the need to focus on deepening the internalisation of our culture, bringing it to life, engaging with what it really means and looks like in daily practice. In response, DNA roadshows were conducted in 2018 and in early 2019, followed by DNA Behaviours workshops for all employees across the company.

Deepening our work on the culture of the business has enabled a more nuanced evaluation of its adoption. Culture surveys have been conducted every year since 2017 and in 2019 we were able to add seven new measures. While this means that we cannot directly compare overall year on year results, 11 original constructs have been consistently measured and indicate progress relative to the 2017 baseline.

A marked increase in participation by employees also plays a role in potentially skewing the data. Participation in the survey increased to 90% in 2019. This significant improvement is attributed to the trust we have developed in the process and the energy created by a hub that was set up specifically for the purpose of participating in the survey. In previous years the survey was conducted in the canteen and on the factory floor using iPads.

Mission

Belgotex designs, manufactures and delivers quality floors that endure the speed of life.

Core Purpose

We bring a platform for authenticity to every walk of life through creativity, communication and collaboration.

Vision

To be a recognised, world-class, African brand showcase through our deep connection with our people, product and the planet.

Values

Our values are alive in all that we do.

- **Better Together:** We believe that our people inspire greatness. It takes a team to achieve our world-class standards and we can't do any of this alone.
- **We Tread Softly:** We are a recognised world leader for sustainability practices, asking less of the planet in all that we do.
- **Curiosity:** True innovation starts with a desire to explore and achieve the unimaginable. We constantly challenge 'what we know today' to impact the future with lasting value.
- **Courage:** We're not afraid to ask big questions, even if it means asking more of ourselves. Founded on a culture of grit and persistence, we experiment without fear of failure.
- **Deep Focus:** We are on a journey of vertical growth to deliver specialized flooring solutions to Africa and the world.



Attributes

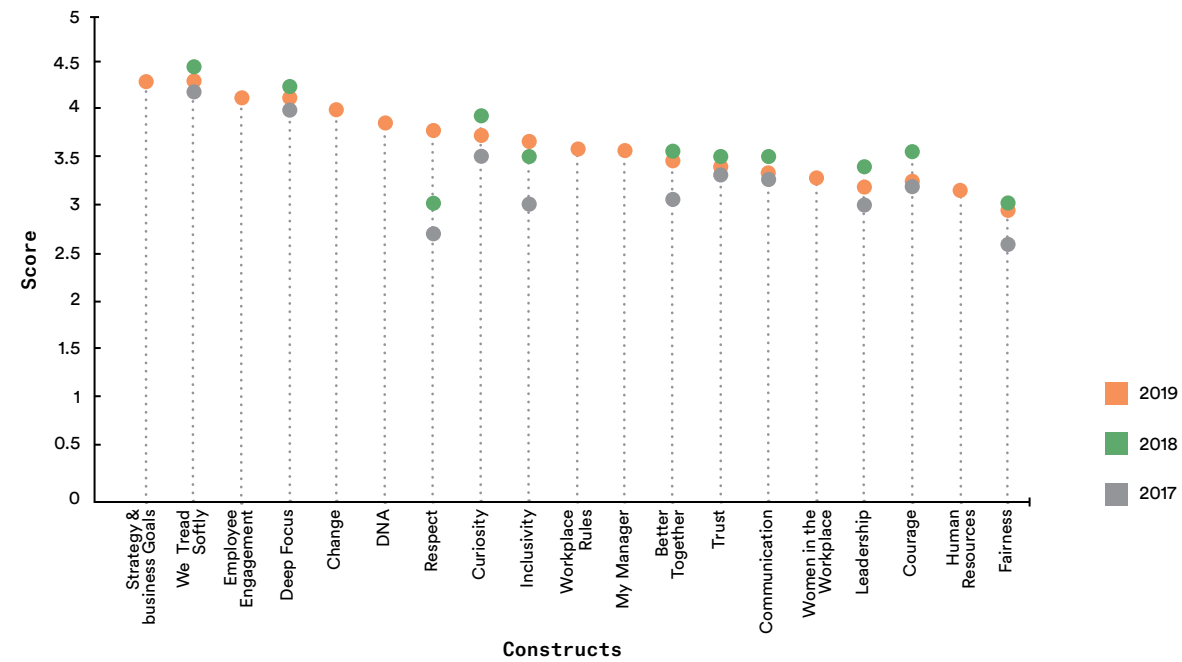
We are dedicated to being better every day.

- **Specialists:** In the carpets we make and quality floor solutions.
- **Designers:** As a source of inspiration and as trend setters.
- **African Manufacturers:** Proud to be making our products locally.
- **Digital Natives:** Making meaningful connections with our online customers, friends and influencers.
- **Collaborators:** Keeping the brand at the heart of the sharing economy.

	2019*	2018	2017
Driver score	3.56	3.8	3.6
Participation	90%	71%	85%

*not a benchmark survey

Culture Survey Indicators 2017 – 2019

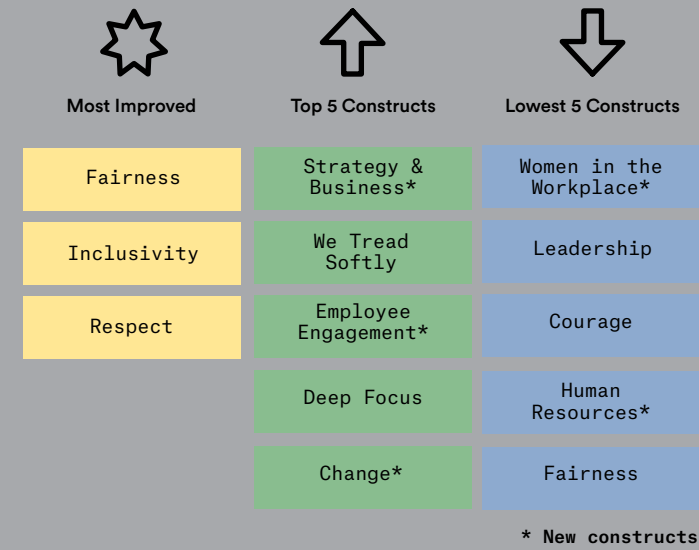


The DNA journey has been underpinned by our Human Resources optimisation strategy, the implementation of which began in 2018.

Where there are perceived or actual breaches of ethical behaviour, we have several channels for reporting and investigation. Procurement matters are reported directly to our Chief Financial Officer. Reporters can choose to remain anonymous, but our Supplier Code of Conduct requires that anonymous reports require sufficient information and evidence to allow the company to conduct an investigation. Employees have multiple routes for reporting unethical behaviour, including unfair discrimination. Reports can be made directly to our Human Resources Director. The Employment Equity Committee deals with matters

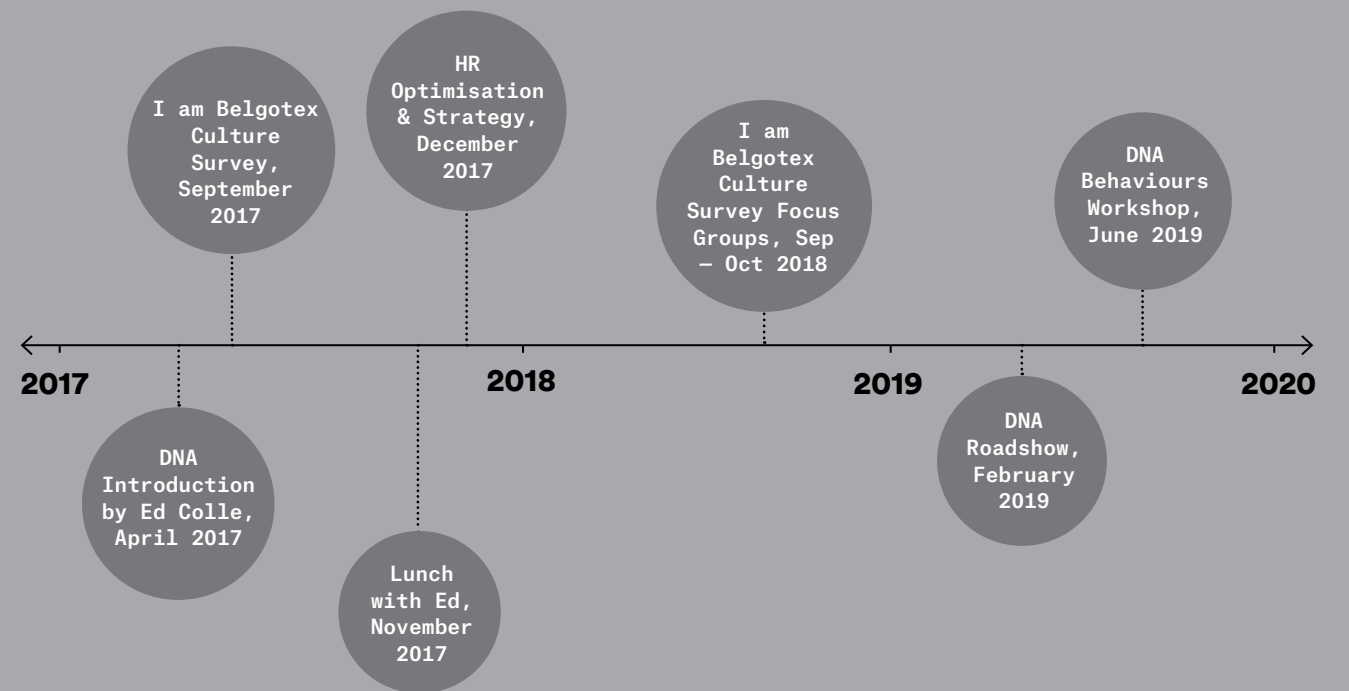
regarded as unfair discrimination in terms of the Employment Equity Act, 1998 as Amended. In addition, we have a mobile application called The Guardian, which allows employees to report any issue. Living the value of “better together” means that we encourage open communication across the business and expect our teams to value the kind of candour that promotes positive teamwork and supports problem solving at source. Where challenges exceed the capacity of a team and direct line manager to solve, our internal grievance procedure allows for an employee to report a conflict or complaint relating to work and working conditions. The grievance procedure is communicated during induction and is detailed in Employee Handbooks.

Culture Survey 2019



Focus group discussions on these issues have provided us with deeper understanding and opportunities to reflect on how to leverage these insights. A continued emphasis on **Fairness** is still priority – while one of the most improved constructs, it still remains one of the lowest scores.

DNA Journey





Public Interest Score

With a Public Interest score sitting just over 1000 for the past 5 years we are obliged to establish a Social & Ethics Committee of the Board. In 2019 we established a multi-disciplinary team at management level across the business to bed down our sustainability framework and plan, including material social and ethics matters. This team includes Board members and thus direct communication into the Board. 2020 will see a more formalised structure of communication across the business and into the Board.

Stakeholder Engagement

As a business, living our value of ‘better together’ means opening up to a more deliberate engagement with our stakeholders within the business, supply chain and the broader community in which we operate. We recognise the value in working together towards common goals, sharing wins, lessons learnt and participating in the stimulation of ideas for a better world. We realise gaining a deeper understanding of our impact from the perspective of others, opens a world of possibility as well as risk. The gains far outweigh the risks and as we mature in the process of engagement, we will improve our responsiveness and understanding of levels of expectation.

Talking to our suppliers, customers, staff and business associates is nothing new, but in our early days of approaching stakeholder engagement with a stronger methodology, we identified key stakeholders, used existing communication platforms and sought out conversation.

- Via our culture surveys and focus groups, we have had meaningful dialogue with our employees around our values, inhibitors, DNA and business strategy.
- NUMSA and SACTWU are both recognised trade unions at our plant. Our industrial relations representative and employees elected as shop stewards for each trade union also provide both formal and informal means of communication between unionised employees and the company.
- Supplier discussions have allowed us to share our expectations around quality, delivery, price and service, as well as our growing interest in better understanding our supply chain training, health and safety and environmental practices, challenges and needs.
- Engagement with customers goes beyond product, price, delivery and quality as we build trade

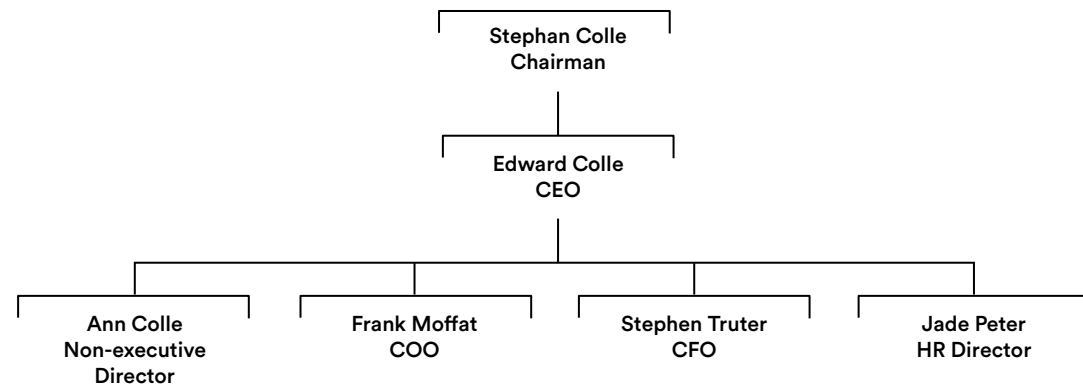
We recognise the value in working together towards common goals, sharing wins, lessons learnt and participating in the stimulation of ideas for a better world.

relationships and the sector’s image, encouraging transparency in terms of our own health and safety, labour and environmental standards confirmed largely through ISO certifications. We aim to inspire others with our own Green Building Council of South Africa Green Star rating and to influence the industry towards reducing environmental impact through innovative products such our GreenTag certified ranges.

- Close collaboration with the Belgotex Foundation continues to strengthen our mutual ability to find ways of aligning our strategic business objectives with supporting growth in social well-being across geographic communities and communities of practice.
- The WWF-SA has been integral in supporting our efforts to learn more about our context and our role as environmental stewards, and to understand the process required to set science-based targets to reduce our greenhouse gas emissions.
- Engaging with the Duzi-Umgani Conservation Trust (DUCT) has led to better understanding of the water risks in the Umgani catchment, maintenance needs of Baynespruit and both the planned Baynespruit Conservancy and Umgani Ecosystem Infrastructure Partnership, as well as the role we can play in further promoting the role of business in water stewardship in Pietermaritzburg.
- The Pietermaritzburg and Midlands Chamber of Commerce play an important role in assisting with infrastructure and local government service delivery challenges and co-ordinating response to business needs. Managing energy supply to our plant has been a key area of collaboration over the reporting period, resulting in planned reduction of energy use across local industry to prevent blocks of power outages caused by load shedding.

In 2020, we aim to hold collective engagements with suppliers and customers as we communicate what a sustainable approach to business means for us and to explore our influence and effect on others.

Board of Directors 2019



Governance

As a family-owned and managed business, the Colle family are represented on the Board of Directors by Stephan Colle as Chairman, Edward Colle as CEO and Ann Colle as Non-Executive Director. The Board grew in 2018 to include our HR Director, with the role of HR recognised as key to realising our business strategies.

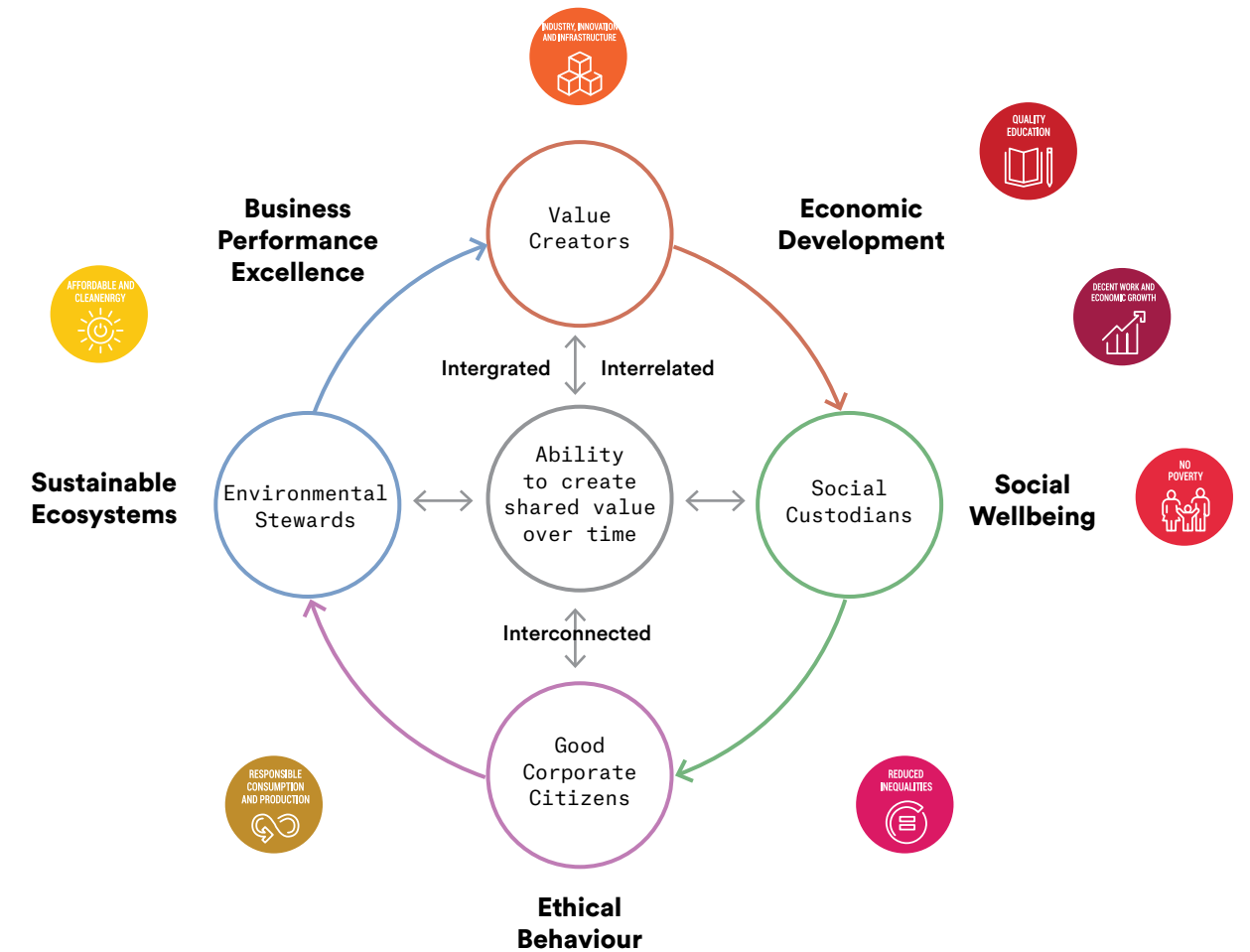
In 2018, female representation on the board increased by 13% and in 2019 dropped by 4% with female representation on the Board sitting at 29%.

Looking forward, we anticipate changes to be made to our Board structure in early 2020, with the formalisation of proposed shareholding changes and the appointment of new non-executive Directors to the Board.

Board Demographics 2019

Black		Indian		Coloured		White	
Male	Female	Male	Female	Male	Female	Male	Female
0	0	0	1	0	0	5	1

About this Report.



About this Report

Reporting Practice

This report, published in Q2 of 2020, covers two years – 2018 and 2019. Our previous reports have covered an annual period, with the first report published in 2015. Going forward, we intend reporting every two years with our next report being published in 2022.

Both the Consolidated Financial Statements and this report include Belgotex Floorcoverings (Pty) Ltd only, with manufacturing taking place in Pietermaritzburg, KwaZulu Natal, South Africa, showrooms in Pietermaritzburg, Durban, Cape Town and Johannesburg and a warehouse in Cape Town.

Other companies in the group are not included in the scope of this report.

Reporting Process

Early in 2018, we established a multi-disciplinary management team with broad representation across

the business. The objective was to collectively define our sustainability framework based on the United Nations Sustainable Development Goals (SDGs) and our “ability to create shared value over time” following the definition of sustainability in the International Integrated Reporting Framework.

Influenced too by the Porter and Kramer (2011) model of shared value, our framework recognises our current work in minimising negative environmental impact and “giving back” investment as well as how we are, in some areas, moving beyond these objectives and generating value while also solving societal challenges. Both waste reclamation and the training and accreditation of installers through the Belgotex Academy unlock shared value for multiple stakeholders.

We are excited to extend our reach in these areas. We are motivated to discover new ways of creating shared value, including the strong influence our DNA is expected to make in the way we behave at work and in our personal lives.

In order to support our ability to create shared value over time, we believe we need to be:

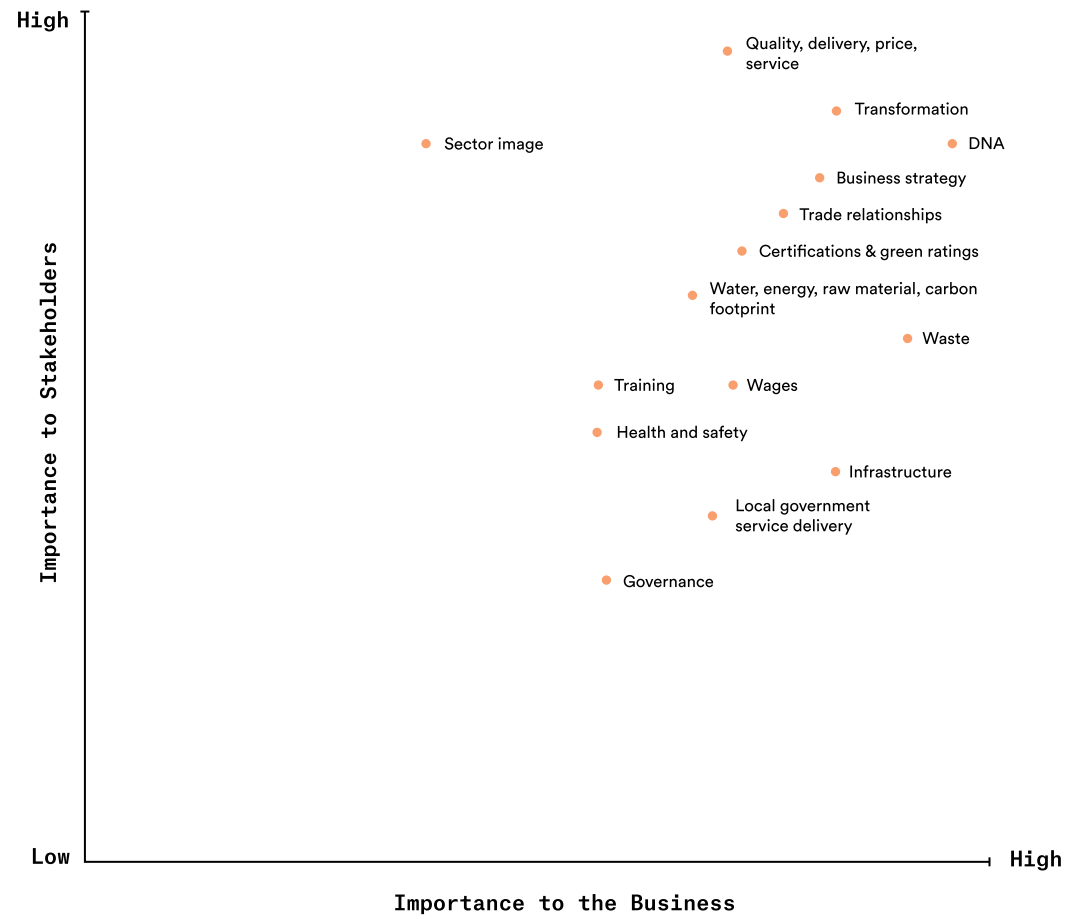
- **Value creators** – creating consistent profit for our business while also being cognisant of our impact on the local economy and creation of economic opportunities within the value chain
- **Social custodians** – ensuring the wellbeing of our employees and customers, supporting the wellbeing of our suppliers and communities and championing a more inclusive society
- **Environmental stewards** – treading as softly as we can, continuously exploring and innovating to find alternative raw material inputs, and improving the way we produce, transport, cover and reclaim floors
- **Good corporate citizens** – living our values and behaving ethically, with undoubted integrity and following the principles of good corporate governance

We recognise that these four characteristics do not exist in isolation, but are interconnected, integrated and inter-related – systems within our broader organisational system and environmental context.

Through the process of defining and refining our sustainability framework and mapping topics raised during stakeholder engagement, we defined material topics to be included in this report.

We are motivated to discover new ways of creating shared value, including the strong influence our DNA is expected to make in the way we behave at work and in our personal lives.

Material Topics



Restatements

Nothing to report.

Contact

All queries related to this report should be directed to our Sustainability Officer on the email address: sustainability@belgotex.co.za

GRI statement

This report has been prepared in accordance with the GRI Standards: Core option.

External assurance

While we have not sought external assurance for the entire report, certain content has been externally assured, including:

- Carbon footprint calculation
- B-BBEE status
- Annual Financial Statements





Economic.

Economic Performance

Economic value generated and distributed

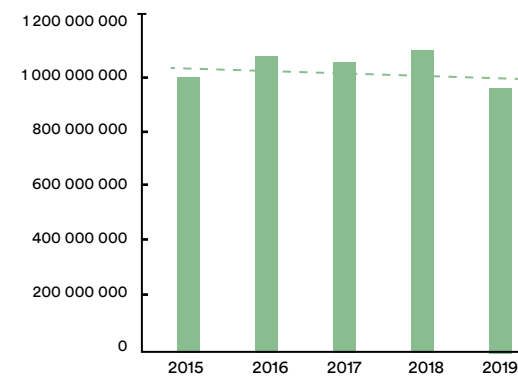
Consistent profitability throughout the year is one of our key economic goals. The Board of Directors oversees economic performance, with executive oversight by the Chief Financial Officer. Our public interest score determines the audit requirements of our annual financial statements by an external, registered auditor.

The lack of growth in the local economy and increasing unemployment rates continue to put pressure on disposable incomes, with a direct impact on our local customer base. While we are making encouraging inroads into export markets, the performance and support of our local South African market is vital, as it remains the core of our business.

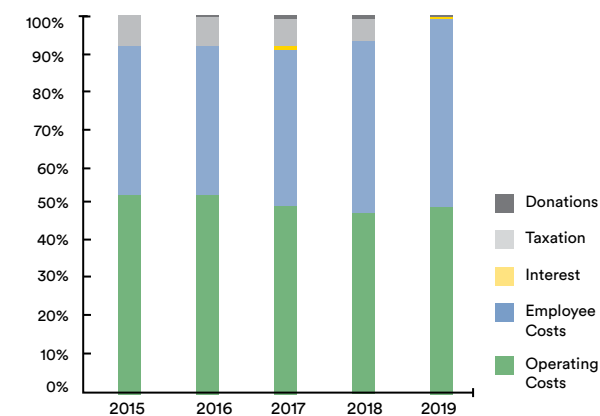
Our long-term strategy focuses on new local markets, new products for existing local markets, new routes to market and expanding export opportunities.

Success in tough trading conditions depends on our ability to adapt accordingly and continue to curiously seek new and innovative opportunities. Our shareholders continue to invest, and attract investment, in improved production technology, giving the business a great opportunity to take advantage of any shifts in local and international soft flooring trends and needs. Breaking into world markets has been challenging. We distribute to over 40 countries worldwide, with exports

Revenue (ZAR)



Expenditure 2015 – 2019 (%)



of our high-end residential and commercial products a growing contributor to annual turnover. Further increases are anticipated due to favourable currency conversions, our extensive product portfolio, unique design and quality construction.

With a network of agents in Africa, Europe and the East and direct representation in Australasia, the Middle East and India, Belgotex sales of broadloom carpets and tiles abroad are poised for further growth with yarn and fibre sold to selected international markets only.

On the hard flooring side too, we continue to build relationships with like-minded, international suppliers in order to offer sustainably produced quality product at competitive pricing to local and fellow African markets.

Currently trading conditions are tough, and may continue into the future. However, with a long-term strategy, valued shareholder support and ongoing deep focus, courage and curiosity, we have every opportunity to continue to be a successful and sustainable business.

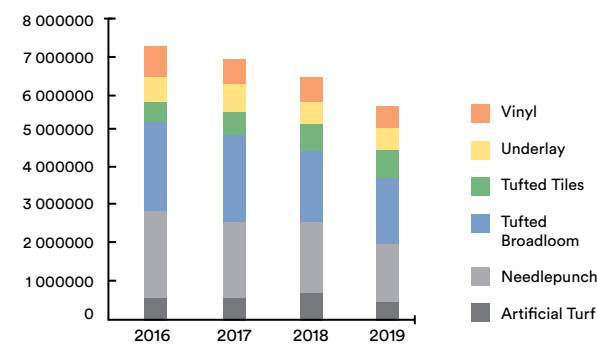
Financial Assistance from Government

We have benefited from a grant from the Industrial Development Corporation (IDC) since 2011. The IDC is a national development finance institution, set up to promote economic growth and industrial development. It is owned by the South African government and operates under the supervision of the Economic Development Department.

The IDC Production Incentive Programme and our own shareholder commitment support our continued investment in innovation and technology, ensuring that we consistently improve productivity, quality and our ability to provide customised, co-created solutions with our customers.

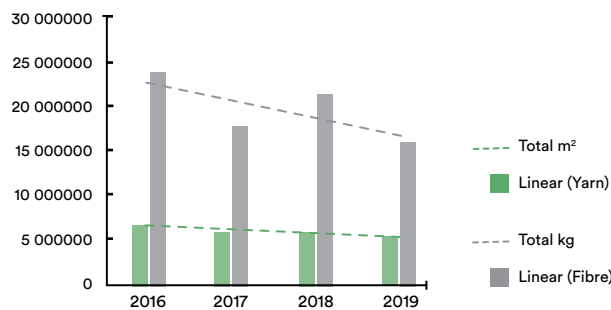
Success in tough trading conditions depends on our ability to adapt accordingly and continue to curiously seek new and innovative opportunities.

Sales Per Product Category 2016 – 2019 (m²)

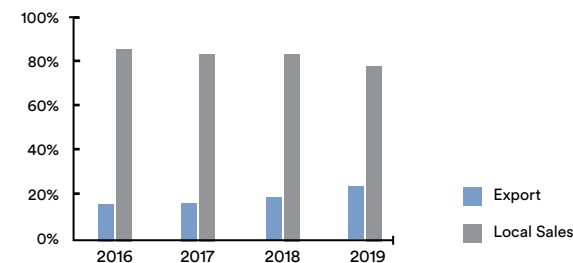


* Excludes yarn and fibre

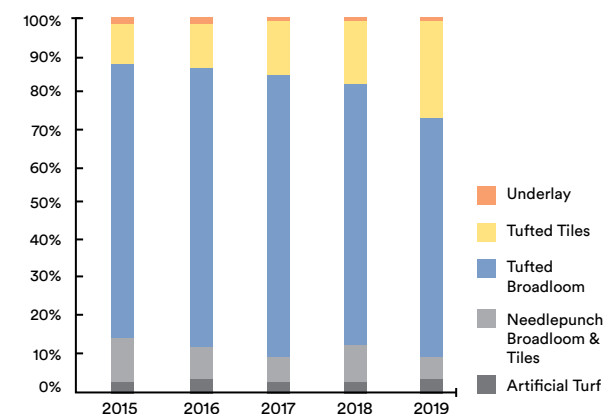
Sales Per Product Category 2016 – 2019 (kgs)



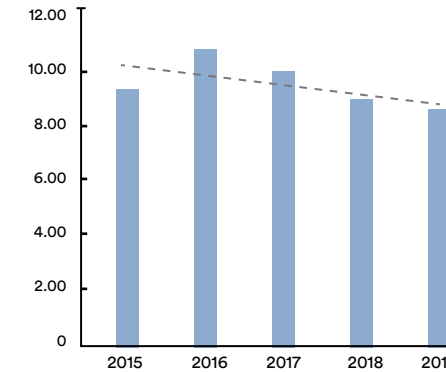
Export vs Local Sales 2016 – 2019 (%)



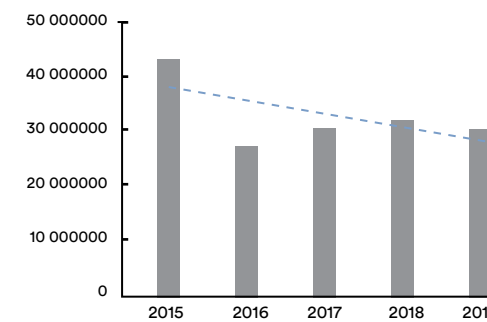
Export Revenue Per Product Category 2016 – 2019 (%)



Imported Product as a Percentage of Total Revenue 2015 – 2019 (%)

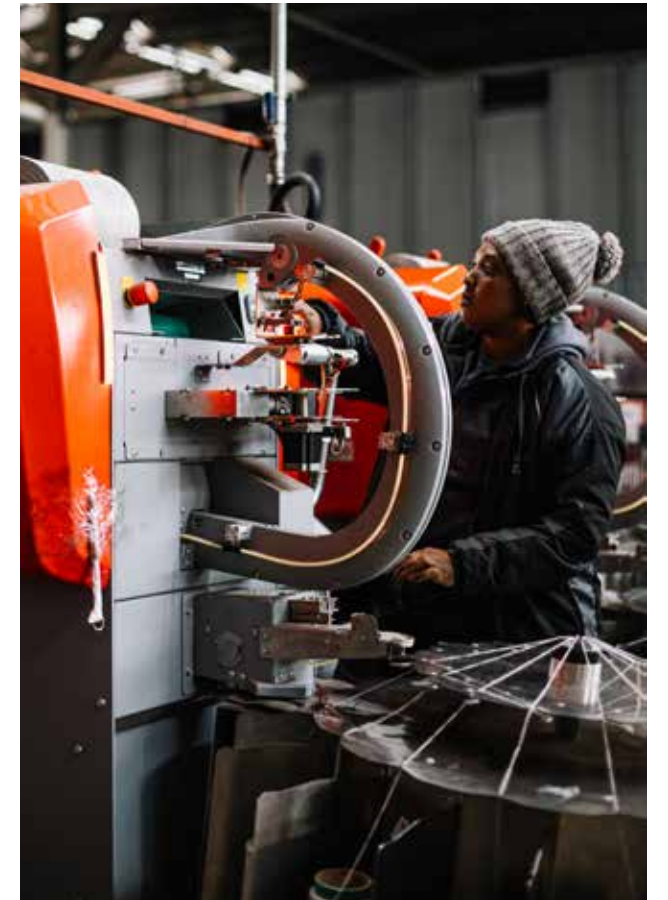


IDC Production Incentive Programme 2015 – 2019 (ZAR)



IDC Investments 2018 and 2019

Power Heatset Yarn Conditioning Machine	Continuous heat-setting of twisted or cabled synthetic yarns with an increased capacity of 33%, while accumulating up to an hour of production, combined with a smart take-up winder that winds the set yarn onto cones.
Gilbos Creel Management	For each Tuftweave design, every needle on the Tufting machine uses yarn differently depending on the pattern/design requirements. The pattern split winder consists of 12 winding spindles that is controlled by a smart software program. This software program reads the yarn usage information from Tufting CMC machines and assigns the winding plan to each spindle. A 13% reduction in creel drop has been achieved.
Compressors	Upgraded compressors deliver significant energy savings as well as up to 10% improved efficiency and 16% better air flow, with reduced bearing load extending the life of the compressor.
Colorpoint Tufter	ColorPoint technology enables us to accurately place specific yarn colours in the set thread-up resulting in precise patterns and endless design capability.
BCF Electro Upgrade	With electrical components becoming obsolete, this upgrade allows us to keep machines running with relevant parts.
Trutzschler BCF Line	A compact 4-end machine with one position able to run reduced batch sizes at around 500kgs with the same amount of colour change as a 8-end machine.
Bitumen Kitchen	The bitumen kitchen adds capacity to our bitumen tile line, enabling us to run the line for 3 full shifts.
Modra M-Tuft G	This equipment was purchased to support our ColorPoint Loop tufted tile machines in the production of custom designs, new product development and colour work, thus avoiding delays in sample preparation for our customers.



Economic



A Rug Vendor with her stock of rugs made from repurposed waste material.

Market Presence: Employment and Job Creation

Recognising that there are several ways in which our business impacts the local economy, one direct and immediate impact is via employment. The number of employees from the local labour market, their level of seniority in the business and our remuneration practices determine how we stimulate the local economy. While our local economic impact might not be considered significant in the broader context, our employment practices communicate a message to businesses in our geographic area and within in the flooring sector.

Finding a balance between consideration for the location of the pool of available candidates from which we recruit, the availability of talent in different areas and meeting our own goals around diversity and inclusion, can be challenging when recruiting for specialist and strategic positions. We are starting to see some movement towards greater diversity throughout our teams and pride ourselves in paying wages above the prescribed minimum wage where these are governed by minimum wage collective agreements, as well as profit share payments.

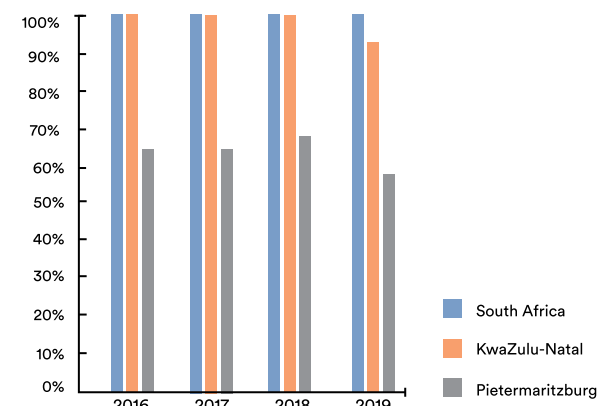
Wage rates

Our employees whose wages are determined by collective agreement are all paid above the minimum prescribed wage. On average our wages are 39,5% above minimum wage, with most employees earning 43,2% above the prescribed minimum wage rate.

Local employment of senior managers

Senior management includes heads of departments and directors up to executive level. Non-executive directors are excluded in this indicator.

Proportion of Local Senior Management 2016 - 2019



We define 'local community' in three categories: South Africa, Kwazulu Natal and Pietermaritzburg – the city in which our head office and manufacturing plant is based.

Enterprise and Supplier Development

Our Enterprise and Supplier Development programmes are designed, piloted and implemented by the Belgotex Foundation, in line with our business strategic objectives.

During the reporting period, enterprise and supplier development investment has been made into the following programmes:

- Early Childhood Development Franchises
- Floorcovering Contractors
- Rug Vendors
- Disability Inclusion Enterprises

The Foundation invests in people as consumers and producers, rather than passive recipients of charity. The primary aim is to achieve independence through supporting the ignition of enterprises.

Achieving the best possible result on Belgotex's B-BBEE Scorecard and creating a larger pool of wealth through empowerment that does not perpetuate dependency and inequality are key influencers of investment. The Foundation's approach ensures that those who benefit from our investments are ultimately able to stand on equal footing with their entrepreneurial peers, not requiring ongoing investment to make up for continuous cycles of inequality. We aim to support the opportunities that are life and living game-changers.

The Foundation's activities are detailed in the Social section of this report.

Procurement Practices

The split between international and local procurement remains around 50 percent, based largely on availability of products and services.

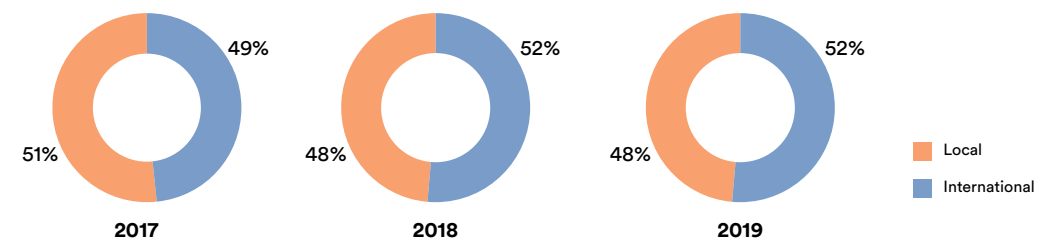
From a Broad-based Black Economic Empowerment (B-BBEE) perspective, the majority of our spend remains with B-BBEE compliant larger enterprises.

Broad-Based Black Economic Empowerment Scorecard

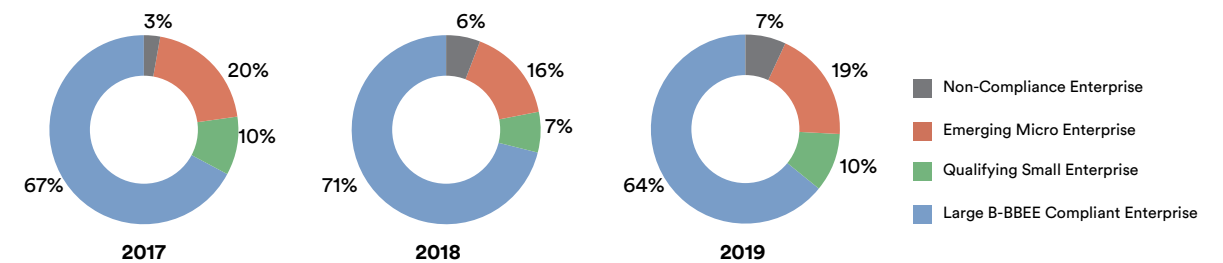
As a significant stakeholder in the flooring industry in South Africa, we made a clear commitment in 2015 to embrace the goals and spirit of our B-BBEE legislation as we felt that it was a key pillar for long term business sustainability in the South African context.

Since inception in 1983 our vision has been an infinite one where the objective of business is to create a better tomorrow.

Local vs International Procurement Spend 2017 – 2019



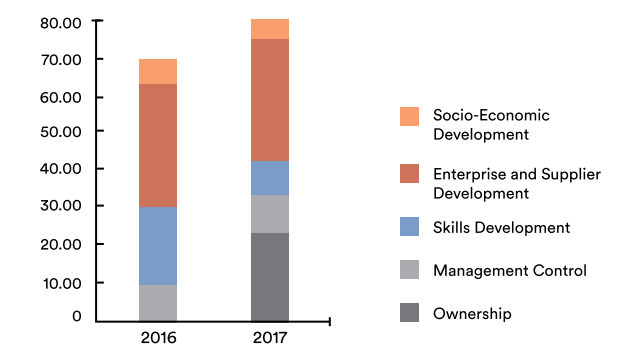
B-BBEE Spend 2017 – 2019



Since inception in 1983 our vision has been an infinite one where the objective of business is to create a better tomorrow. By constantly focusing on the future, we are more likely to push the business in a direction that best suits our stakeholders needs.

We are committed to bringing about meaningful, broad-based transformation socially and economically and are proud to report a dramatic improvement to our B-BBEE Scorecard rating against the Revised B-BBEE Codes from a Level 7 in 2017 to a Level 4 in 2019, and to have retained our status as an Empowering Supplier. Meeting these objectives is only possible through the incredible work done collaboratively by the Foundation, Procurement, Finance, Learning and Development (internal skills) and Recruitment teams, as well as the culmination of a plan to change our shareholding which began in 2018. This change was taken into the 2019 certification audit, and we will disclose the detail on this in future reports.

B-BBEE Scorecard Elements



Economic

Fresh vegetables from the market garden at one of the Early Childhood Development centres we are investing in.



Environmental.

The urgency of reducing our environmental impact is recognised in a value we hold central to the business – ‘We tread softly’. Asking less of the planet and more of ourselves has led to an innovative, multi-pronged approach. We lean hard on our values of ‘Courage’ and ‘Curiosity’ as we continuously consider the impacts of our production processes, the products we sell, as well as our infrastructure.

Our ‘Green Journey’ began in 1991 and over time many product, infrastructure, equipment and process enhancements have been made, all of which have contributed to our progress. Through this process, in 2017 we became the first Green Building Council of South Africa (GBCSA) 6-star rated Custom Industrial Facility. As we engaged with what it takes to achieve Green Star certification, we also embarked on expanding our product range to include flooring with internationally recognised Global GreenTag eco-labels. Achieving the goal of GreenTag certification for our commercially-graded products in 2016 resulted in another first in flooring manufacturing in South Africa. The Lifecycle Analysis (LCA) required for GreenTag certification has provided invaluable insight into the environmental impact of both product and process.

In terms of our operations, our environmental focus has been on reducing, reusing and recycling waste, minimising consumption of and reusing water, reducing

energy consumption and wastage, as well as increasing our capacity to generate more solar-powered energy. On the product side, we continue to innovate with a ‘deep focus’ on improving environmental impact, particularly through better design and testing, raw material and recycled content inputs and reclamation opportunities.

In order to ensure that we identify, manage and reduce the immediate and long-term environmental impacts of our processes and products, as well as focusing on continually improving our performance against objectives, we implemented an international industry-specific environmental management system, ISO 14001, in 2009. We are currently certified by an external verification body to the requirements of ISO 14001:2015.

Materials

Maintaining our competitive edge, while asking less of the planet, we proudly launched our Grafica Collection in 2019. This range uses half the amount of yarn and excludes one step in the manufacturing process to produce a product that performs just as well, or even better in some cases, depending on the colour or design selected, and generates less production waste.

By redesigning our approach to waste, we have achieved enormous gains in reusing yarn and fibre



We wrap our broadloom carpets in packaging with 20% recycled content.



Green Star SA -
Existing Building Performance Custom Industrial v1
Achieved in March 2017

Belgotex Floorcoverings is a world-class flooring company, with clear commitments to sustainability. The manufacturing facility, located in Pietermaritzburg, Kwazulu – Natal was constructed and first occupied in 1983. The facility has been undergoing continuous improvements through innovative technologies and systems that enhance the factory's environmental sustainability. It features numerous manufacturing and administration departments housed in a number of buildings on the site. Sustainability and innovation is part Belgotex's DNA and the company has won innumerable awards for its visionary and innovative approaches to industrial carpet manufacturing processes and environmental operations and commitment.

Sustainable building features include:

- 59.2% potable water reduction achieved through rainwater harvesting and innovative industrial manufacturing processes.
- 32% energy /CO2 reduction.
- 93% waste recycling and landfill diversion rate.
- Single roof-mounted 1MW solar photovoltaic (PV) power system covering 12,000m² of the facility's roof space.
- 32% of all storm water that lands on project site is captured and treated.
- GreenTag Global certification for selected carpet product ranges.
- 96% of the regularly occupied spaces have at 5% skylight area.
- Vertical integration of the factory's productions.
- Local community involvement and social investment schemes.

PROJECT TEAM:

OWNER
Belgotex Floorcoverings

SUSTAINABLE BUILDING CONSULTANT:
Eccentric cc: Jutta- Berns Mumbi, Hlologelo Manthoso and Daniel Rimbaut

PROJECT MANAGER:
Belgotex Floorcoverings: Diresihni Naiker



as well as in-house recycling of waste during the production process, which also reduces the demand for raw material inputs.

A great deal of the variance in our input materials is due to changes in consumer demand across a huge product mix. This is true for limestone, latex, nylon and polypropylene.

Purchasing new Colourpoint tile tufting machines supported a step-change in the aesthetic quality of our tufted bitumen tile ranges, resulting in a marked move away from needlepunch bitumen tiles to tufted bitumen tiles.

Movement in additives at backing is largely due to a change in thickener used, in part because of supply challenges and in part due to a drive to improve product content following Life Cycle Analysis.

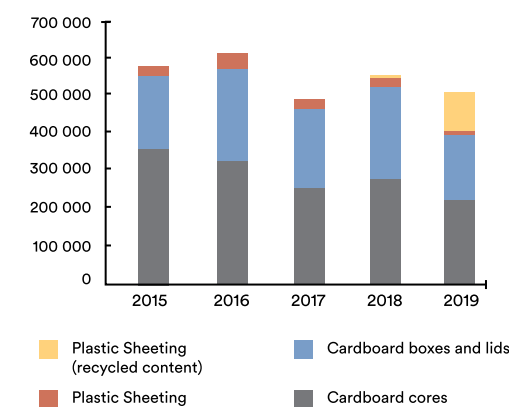
In terms of packaging, the shift towards using recycled plastic packaging was remarkable in 2019.

We lean hard on our values of 'Courage' and 'Curiosity' as we continuously consider the impacts of our production processes, the products we sell, as well as our infrastructure.

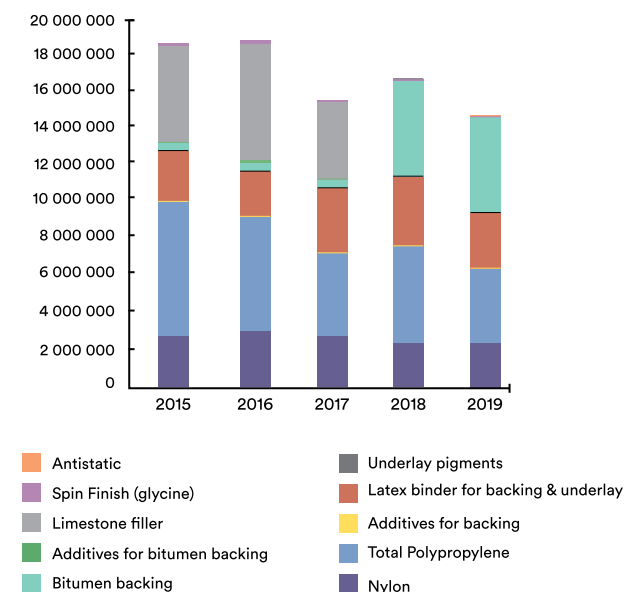
Recycled Input Material

We achieved one of our first recycled input material successes in 2007 with the production of our Green underlay with 100% recycled content. Demand for this product, manufactured from a combination of yarn and fibre waste as input material, has grown over time and has enabled us to reuse over 690 tonnes of what was waste product in the 2018 and 2019 reporting period.

Packaging and Cores 2015 - 2019 (kg)



Input Materials (kg)



Since then, our eco collection has grown steadily, with 35% recycled content in the backing of NexBac™ tiles in 2009, increasing to 70% in 2011. In 2010, we added a new product with recycled content to our Eco Collection – Berber Point Eco®. In 2012, we introduced recycled content into our needlepunch ranges and in 2015 increased the number of products with recycled content even further into SDX products using post-industrial waste.

In this process, yarn and fibre waste is shredded into smaller sections via a yarn-cut process and is then fed through a pelletising machine that functions as a re-melt and extrusion process. The resulting products are nylon and polypropylene recycled pellets. These recycled pellets are then incorporated into the yarn

and fibre manufacturing process for new products. Due to the variability and inconsistency in the colour spectrum of the recycled pellet, this recycled content is re-introduced to a standard minimum of 10% into the darkest coloured yarn (variations of black). Demand is driven by the production plan for black or grey yarn and fibre, as well as our objectives to reduce waste and the amount of virgin material used in our yarn and fibre production.

When considering our total consumption of both nylon and polypropylene, and our internal reuse and recycling processes, our primary products contained 9.8% recycled input materials in 2018 and 10.5% in 2019.

Energy

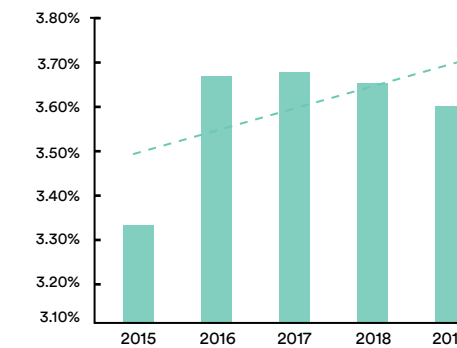
Responsible management of energy consumption is one of our highest priorities. For several years Belgotex has set objectives focused on better understanding our energy requirements and consumption, as well as leveraging our knowledge to improve both behaviour and processes, and to guide further investment in equipment and infrastructure. Our partnership with the National Cleaner Production Centre (NCPC) has once again shown us the power in collaboration. They have provided us with invaluable research into and analysis of our production processes from a resource efficiency perspective, as well as guidance for investments in improvements in our steam generation processes and electricity consumption.

In 2018, they provided us with the tools needed to take our energy management to a new level through the implementation of our Energy Management System based on the requirements of ISO 51001.

Energy is recognised as a key operational resource and one with a high environmental impact, both now and in the future. It is also a resource associated with escalating costs and reduced reliability in South Africa. Aging, coal-dependent national infrastructure is unable to reliably meet demand. In 2017 and 2019 the country faced on-going loadshedding in order to prevent the collapse of the national grid.

With deep focus on energy efficiency, investigations and audits have given us the insight and courage to make strategic investments in alternative energy resources to reduce dependence on the national energy grid, energy-efficient equipment and major process efficiency projects. Our 1 MW solar installation was installed in 2014, and we have generated just over 5 million kWh over the past 5 years. This provides a direct electricity and cost saving and has reduced our carbon emissions by 5 765.36 tCO₂e in this period.

Energy Intensity 2015 – 2019 (Gj/m²)



coverings, such as specialised vinyl, with largely consistent demand for artificial turf.

Reduced production leads to a reduction in overall operating efficiencies, as we run a 24-hour operation.

Water

Water scarcity affects every continent. It was listed in 2019 by the World Economic Forum as one of the largest global risks in terms of potential impact over the next decade. The WWF estimates that at the current rate of consumption, two thirds of the world's population may face water shortages by 2025.

South Africa is a water stressed country. Indices show regions of higher water scarcity in the south-western, eastern and northern parts of the country. The Western Cape experienced a severe water crisis in 2018 and 2019, with major water restrictions imposed. This directly impacted only our Cape Town showroom and warehouse.

Our manufacturing facility is located in an area with a catchment and river system which are under pressure due to changing climate and weather patterns, increased human activity, demand, pollution and the invasion of alien vegetation. It is clear that we have undervalued water in the past and urgent change is required.

Fortunately we began making significant progress in reducing water consumption as far back as 2001 with the establishment of our Total Water Management System. It includes improvements in the amount of water our processes consume, as well as reducing and improving the wastewater we generate. To this end our effluent treatment plant was upgraded in 2011 with a membrane bioreactor providing a further reduction in chemical oxygen demand (COD) levels.

Objectives for the reduction of water consumed and wastewater generated through our production processes and activities are set, monitored and reviewed annually by senior and top management.

Water for our manufacturing facility is either procured from the Msunduzi Municipality or consumed from our rainwater harvesting system. The uMngeni River catchment is the source from which the municipality receives its fresh water supply.

Our recent interactions with the WWF and Duzi-uMngeni Conservation Trust have brought us insight into the stress the catchment is under, as well as an understanding of the impact human settlements, failing infrastructure, industrial activities and invasive alien vegetation are having on the rivers closest to our manufacturing facility ie the Baynespruit and Msunduzi Rivers.

Our process wastewater is treated in our effluent plant, tested and discharged under permit to the local municipal wastewater treatment plant.

Our water-related goals and objectives over the past 6 years have been focused on:

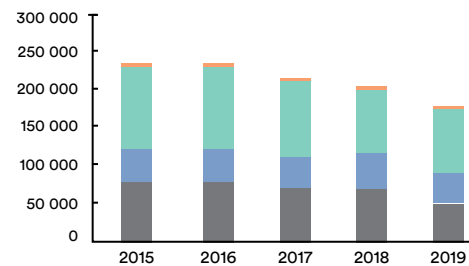
- Education of our employees
- Management of runoff from the site through the stormwater system
- Improved primary containment in raw material processing and storage areas
- Minimisation of water used in water-intensive processes such as our latex plant for the backing of our products
- Use of harvested rainwater for our cooling towers and ablutions
- Improved waste handling processes and the upgrading of our effluent treatment plant.

Sometimes reducing our environmental impact means

Better Together

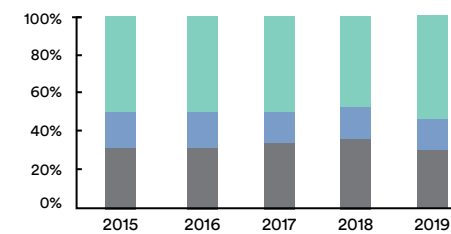
The Pietermaritzburg and Midlands Chamber of Commerce facilitated an agreement with the Municipality to shed less power over a wider area, rather than total power outages in smaller areas. This requires commitment and co-operation from all energy consumers in affected areas and we work closely with the Chamber to ensure consumption is reduced when needed.

Total Energy Consumption 2015 – 2019 (GJ)



■ Solar
■ LPG
■ Coal
■ Electricity
■ Diesel

Proportion of Energy from Non-Renewable Resources 2015 – 2019 (Gigajoules (GJ))



■ Electricity
■ Diesel
■ LPG
■ Coal

Energy consumption figures are for our Pietermaritzburg manufacturing plant only, calculated using conversion factors from the United Nations 2016 Energy Balances publication.

In 2018, we embarked on a project to reinforce the roofing of another section of our factory in order to accommodate the panels for an additional 1 MW solar installation. Although the feasibility and technical studies and costings were completed and approved in early 2019, our NERSA licence application process has delayed the implementation thereof. Despite this regulatory delay, we are looking forward to proceeding with our renewable energy plans in 2020.

We have continued to invest in the conversion of lighting at our factory to Light Emitting Diode technology, and have installed motion sensors in office spaces, achieving a saving of 200 538 kWh in electrical energy.

In 2019, we began exploring improvement opportunities for our stationary fuel sources and commissioned feasibility studies for our steam generation requirements, as well as for the use of CNG as a substitute for LPG used by our Backing Plant ovens. Both studies provided us with exciting opportunities to reduce our reliance on non-renewable energy sources

and our greenhouse gas emissions. These will be key areas of deep focus as we continue to seek new ways to tread softly.

We have achieved an overall reduction in energy consumption of 24%, with reduced reliance on coal and a slight increase in reliance on solar energy.

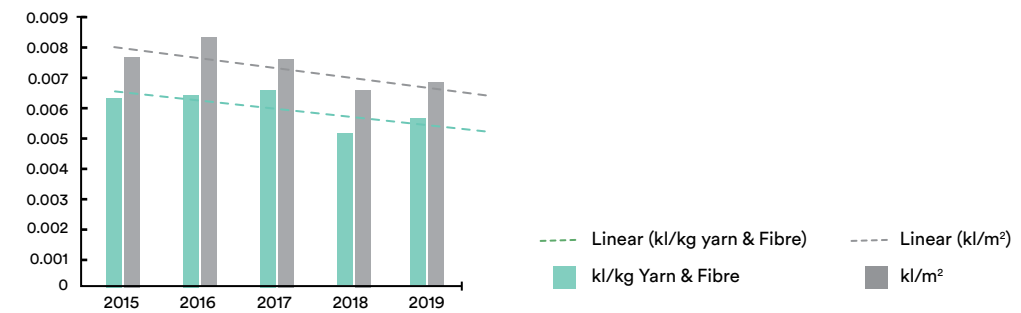
Energy intensity is represented as Gigajoules consumed per square meter of product produced, based on production output figures from our Backing Department. Energy intensity excludes yarn produced and sold without further processing and excludes energy consumed outside of our Pietermaritzburg facility, where our manufacturing plant, head office and one of our showrooms are located.

While our overall energy consumption has reduced and energy intensity has improved since 2017, energy intensity in our manufacturing plant is currently above 2015 intensity figures. Production has reduced in line with overall demand for locally produced broadloom carpeting and increased demand for imported floor



Our rainwater harvesting dam and filtration system enable us to reduce our municipal water consumption.

Municipal Water Intensity 2015 – 2019 (kl per kg & kl per m²)



we need to cautiously navigate uncharted territory and our efforts are not always successful the first time around. In one such case, we explored the redirection of harvested rainwater to our boiler. Unfortunately, the corrosivity of the water made this an unfeasible option and the solution is still in the making.

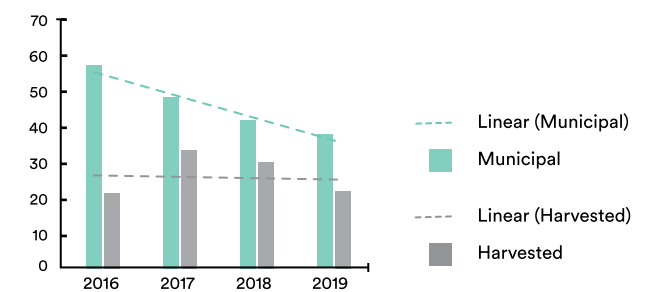
Radically changing and continuously improving processes and their efficiencies and mitigating our water-related impacts over several years has borne fruit. In 2004, 80% of production was solution dyed – a significant achievement since all production involved a water intense wet dyeing process in 1985. By 2010, 95% of production was solution dyed, reaching the 100% milestone in 2014.

Municipal water consumption was also dramatically reduced with the introduction of our rainwater harvesting systems in 2014. Over the last 5 years our process and infrastructure changes at our backing and effluent plants have resulted in a 70% reduction in municipal water usage for those specific parts of our factory. The use of harvested rainwater for our extrusion plant cooling towers and for the flushing of toilets has contributed to significant freshwater consumption savings.

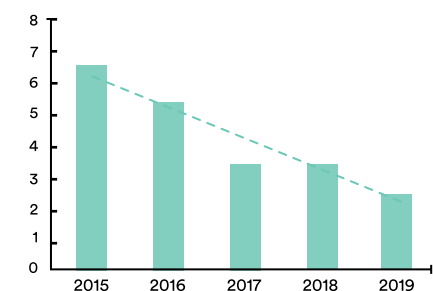
Looking at more recent monitoring data, we have reduced the volume of water procured over the past 5 years by 63%, with an accompanying reduction in the water intensity of our processes over the same period. We invested in improved filters, pumps and metering equipment for our rainwater harvesting system in 2016. This enabled us to monitor consumption as well as to redirect filtered rainwater for use.

Our municipal and harvested water consumption is monitored, and readings taken daily by our engineering team. Our production management team review performance against objectives based on this data, raising concerns regarding usages and ensuring the continued integrity of our infrastructure.

Water Consumption 2015 - 2019 (Megalitres (ML))



Water Discharge 2015 - 2019 (Megalitres (ML))



The management of stormwater and effluent have been on our agenda for some time now. The Baynespruit River runs adjacent to our factory. This river flows into the uMsunduzi River, one of the main tributaries of the uMngeni River, which ultimately flows into Inanda Dam. Our stormwater drainage system is engineered to prevent access to the river system and our wastewater treatment plant is connected to the municipal sewer pipeline. We have not had acute or chronic pollution incidents which have affected the Baynespruit River ecosystem.

Our treated wastewater is pumped to the Darvill Wastewater Treatment Plant, which is owned and operated by Umgeni Water. We treat and process the

sludge generated by the plant, pump it through a filter press and dispose of the dry filter cake. We conduct internal monitoring on the pH, electrical conductivity and chemical oxygen demand daily to ensure our treatment processes are effective and meet the quality requirements set out in our permit. Beyond our own monitoring, a municipal pollution control officer also monitors our effluent quality.

Global GreenTag certification and our Environmental Product Declarations provide benefits to our business in many ways beyond a marketing tool. The process of achieving certifications shines a light on how we can do business better, helping us to continuously improve ways in which we can 'tread softly'. For example, the Life Cycle Assessments they require have provided us with valuable guidance around potentially harmful substances. By eliminating identified raw materials containing these substances from our production process, we have reduced negative environmental impacts both in our finished products and our wastewater.

Over the past 5 years, our focus on the minimisation

of water consumed in our backing plant processes has resulted in the volume of effluent discharged reducing by 36.6% and the plant's effluent intensity by 52.2%.

Biodiversity

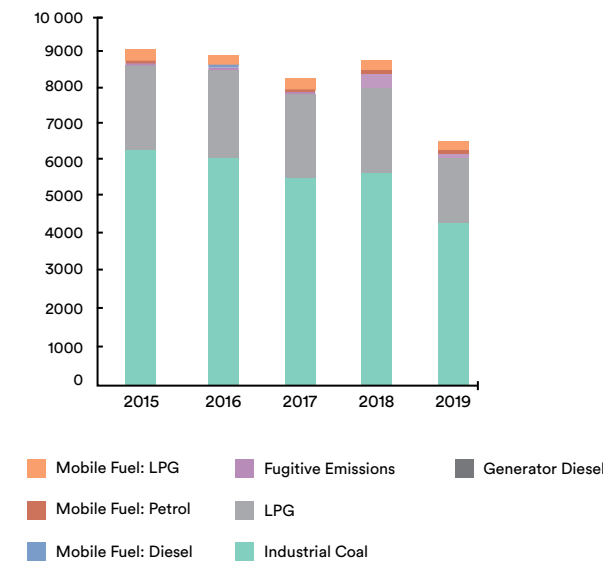
Our factory is not located in or adjacent to a protected area. Through our engagement with DUCT, we are now aware that the Baynespruit River is consistently ranked in the top six most polluted rivers in South Africa and associated with poor ecological health and its related impacts on local communities and the biodiversity of the environment. DUCT is leading the drive to start the Baynespruit Conservancy and it is our intention to be part of this and the Catchment Management Forum.

Emissions

In 2010, we became a member of the Carbon Protocol and we conducted our first carbon footprint analysis. In 2019, we conducted another GHG Protocol-compliant carbon footprint analysis on our Scope 1 and 2 emissions for our Pietermaritzburg factory for the period 2015 – 2019.



Scope 1 Emissions (tCO₂e)



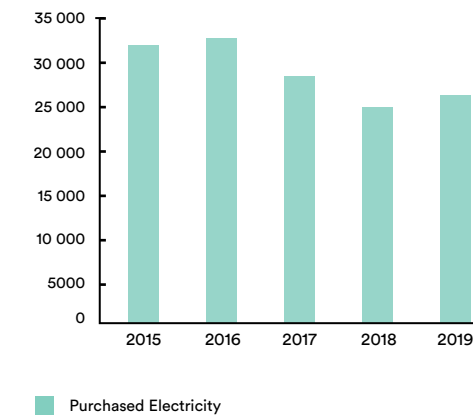
Our Scope 1 emissions result from the combustion of fuel used in stationary sources including industrial coal used in our boilers, LPG in our backing plant ovens and diesel in our generator, mobile sources such as petrol and diesel in our fleet vehicles and LPG in our forklifts, as well as fugitive emissions from air-conditioning gas refills. This scope also includes the renewable energy from our solar installation generated and used on-site.

Our emissions were calculated using recognised emission factors and reported as carbon dioxide equivalent gases, as required by the GHG Protocol. The greenhouse gases covered in our calculations are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. Emission factors were sourced from the Defra (Guideline to Defra's GHG Conversion Factors for Company Reporting) and GWP rates from the IPCC Fourth Assessment Report.

GHG emissions have reduced in line with reduced production outputs, but the work done to reduce the consumption of coal and LPG in 2019 has also contributed to the 27% reduction in emissions in that year. A project to replace LPG forklifts with electric units also commenced in 2019, and trials on these vehicles are producing favourable results.

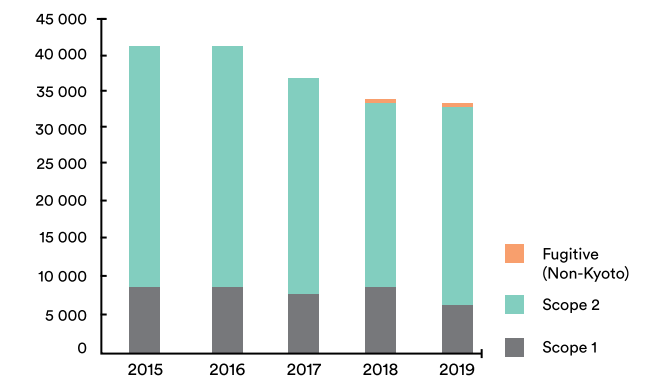
Our Scope 2 emissions are associated with the consumption of electricity purchased from Eskom. Our emission data is reported according to a location-based approach. It is important to note that emission factors for our purchased electricity changed annually over the period of 2015 to 2019, which were sourced from the

Scope 2 Emissions (tCO₂e)

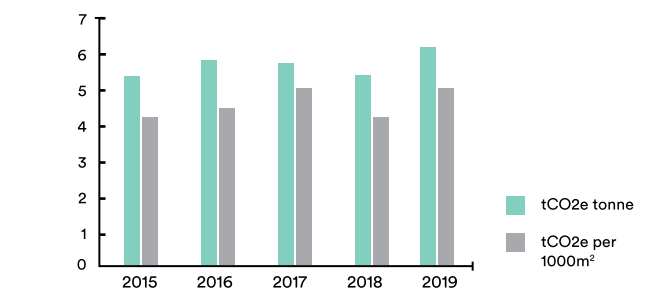


Eskom Integrated Reports for each of these years. In 2019, our Kilowatt hours consumed reduced, but the emission factor increased, thus increasing emissions reported.

Total Emissions (tCO₂e)



Intensity Metrics for Manufacturing (tonnes) and Processing (m²)



GHG intensity is measured and can be reported in a number of ways — per employee, per factory m², per tonne for manufacturing and per m² for processing.

Our environmental objectives and production key performance areas have been focused on reducing both our direct and indirect sources of emissions over several years. Reductions in the consumption of coal, LPG and diesel have been realised, resulting in the overall reduction in Scope 1 emissions from 9019.63 tonnes in 2015 to 8851.47 and 6471.97 tonnes in 2018 and 2019 respectively.

We are proud of a broad range of dedicated projects, including:

- Reduced coal and LPG consumption
- Improved condenser Hotwell level controls
- Enhanced distribution of steam and steam loss reduction
- Process improvements at the backing plant to reduce moisture content in our ovens
- Removal of excess water from latex

Fugitive emissions of Freon from our air conditioners have been measured for the past 3 years. A reduction in consumption due to improved maintenance protocols has been effective in reducing emissions from 163,44 tonnes CO₂e in 2017 to 35,3 tonnes CO₂e in 2019. The monitoring of sulphur dioxide and particulate matter emissions from the stack of our 7MW boiler is conducted and reported on in accordance with the requirements of Section 23 of the National Environmental Management: Air Quality Act, 2004. Results are compared with the relevant South African Emission Limit Values and the approval conditions in our permit from Msunduzi Municipality. Point source monitoring for emissions of volatile organic compounds is also measured in terms of Section 21 of the same Act. The results of our 2018 monitoring revealed the following:

- Sulphur Dioxide (SO₂) gas emissions monitored were found to be less than 35% of the ELV, in compliance with the prescribed South African Emission Limit Value of 2 800 mg/Nm³
- Particulate Matter (PM) emissions exceeded the ELV of 250 mg/Nm³ by 13%, however this complies with our permit conditions of 400 mg/Nm³ as issued by the Msunduzi Municipality.
- Results for all the remaining point sources monitored for VOC emissions revealed concentrations that were found to be well below the ELV of 40 000 mg/Nm³ with results ranging from 9,2 to 52,1 mg/ Nm³.

All stack emission monitoring was performed by an Approved Inspection Authority utilising the United

States Environmental Protection Agency (US EPA) methods for stack emission monitoring, as required by section 21 of the National Environmental Management: Air Quality Act.

Nitrous oxide emissions monitoring of our Masterbatch and BCF stacks conducted in 2019 produced average results of less than 0.2 mg/Nm. The monitored results could not be compared to any South African Emission Limit Values since this process has not been included in our air quality legislation. The results, however, did provide us with data for our Life Cycle Assessment processes as part of our GreenTag certification.

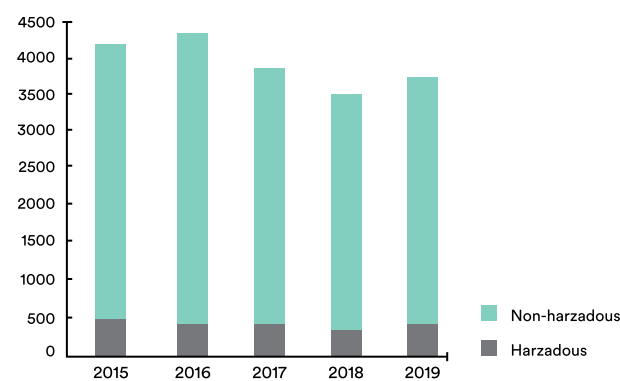
Waste

We have taken a holistic approach to the management of the waste generation processes and materials at our Pietermaritzburg factory. Our waste streams are classified as per the categories outlined in the national Waste Classification and Management Regulations. Of our total waste stream in 2019, 87% was non-hazardous and 13% hazardous waste.

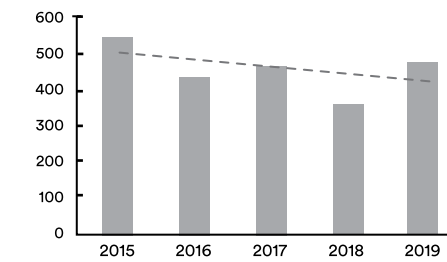
We have adopted the principles of the waste hierarchy, a best practice model for the prioritisation of waste management options. It provides a systematic methodology for waste management addressing waste avoidance, reduction, re-use, recycling, recovery, treatment, and safe disposal as a last resort. This strategic approach to waste management is entrenched in South Africa's waste legislation.

We have identified the processes that generate waste and each waste type is assigned a unique code. We are therefore able to monitor the amount of each waste generated and prioritise projects on eliminating, minimising or reusing waste products internally.

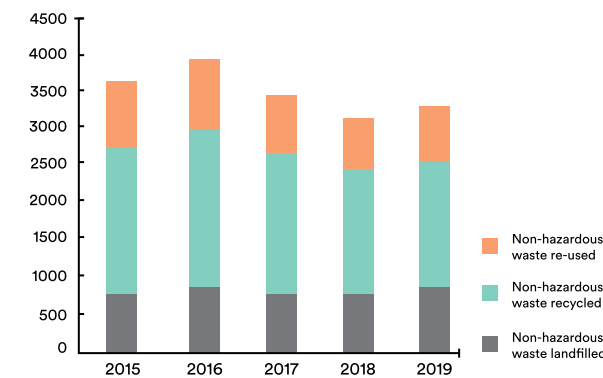
Waste Generated 2015 - 2019 (tonnes)



Hazardous Waste 2015 - 2019 (tonnes)



Non-Hazardous Waste 2015 - 2019 (tonnes)



Our waste management partner works closely with us to ensure waste streams are segregated, stored, recorded and removed from site safely and in accordance with relevant legal requirements for transportation, re-use, recycling or disposal. Dedicated staff, containers and vehicles are employed in the management of waste on site, ensuring that it can be safely transported to approved waste management facilities. In 2019, 21% of our waste was re-used, 44% recycled and 35% landfilled.

Our approach encompasses elements of circularity in that we have developed and invested in processes and equipment that enable the internal re-use of yarn and fibre waste as well as unbacked product, which were part of our waste inventory in the past. These are now inputs to manufacture our green underlay and increase the recycled content of selected product ranges.

Daily record keeping and capturing of the mass of each coded waste type leaving our site enables us to track our performance with regards to the total mass of waste generated, re-used, recycled and disposed of. Whilst our total tonnage of waste in 2018 and 2019 showed a very positive decrease compared with 2015, we saw an increase in waste generated in 2019 of 6% over prior year.



Green Underlay is produced from waste yarn and fibre.

Ninety-seven percent of our total hazardous waste is dry filter cake from our effluent treatment plant, and which is disposed of by landfill. Oily waste from plant maintenance processes is recycled. Almost 90% of our total waste stream is non-hazardous, with an average of 24% reused and 50% recycled in 2018 and 2019.

We have had no minor or significant spillages.

Belgotex does not import or export any waste, nor do we transport waste across provincial borders. All hazardous waste referred to above is transported from our factory to be disposed of or recycled, depending on the waste type.

Product Health, Safety and Environmental Impact

We first obtained ISO 9001 certification for our Quality Management System in 1996. With this foundation in place, we embarked on the process of implementing ISO 14001, our Environmental Management System, and ISO 45001, our Health and Safety Management System, both of which are externally certified. As part of the journey to achieving GreenTag eco label certification for our commercial product offering in 2016, we also aligned ourselves a variety of ISO standards from the 14000 series including ISO 14025 for environmental product declarations, 14040 and 14044 for life cycle assessments and 14067 for declaring the carbon footprint of a product.

As concerns about climate change, product toxicity and waste increase, we see the importance of making responsible purchasing decisions and the need for products with genuine environmental and social benefits. A life cycle ecolabel indicates that a product or service has been certified against a science-based standard specific to its category. All life cycle-based standards address multiple environmental and health attributes, and most have requirements for issues such as toxicity, air quality, energy use, recyclability, volatile organic compounds (VOCs), carcinogens, and other areas of concern.

Belgotex has selected the lifecycle- based eco-label, Global GreenTag, for our commercial broadloom and carpet tile product ranges, as well as specific vinyl offerings. Our GreenRate and LCARate certification, as well as and our related Environmental Product Declarations (EPDs) enable us to communicate the environmental, health, biodiversity, climate and social impacts as well as efficiency benefits of our products. The assessment is performance-based, using a 'cradle-to-end of life fate' analysis of our product impacts and benefits. Our GreenTag Product Health Declarations (GreenTag PHDs) provide material health transparency and ingredient optimisation reports for our products. Our HealthRATE Tags provide information on health-related benefits and impacts of our product once installed in a building.

We currently have the following certifications for our commercial products:

- **SDX Tufted Bitumen Backed Carpet Tile**
 - GreenRate Level A and LCARate Gold Tier
 - Environmental Product Declaration
 - Product Health Declaration Platinum
- **SDX Tufted Broadloom Carpet**
 - GreenRate Level A and LCARate Gold Tier
 - Environmental Product Declaration
 - Product Health Declaration Platinum
- **Structured Needle-punch Commercial Carpet**
 - GreenRate Level A and LCARate Gold Tier
 - Environmental Product Declaration
 - Product Health Declaration Platinum

Our vinyl offering has the following certification:

- **Belgotex Vinyl (within 2.5mm)**
 - GreenRate Level A





Social.

Indirect Economic Impacts

Asset-Based Investment

Social Economic Development

At Belgotex, we believe it is our responsibility to be active participants in nurturing the landscape of the communities that surround our operations. Our intention is to support increasingly resilient, skilled and economically active communities.

Our social investment spend is channelled through the Belgotex Foundation, incorporating the Belgotex Academy. The Foundation is responsible for driving our external development agenda by investing in micro and small businesses and collaborating on projects anchored in economic inclusion and social wellbeing.

Through collaboration with selected partners who

have significant impact in their communities, Belgotex is able to contribute to early childhood development, floorcovering installer skills, social enterprises, food security, informal small businesses, disability inclusion, young people in architecture and design, and development through the power of sport and recreation.

The original Belgotex Educational Foundation Trust was established in 2015. Through this vehicle and Belgotex's investment budget, a number of initiatives were piloted and partnerships explored in order to arrive at the current-day operational approach of the Foundation.

The new Belgotex Foundation NPC was established in 2019 with a clear focus on human optimisation through a range of programmes and partnerships.



Infrastructure

- Early Childhood Development Centres (ECD)
- Sports Facilities



Food Security

- Market gardens at ECD Centres



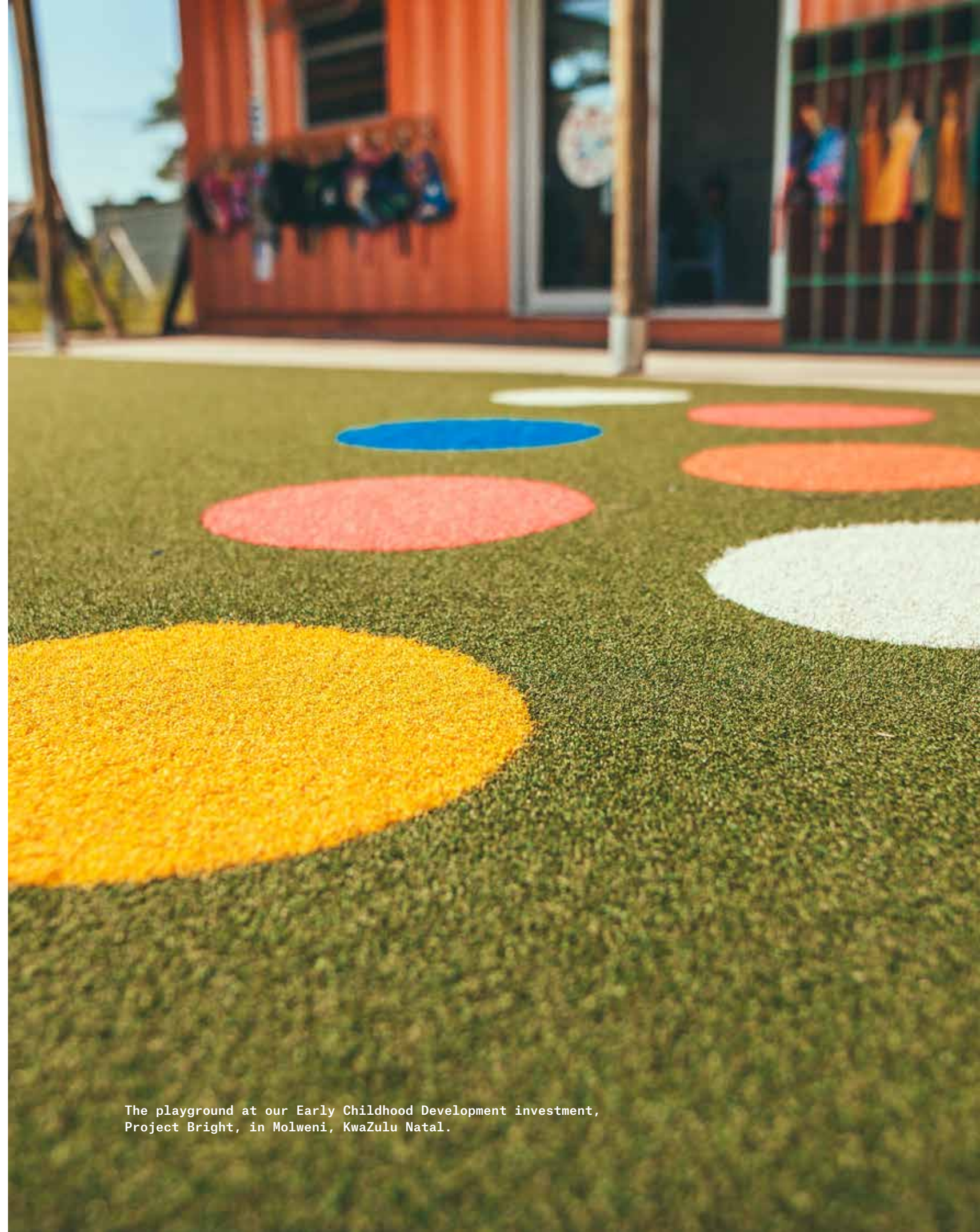
Innovation

- Waste recycling during production and post-use reclamation
- Quality product accessible to low-income households
- Disability inclusion



Skills Development

- Technical and business skills for ECD franchisees, floorcovering installers, small-scale farmers and textile converters.



The playground at our Early Childhood Development investment, Project Bright, in Molweni, KwaZulu Natal.

Infrastructure Investment: ECD & Sports and Recreation

Spend in ZAR			
Project	2017	2018	2019
Early Childhood Development (ECD)	350 157	844 183	635 047
Sports and Recreation Projects	1 124 431	285 846	464 064
Total	1 474 588	1 130 029	1 099 111

Programme Investment

Spend by Programme	2017	2018	2019*
Inclusive Early Childhood Development	52 000	31 818	661 560
Floorcovering Sector**	1 214 387	90 091	822 788
Food Security	250 000	274 359	349 640
Minivendors	-	463 550	238 948
Textile Conversion	-	269 700	602 929
Belgotex Becomes Inclusive	3 172 000	586 524	191 475
Better Together	-	-	273 188
Total	4 688 387	1 716 042	3 140 527

* 2019 was the first year operating as the new Foundation and running our own programmes.

** Spend on the development of the Academy and delivery of CETA-accredited training courses excluded from figures above.

Infrastructure Investment

Infrastructure investment is geared towards ECD and Sports and Recreation Projects.

Our brief to architects for the design of ECD Centres in which we invest includes:

- Meet the requirements of the Department of Social Development
- Use harvested water
- Use minimal electricity
- Provide safety and security for the children
- Easy maintenance
- Not a permanent structure

With a design in hand, we have been able to meet with stakeholders and develop a common vision and agree ways of collaborating and communicating to support the development of an ecosystem that strives toward a common goal.

Developing ECD Centres has provided an opportunity for crossover with another Foundation programme to remove barriers of entry in the trades sector for Small, Medium and Micro Enterprises (SMME). Participating SMMEs located close to our ECD builds installed turf

and flooring alongside the Belgotex technical team as part of the practical component of deepening their skills in our training courses.

Programme Investment

The Belgotex Foundation supports the power that sport and play can have on lives, particularly those living in and experiencing challenging circumstances. Many young people rely on their sporting ability to access education and economic opportunities, making play at an ECD level crucial for development. Belgotex produces world-class surfaces and investing in both sport surfaces and bursaries for young people to have an opportunity for sporting activities on these surfaces is core to the investment strategy. Sports and play surfaces are installed at ECD centres, schools and tertiary institutions.

Early Childhood Development

The purpose of this programme is to establish Early Childhood Development micro-franchises that include children with disabilities, are financially sustainable and structurally fit for purpose in the communities they serve. The Foundation has solid implementation partners in place to develop creches in under-served

	July 2017	March 2018	October 2018	Growth
Number of Children	28	46	65	230%
Monthly Income to the EduCentre	R4 200	R16 100	R28 647	682%
Number of Caregivers	2	4	4	200%
Salaries of Caregivers (trained and untrained)	R800 to R1 000	R1 000 to R1 500	R1 300 to R2 000	200%
Salary to Cook	R600 to R800	R1 000	R1 300	216%
EduCentre Owner Salary	R800 to R1500	R4 000	R6 000	750%

communities into centres of excellence offering quality education to every child, including those with varying abilities. A fundamental requirement is that the centres are self-sufficient and can continue to operate without depending on the Belgotex Foundation or its implementation partners by the end of the programme.

Investment by the Foundation is approached as an investment in a small business. We therefore need to ensure that the centre is financially sustainable, practices good governance and fair labour practices. Amongst others, the principal needs to receive and maintain her registration with the Department of Social Development, achieve her monthly budget and ensure teachers are keeping to the curriculum.

As with any small business, success is not guaranteed and there are times when major intervention is required. One such example can be seen in the figures monitored for us by Grow Educare Centres, a key partner who monitor economic impact. This particular centre was one of the most successful, with incredible growth figures. By December 2019, the centre was down to 27 pupils, dramatically reducing monthly income, with a knock-on effect of being able to employ fewer staff and caregivers and the owner taking a cut in salary. A combination of increased fees beyond what parents could afford, xenophobia and a tragic fatal accident had a devastating impact. An urgent recovery plan is in place, with small gains already made.

In everything we do, an individual's quality of life and moment of "I CAN DO THIS" are fundamental to growth, prosperity and ultimate independence through enterprise.

Food Security

Embedded in the Belgotex Foundation's Early Childhood Development investment strategy is a small-scale farming business model component, which provides access to food for consumption by children at the center, as well as their families. Our objective is to enable small-scale permaculture farming within the communities we have invested in, starting with the educentre's own market garden. Access to local, fresh produce for meal preparation at the educentre and at home is vital to prevent stunting in children due to poor nutrition and food insecurity.

Our model has two components – business optimisation, which includes technical training, quality control and accountability for business performance, and human optimisation, which focuses holistically on the farming entrepreneurs' progress, quality of life and ability to respond to challenges. Farmers are enabled to develop beyond subsistence farming, and to supply their local communities with fresh, healthy produce. When entering our Food Security programme, we ensure that entrepreneurs have a deep love for farming and desire to grow food, as this investment has highlighted the many challenges facing small-scale farmers and their ability to generate an income.

Disability Inclusion

We are cognisant of the fact that appropriate flooring is an integral part of creating an inclusive built environment for people living with mobility disabilities. Much like obtaining and maintaining our own Green Building Certification enables us to understand the floorcovering needs of green building developers, so too delivering on our commitment to support an inclusive workplace provides insight into accessibility requirements when developing new product ranges.

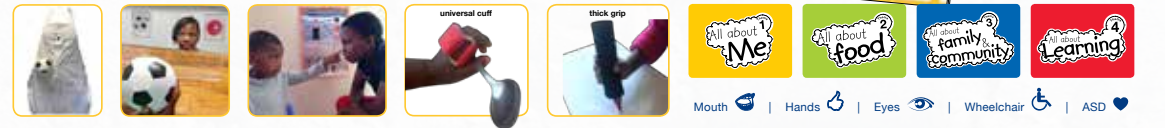
Working with implementation partner, Shonaquip, we have focused on 3 areas between 2017 and 2019:

- Inclusivity in our workplace
- Inclusivity in our external programmes
- Inclusivity in communities

The Ndinogona Programme

Inclusive ECD as part of a holistic community-based intervention.

The Ndinogona "I Can" Programme aims to empower caregivers and parents with the attitudes, knowledge, skills and resources to include children with disabilities in play and learning activities. The programme builds on the natural capacity of all children to learn through play and build skills in activities of daily living.



Our Experience

By rolling out Ndinogona in over 200 centres (formal & non-formal) across a range of communities, we have seen that **true inclusion CAN** take place when children participate in play and learning with their **age-related** peers; parents and communities are empowered with **accurate information** and **referral pathways**; and **service providers** in the community are **capacitated**.

Case Study



Above is a case study (Ndinogona Programme) that we hope to see replicated at every ECD going forward.

During the reporting period, the Belgotex Foundation worked with Shonaquip on a customised service offering around disability inclusion for Belgotex. This included a universal access audit at our Pietermaritzburg factory, sensitisation training for some of our management teams, inclusive caregiver training in the Foundation's community-based projects and the management of learners at the Shonaquip factory. Support was also extended to Shonaquip for capacity-building at their factory, as a local manufacturer and leading advocacy body for inclusion in South Africa. Through this investment, a number of students with varying abilities were engaged at the factory.

In response to the universal access audit outcomes, as well as insight gained through relevant compliance frameworks, Belgotex has put the following in place:

- Access to our facilities and factory is wheelchair friendly, including ramps to reception
- An expansion at our head office included the inclusion of disabled-friendly toilets
- The HR department was relocated from the first floor to the ground floor to accommodate employees with mobility restrictions
- The width of the doorways to HR have been increased to accommodate employees with disabilities
- Where necessary, employees have been placed into alternative departments or positions requiring lighter or more appropriate work, through consultation with our Occupational Health Clinic
- Temporary disability cover has been implemented ensuring employees do not have to take their own sick leave for periods of temporary disability
- Special computer equipment has been made available for employees who have poor eyesight

Since 2019 the Foundation has been capacitating its team to understand inclusive ecosystems, and plans to recruit people with disabilities into its programmes in 2020. Extending disability inclusion work into the community, our partner, Shonaquip, provides training, experience and resources that empower caregivers and parents to provide equal opportunities to children with different abilities and needs. Their programme is called Ndinogona – "I CAN". The Foundation invests in children, thus enabling them to be economically included as adults, through access to the education system, starting with quality early childhood development and support systems within the community.

Shonaquip also manufactures, supplies and provides the clinical services required for each child who requires a mobility device, suited to rural South Africa. With the

Foundation's support, they initiated a wheelchair repair technician programme during the reporting period. Technicians learnt to refurbish and repair hospital equipment in a factory environment. The long term aim is to support qualified technicians to establish micro-enterprises in remote areas for people who use mobility devices to access local maintenance and repair services.

Floorcovering Installers and Enterprises

Enterprise owners and their installers form a significant portion of the distribution channel between Belgotex and the end user. Belgotex is particularly reliant on quality installation of product to ensure that customers receive the experience and longevity that they expect from the Belgotex brand. Cleaning and maintenance post-installation is also key.

To date, floorcovering installation is not a gazetted trade. Most installers have some informal technical skills that allow them to install a limited range of our products. Investment in technical capacity enables the enterprise owners to diversify their product offering across the floorcovering types and motivates for installers to earn a higher wage, having become formally skilled.

The Belgotex Academy has made enormous strides with the Construction Education and Training Authority (CETA) by investing in the development of a flooring qualification. Being the primary financier of skills development in the industry at this level, our aim is to see a better-regulated and fair industry. Beyond the learnership opportunities the qualification has provided, in 2018 the CETA also officially accredited our short skills courses, Carpeting, Vinyl and Wood Laminates, which have been completed by 45 students with a 100% pass rate. Our investment in the development of our accredited course material and our 4 cohorts in 2019 was R1 722 376, the value of which is realised in the lives of our learners and in our industry as a whole. Following the successes of the Academy in 2019, we plan to run another 6 carpet installation short skills courses for a total of 72 learners and three vinyl installation courses for a total of 36 learners during 2020.

The programme that the Foundation has developed has a deep focus on human and business optimisation to support a healthy ecosystem of change within the floorcovering industry.



The talented women in our Textile Conversion programmes produce goods for sale from our waste yarn.

Beyond skills development, the Foundation is actively involved with owner-run enterprises to build capacity in the industry and catalyse income generation through preferred access to our product and support team. The programme that the Foundation has developed has a deep focus on human and business optimisation to support a healthy ecosystem of change within the floorcovering industry. Thus far, ten enterprises and their installers have been onboarded with a further ten targeted for 2020.

Young People in Architecture and Design

In 2018 and 2019, the Belgotex Foundation funded students attending Inscape Education Group. Twenty-three students have been funded through this bursary scheme. Inscape offers qualifications in design (including environmental design for the built environment), communication and digital technology.

Textile Conversion and Rug Vendors

Our post-industrial waste is used to stimulate economic opportunities for textile conversion micro-enterprises. The Foundations’ textile conversion business unit is a high touch, quality controlled operation where women progress through a one-year intensive textile conversion and manufacturing accredited training programme. Through this opportunity, they learn to design and produce a number of saleable items made from yarn and obsolete carpet samples eg handbags, pencil cases and jewelry. Through the business optimisation training modules, the women are able to find routes to market and understand the principles of supply, demand and meeting production requirements. The Foundation initiated a second cohort of this programme in 2019, following on from a very successful first intake who have successfully developed their businesses to meet local customer requirements, as well as exporting their handbags. A programme centered on the use of our SDX yarn is currently being developed.

The Foundations’ rug vendor business unit consists of highly energised sales people who are driven to achieve their targets, and to supply our flooring, in the form of rugs, into their local markets and buying groups. This is a new distribution channel for Belgotex which is able to provide products to an under-served market sector which contribute to warm, hygienic and aesthetically appealing living spaces.

	m ²	LM	Estimated Vendor Earnings
2018	4 266.64	15 047.68	R85 333
2019	2 298.79	7 824.8	R45 976

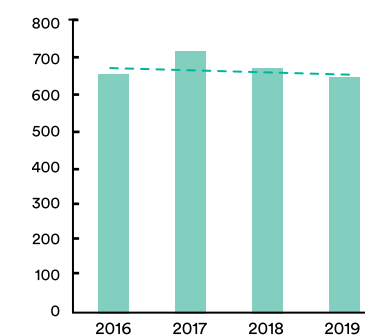
When material is uplifted from homes and offices, Belgotex commits to disposing of it on behalf of our customers. Unlike our industrial waste, a great deal of the material is non-recyclable due to the product being considered “dirty” waste. The majority of the material is still in good condition however, and can be upcycled by converting carpet into rugs. Our vinyl flooring can also be reused as long as there is minimal damage caused during the uplift process. Post-consumer product is returned to the Belgotex factory in Pietermaritzburg. Through a combined development strategy, our waste management partner, Waltex, sorts reusable from unusable product. The reusable product goes through a latex softening process so that it can be cut into rugs. Waltex’s seasoned team overlacks all the rugs to prevent fraying and to add an aesthetic touch. One of our first enterprise development partners, Trades@Work, transports newly upcycled product to our vendors, who sell the rugs, as well as second-hand clothes, cosmetics and fast-moving consumer goods.

Employment

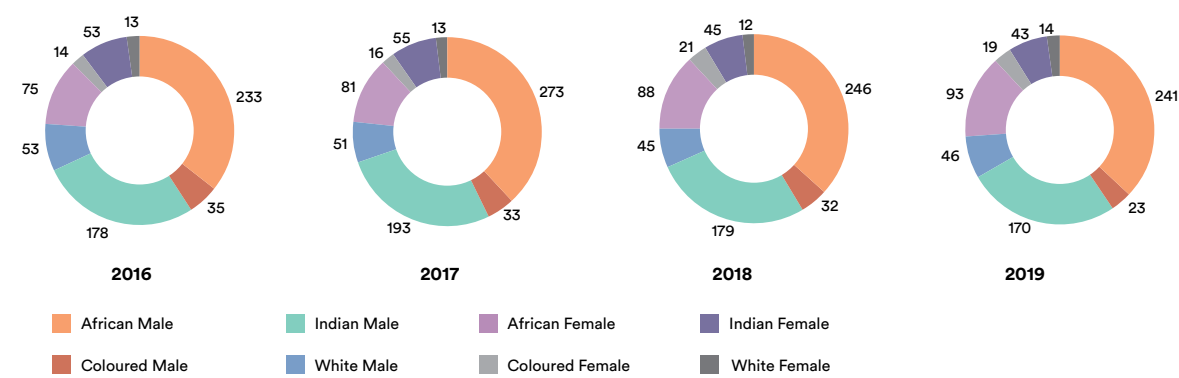
A three-year Human Resources (HR) Strategy was developed in 2018 to elevate HR’s role in the organisation to that of strategic business partner. The strategy was developed in line with global HR best practice and specifically using feedback and insight gained through our annual “I am Belgotex” Culture Survey. Beyond a questionnaire, focus groups provided deep insight into the level of adoption of our DNA and its inhibitors. Over the three years, our defined pathway outlined three phases: fix, invest and grow. Progress is measured every three months and is showing slow but deep and steady progress.

Total employee figures are reported here as per our mandatory Employment Equity Report submitted to the Department of Labour in line with their reporting requirements, reflecting a different 12-month period to that of our annual financial statements.

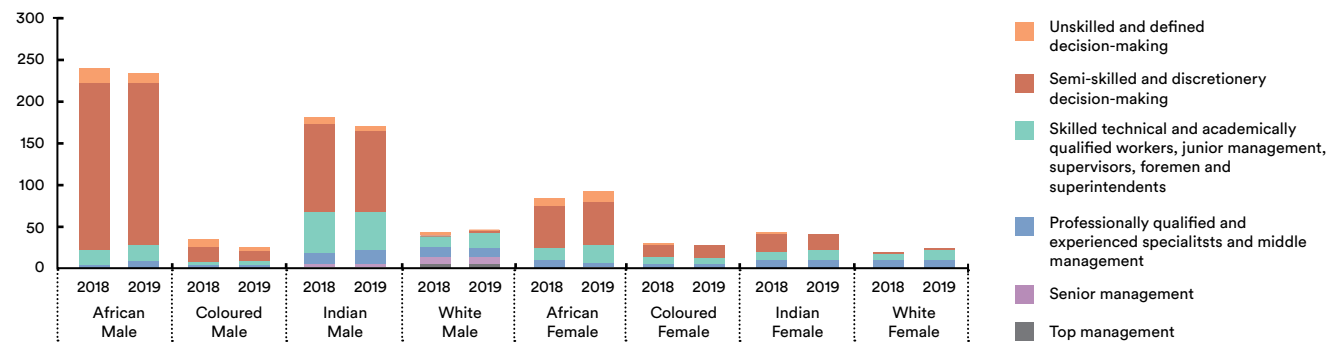
Total Employees 2016 - 2019



Employees by Race and Gender 2016 – 2019



Employees by Level, Race and Gender 2018 – 2019



Our headcount has remained fairly constant at approximately 650 employees. In 2017, we had an intake of just under 60 learners, which had an impact on the overall number of employees. Approximately half of these learners were employed by the business in 2018.

Our employment equity goals include increasing the proportion of African employees and women across all race groups. In 2019, there was a slight increase in African male and female skilled employees and an increase in unskilled African female employees. Top and senior management consist of Indian and White

	New Hires	Exits
2016	143	77
2017	166	71
2018	49	70
2019	108	68

males, with one Indian female. Employment equity goals for the forthcoming period include inclusion of disabled employees, as well as continued efforts to increase African, Indian and Coloured male and female employees at skilled level and above.

Our ability to impact on the demographics of our manufacturing plant, where most of our employees are located, is in part constrained by our proximity to the pool of available candidates.

Employee turnover has remained fairly consistent at around 10%, while new hires were significantly lower in 2018 due to no intake of new learners or absorption into the business during the 2-year training cycle.

Diversity, Equity & Inclusion

As a designated employer, we comply with the Employment Equity Act and have an active, elected Employment Equity Committee responsible for reviewing affirmative actions taken to achieve a shift in



Ed addressing us re Gender Based Violence in the wake of Uyinene Mrwetyana's murder.

On 1 August 2018, South Africa saw women demonstrating solidarity with mass public protests across the country and the birth of the #TheTotalShutdown movement. The groundswell of support for protection of women against gender-based violence was heightened with the global #MeToo campaign and after a particularly traumatic week in South Africa in September 2019, where an unprecedented number of gruesome cases of violence against women were exposed, including the killing of student, Uyinene Mrwetyana, women took to the streets again. Belgotex showed solidarity with an invitation for all employees to join CEO, Edward Colle, on a walk around our Pietermaritzburg plant on 9 September 2019, with all employees, including branches outside of the factory, requested to wear black in a show of support.

employee demographics such that they represent those of the country. These actions include considering skills development required for progression and encouraging behaviour that supports inclusion, recruitment practices that support transformation such as widening the pool of available candidates, attending to reports of unfair discrimination and reviewing barriers to achieving employment equity. In 2019, we celebrated diversity through profiling women in the workplace. We also recruited our first 100% all female, all African black learnership group.

Freedom of Association

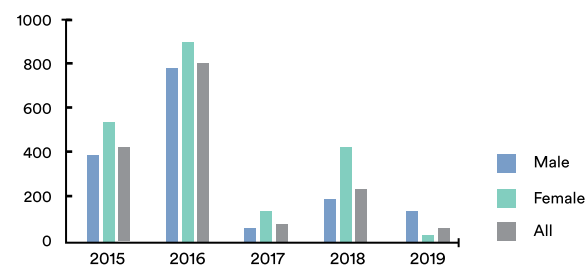
Our employees who belong to trade unions are represented by SACTWU and NUMSA. We operate within the scope of the National Textile Bargaining Council's main collective agreement, which is a closed shop agreement and extended to non-parties to the agreement.

Our HR Director is the Chairperson of the South African Carpet Manufacturing Employers' Association (SACMEA) and we are party to the NTBC.

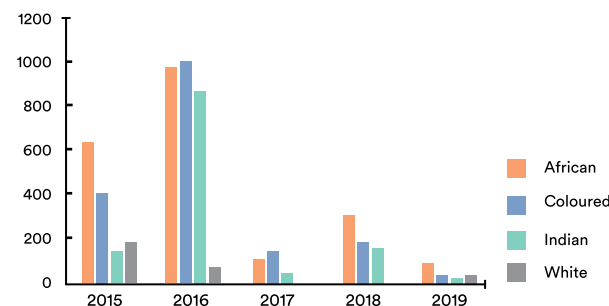
Training

In addition to mandatory training to meet compliance requirements, our Training Department identifies skills gaps with the support of the outcomes of performance

Average Training Hours by Gender 2015 - 2019



Average Training Hours by Race 2015 - 2019



reviews as well as providing a quick response to unexpected organisational needs as they occur. Training is planned a year in advance and a Workplace Skills Plan is submitted to the Sector Education and Training Authority (SETA) together with a report on training completed in the current year.

Internal training at Belgotex has in the past been focused on running learnership and apprenticeship programmes aimed at upskilling production employees and unemployed people. The average hours per employee dropped in 2019 due to a shift in our approach to learning. As part of the strategic focus to change the culture at Belgotex, employees attended shorter training courses which were focused on our defined 'soft skills'. 2019 saw deep focus placed on understanding our DNA, our values and learning to work within a diverse environment.

Training hours reported on include our new Onboarding (induction) program for all new employees, as well as groups of existing employees.

Initially, we invested in learnerships exclusively for unemployed people. Over time these programmes have been offered to internal operators as well. The focus of training unemployed people was a means of creating a talent pipeline, especially for entry-level vacancies.

Apprenticeship and learnership programmes provide the technical skills for both production and maintenance staff. Tufting Mechanics, Instrument Control, Electrical and Fitting apprenticeships have been the areas of focus, each 3 years in duration.

We are fortunate to have been able to absorb the following number of previously unemployed people into permanent positions:

Absorption		
2015 to 2018	30	Learnership
2019	8	Learnership
2019	1	Apprenticeship

Since 2016 we have run a successful graduate program providing graduates with meaningful work experience and recruitment opportunities should vacancies arise.

Absorption		
2018 Intake	5	Graduates
2019 Intake	2	Graduates



We celebrated the graduation of 45 flooring installers through the work of our Academy in 2019.



Health and Safety

Our occupational health and safety management system has been developed and implemented using the requirements of OHSAS 18001 and ISO 45001 for which we were certified in 2018 and 2019 respectively. We care deeply about the health and safety of our employees, customers, contractors and suppliers, as well as our neighbours. Using these standards to ensure we consistently perform at a global level, healthy and safe working practices are a non-negotiable expectation. A walk around our Pietermaritzburg-based factory at any given time will reveal our uncompromising commitment to orderliness and cleanliness. These are hallmark signs of embedded quality and safety.

Our competent team including elected and trained Health and Safety Representatives, our Safety, Health & Environment (SHE) Manager, SHE Officer and Line Managers provide leadership and take ultimate responsibility for a safe and healthy workplace.

Our trained SHE specialists lead the identification and assessment of risks, as well as inclusive engagement processes to determine how best to mitigate or manage hazards which cannot be eliminated. No one understands a process as intimately as the person performing it and so employees are actively involved in the hazard identification and risk assessment process, confirming that risk assessments thoroughly address all potential and experienced hazards.

Global ISO standards, customer audit tools and local health and safety legislation guide us. We have trained and elected 28 health and safety representatives for all departments and across all shifts. Our Health and Safety representatives and SHE Committee members are core to our health and safety mission. They are our eyes and ears on the ground, providing a crucial link with employees and actively supporting our health and safety team. Health and Safety Representatives are

elected by employees and attend accredited training to ensure they are well equipped with the knowledge and practical skills required to participate in conducting risk assessments, site inspections, incident investigation and quarterly health and safety committee meetings. Senior and middle management conduct annual management reviews of our health and safety performance and management system.

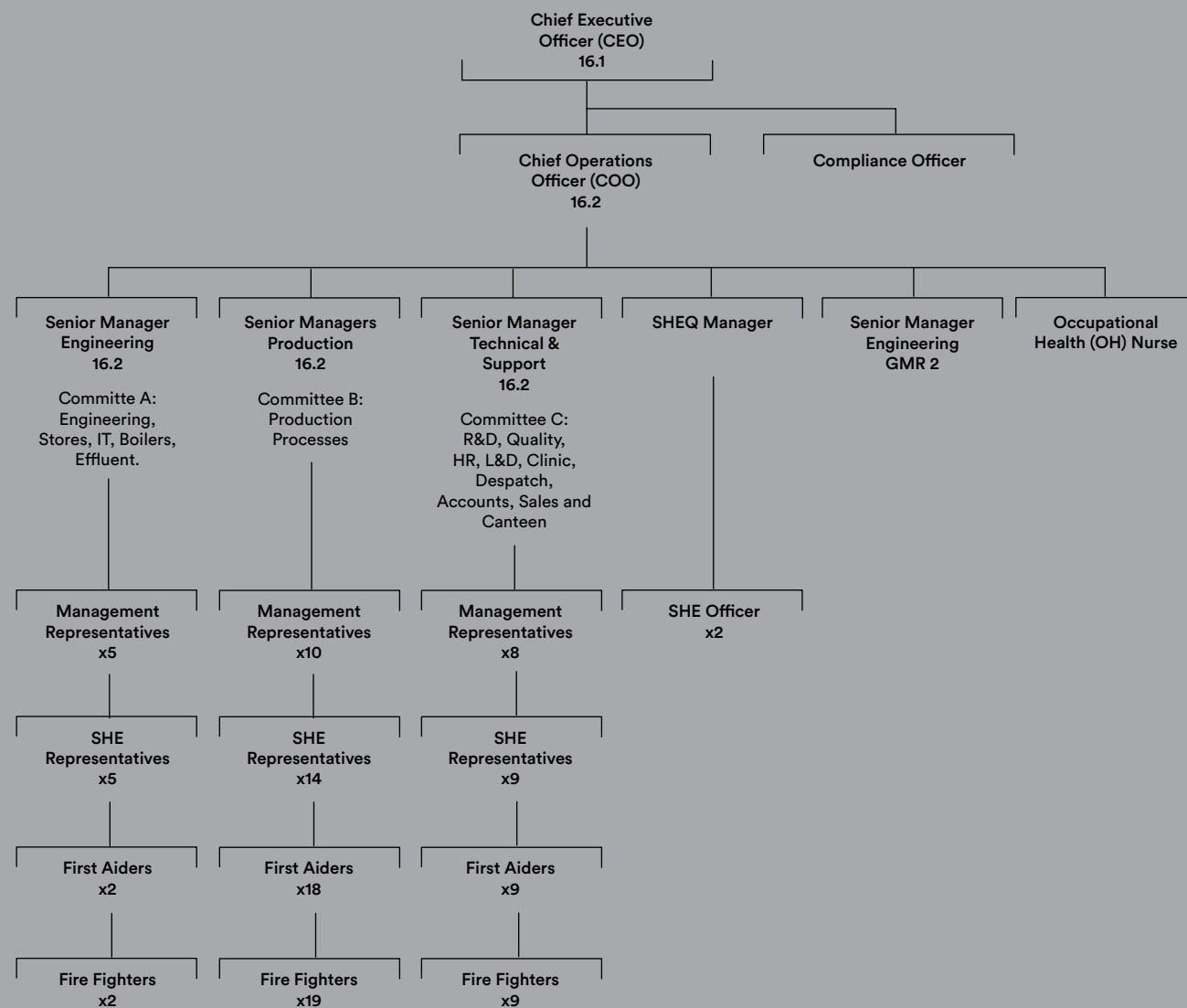
During on-boarding of new employees, as well as departmental induction and re-induction, employees are trained on standard operating procedures, risk management controls and expected behaviour. This includes employees' rights to stop production and remove themselves from any situation in which they feel unsafe to work, together with the responsibility to immediately report and collectively problem solve to find solutions.

Mandatory accredited training is provided for relevant employees working at heights, fire fighters, first aiders, forklift drivers and boiler operators.

Access to our formal Health & Safety Management System manuals, procedures, documents and records is provided for all employees through the Belgotex IT network. Key messages are communicated via noticeboards and during regular toolbox talks, which help to make health and safety part of our everyday conversations. Visual communication on televisions in our canteens is also proving to be an effective channel.

Occupational Health

Our on-site clinic operates during office hours from Monday to Friday and offers primary health care to all employees, as well as further treatment required in case of injury beyond minor injuries, which are attended to by first aiders at the site of the injury. In the case of a major injury, the clinic facilitates referrals and transportation to hospital. First aiders are specifically



	2015	2016	2017	2018	2019
Fatalities	0	0	0	0	0
Rate of fatalities	0%	0%	0%	0%	0%
High consequence work-related injuries	0	0	0	0	1
Rate of high consequence work-related injuries	0%	0%	0%	0%	0.14%
Recordable work-related injuries	17	17	15	14	20
Rate of recordable work-related injuries	2.69%	2.46%	2.24%	2.06%	2.94%
Number of hours worked	1 264 715.73	1 380 622.83	1 337 144.84	1 358 404.19	1 356 172.07



trained for handling situations on nightshift or over weekends.

We have one Occupational Health Nurse, who covers two shifts during the week and a Doctor on site twice per week.

Occupational Health Risk Assessments are conducted at legislated intervals by an Approved Inspection Authority. The outcomes of these important assessments guide us in improving equipment, processes, training, inspections and protective equipment in order to prevent the exposure of our employees to health risks.

In addition, the clinic handles:

- Pre-employment, annual and exit medicals, which include audiometry and spirometry tests
- Treatment of chronic illness and dispensary of chronic medication
- Drug testing
- Counselling, or referral where appropriate
- Liaison with sanitation service providers regarding plant hygiene

Our examination room has received an upgrade during the reporting period enabling us to better serve employees. A huge achievement has been obtaining agreement from the Department of Health to provide medication to our clinic which allows our clinicians to dispense and monitor employees with chronic, but stable illnesses – mainly ARVs and hypertension and diabetic medications. This effectively provides those employees, who are also more likely to need it, full sick leave for rest when they are unwell, rather than one day per month standing in a queue at a public clinic.

Wellness days are held every year at the factory. Added to this, free eye testing and screening is available on

site three times a year and CANSA conduct breast examinations and education during Women's month. Prostate tests and screening is conducted for men in November each year with lucky prizes for those who attend. In 2019 this included a shave-a-thon and hairspraying for Prostate awareness. Since 2018, we have also held bank days where assistance is provided around financial wellbeing.

Recordable work-related injuries are all cuts and bruises. During 2019, we reported the first high-consequence injury in 3 years. While checking on the limit switch on the plastic dispenser on the re-roll station, an operator suffered a cut on the left palm and a finger. After the matter was investigated, it was concluded that the lockout procedure was insufficient. A lockout on the airline and an electrical circuit lockout close to the cutter were installed.

There have been no recordable work-related ill health incidents in our history.

Occupational hygiene surveys are conducted including cold and heat stress, hazardous chemical substances monitoring, hazardous biological agents monitoring, noise and ventilation tests and ergonomic assessments.

One opportunity for improvement identified during the reporting period is the implementation of screening for crystalline silica dust inhalation. The process is enclosed and Personal Protective Equipment (PPE) is used, but testing is still to take place to ensure measures are sufficient.

Entry, annual and exit medicals for all employees include a full health assessment, audiometry and spirometry tests.

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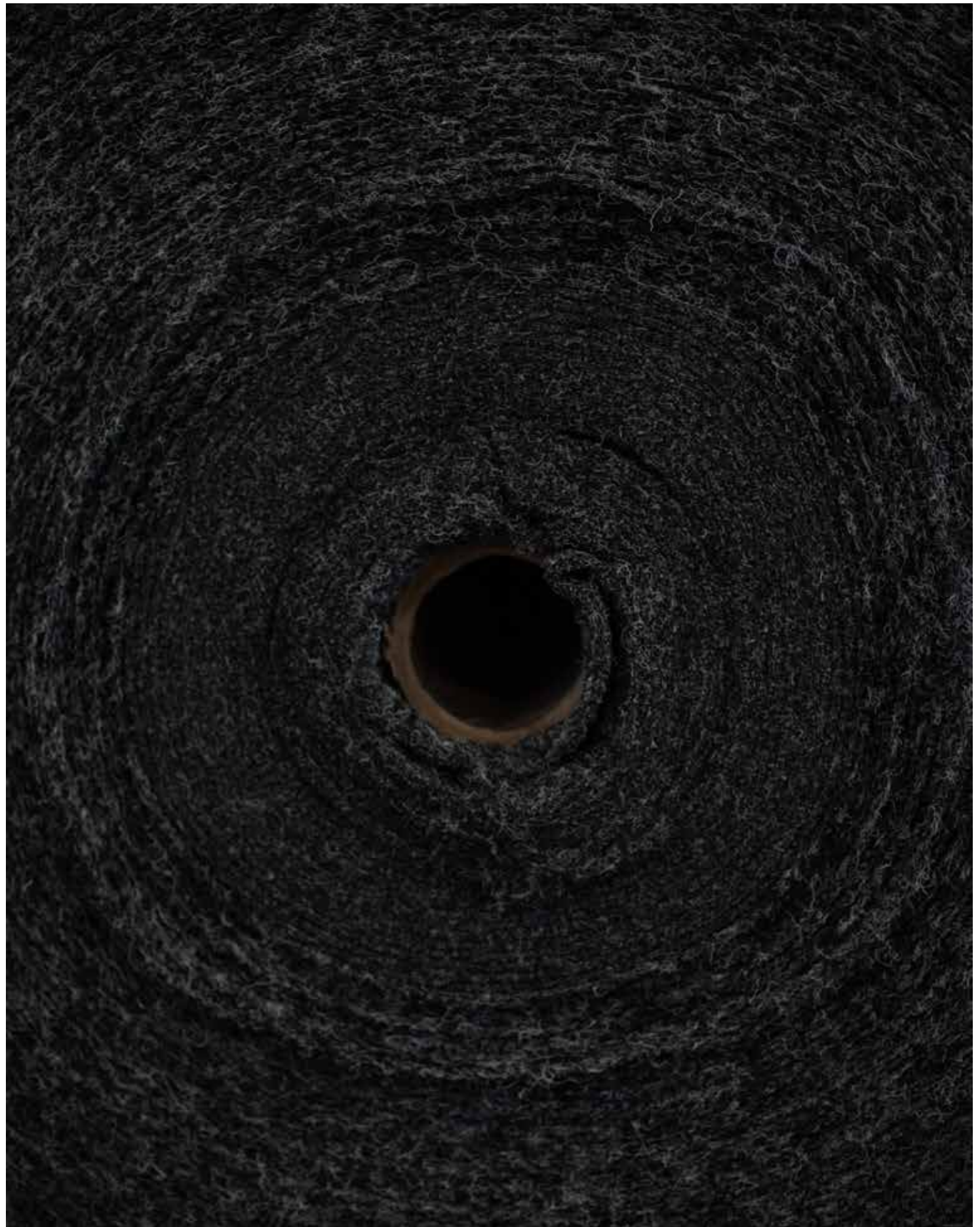
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