

# Beirholm CSR report

## Foreword

Our work on Corporate Social Responsibility is of strategic importance to our Company – partly because it is an integral part of *who we are* and how we perceive ourselves – partly due to the needs of our customers today and in the future. We take a proactive approach to ensure that our performance textiles are manufactured according to the strictest environmental- and social standards – from the raw material to the finished product. Likewise, we proactively develop our performance textiles to extend the longevity and to reduce the processing costs and resources related to the industrial laundry process and the processes at the end-customer.

We have been very fortunate that our partnership strategy with our manufacturers and customers has proved to be resilient. We believe, that this strategy is the main reason for the success of our CSR initiatives and achievements and will further build on it to reach new breakthroughs within sustainability within the value creation network.

The CSR report will be updated and published every 2nd year

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## **Beirholm Principal activity**

Beirholm/Creadore is the leading supplier in Western Europe to the linen rental industry – leasing laundry chains and individual leasing laundries. Over time, we have transformed our company into a unique knowledge-sharing and knowledge-creating organization. We have few tangible assets – people are our only real resource. We serve the demanding and changing needs of our customers by understanding the nature of the global value creation network and by developing effective teamwork among partners. The only visible links between the shifts in our 5 generations are found in the mixture of our cultural and company heritage: our decisive “feel” for textiles in myriads of production and user contexts, our respect for close and open collaboration between people in business, and our curiosity to learn from others – and willingness to share our learning with others.

Beirholms Væverier A/S is engaged in product development and marketing of industrial textiles for the textile service industry, whose end customers are hotels, restaurants, hospitals, nursing homes and cruise liners, primarily in Europe.

We deliver the most profitable, viable and sustainable solutions on the market for industrial textiles.

## **Statutory CSR Report**

### **Business model**

Our Value Proposition is to engage the full potential of the entire value creating network to develop and deliver the most profitable textile solutions on the market to the textile service industry, its customers and consumers. The business model is based on building a bridge between the textile service industry and its end customers as well as the manufacturers who provide materials to the industry. We strive to make this process as smooth, unproblematic and efficient as possible.

Beirholm’s innovative and durable BeirTex® textiles are engineered to offer the quality, comfort and CO2e-savings desired by end customers and consumers while ensuring the laundry a high return on investment.

Through our holistic approach to sustainability, we ensure that our BeirTex® performance textiles are sustainable from the cotton farm to the laundry. For instance, our newest collection of BeirTex® textiles are – with their EU Ecolabel, Green Button, Oeko-Tex® Made in Green and Oeko-Tex® 100 certifications and our support of The Better Cotton Initiative – sustainable from raw cotton to the laundry and end user.

### **General**

As most companies, we balance needs and costs in the daily business with investments in the future.

We actively support the organisations which are the driving forces in determining international standards. We have drawn up and implemented clear and specific policies in our own company. We turn good intentions into specific measures at our manufacturers by implementing clear and specific processes in their working day, and we continuously work closely together with them to achieve and further develop common goals.

We carry out those activities using two different interactive dynamics; the first one is to work within the formal, international standards for quality, environmental management and social development and to contribute to raising the bar for those standards; the other one is – together with selected partners – to achieve independent breakthroughs ahead of developments in our industry.

Beirholm lives up to the highest international standards in i.e. ISO standards, CSR strategy and working environment development. The common characteristics for them are that they are formal frameworks that are created through systematic discussions and consensus in international fora. We consider those standards minimum requirements which quality companies must comply with. Our internally developed customs and initiatives are, however, areas in which we, together with our partners, strive to excel in our performance to surpass the international standards.

Beirholm has developed its CSR strategy, including a Code of Conduct, which is based on internationally accepted conventions such as the UN Global Compact, the UN Convention of the Rights of the Child, the Universal Declaration of Human Rights and ILO.

In order to avoid any violation of human rights, Beirholm's Code of Conduct is implemented at our key manufacturers, who are primarily from Egypt, Pakistan and India. The manufacturers are audited regularly by an investigating officer from external international certification offices in accordance with a predefined auditing process. Improvement potentials are continuously discussed and documented after each audit.

Beirholms Væverier A/S is certified to ISO9001, ISO14001, ISO45001.

The Company's future product platform will be developed for purposes of supporting BCI cotton (Better Cotton Initiative). Several of our strategic products carry the EU Ecolabel, Oeko-Tex Made in Green, and Green Button labels.

Moreover, the products are developed to reduce climate and environmental impact in the washing process, as they have the potential to reduce resource consumption, leading to a significant reduction of the laundries' emissions of CO<sub>2</sub>e.

In this financial year, we as the first company outside Germany became certified according to the Green Button. The Green Button is a holistic certification in the way that it audits Beirholm's entire portfolio of suppliers, which no other certification does. The Green Button is issued by the German Government creating trust in the certification. We expect that public procurement will start orienting themselves towards this label when procuring in the future.

Our goal is to continuously improve the sustainability of our entire product range. To ensure optimum conditions in terms of sustainability, we have chosen to also offer products certified with the Green Button without any extra charge.

## **Human rights**

We assess that the most significant risks relate to the manufacturers' goods market and their sub suppliers. We have worked actively with human rights since 2005 where we introduced our Code of Conduct, which describes the social, environmental and ethical standards which our manufacturers

and their sub suppliers are expected to live up to. Our Code of Conduct seeks to lay down standards which are deemed universal by nature, and we expect that our partners also support and assume responsibility in respect of the underlying declarations and conventions, such as e.g. the Universal Declaration of Human Rights, the central labour conventions from the international labour organisations, the UN Convention of the Rights of the Child and the UN's Convention on Sustainable Development (the Rio declaration).

We consider these declarations and conventions absolute minimum requirements in the cooperation with Beirholm and have added two requirements to our Code of Conduct regarding the purchase of cotton from Uzbekistan and building safety.

a) Specifics regarding the purchase of cotton from Uzbekistan

As Uzbekistan is known for violating human rights, i.a. child labour in the cotton production, Beirholm does not accept cotton from Uzbekistan in our supply chain and in our products.

b) Specifics regarding building safety

As the world has seen collapses of production facilities in the clothing industry, Beirholm has decided, through our Code of Conduct, to request that all manufacturers and approved sub suppliers who have multi story production buildings present and document relevant approvals from local authorities in respect of construction, use and monitoring of building safety.

Business partners who do not commit themselves to our Code of Conduct will ultimately have to cease cooperating with us.

We work proactively to ease the process and ensure target fulfilment by offering guidance and assistance. We cooperate with the BSCI, Business Social Compliance Initiative, which is a member association for companies and industry associations. Through their work, the members promote a common monitoring and supplier development system to ensure compliance with the principles adopted and work on target fulfilment of the UN's Sustainable Development Goals.

In the financial year 2020/2021, one of our strategic manufacturers succeeded in advancing from category C to A, and another advanced from category B to A. The development is shown in the below table:

BSCI Category	Number of manufacturers		
	2020/21	2019/20	2018/19
A	3	1	2
B	1	2	1
C	0	1	1

We are currently engaged in active dialogue with our strategic manufacturer who fell from A to C to identify the reason why and assist them in achieving a better categorization in future.

Two of our six strategic manufacturers are certified to SA8000. SA8000 is a stricter certification than BSCI and implies that those manufacturers are to be audited by SA8000 going forward as this certification inherently includes the BSCI certification requirements.

## Environment

The most material risks in the industry relate to the growing of cotton, the textile manufacturing process and finally, the washing processes at the industrial laundries.

### » Cultivation of cotton

Cotton is grown at 22.5% of the world's agricultural land and is the crop that requires most water to grow. The global cotton production is deemed to account for approx. 3% of the world's water consumption. Cotton is an environmentally harmful crop, and the world's cotton production accounts for 16.25% of the global use of pesticides/insecticides. It is far higher than what is used for any other crop worldwide. Pesticides are harmful to nature, and almost half of the pesticides used for cotton production is deemed to be so toxic that the WHO has classified them as "dangerous".

Beirholm has decided to join the Better Cotton Initiative, which is the largest sustainable cotton initiative in the world. In 2019/20, Better Cotton accounted for 23% of global cotton production (22% in 2018/19 and 19% in 2017/18). The purpose of the initiative is to train cotton farmers in sustainable cotton cultivation to make cotton production better for the individuals who cultivate cotton, better for the environment where the cotton grows and better for the future of the entire cotton sector.

Earlier, we reported on our sustainable cotton purchasing strategy on a yearly basis. Last year, we decided to go beyond sustainable cotton sourcing to include other sustainable raw materials as well. Therefore, we will now report our progress in terms of preferred raw materials sourcing. The share of preferred raw materials is expressed as the share of raw materials sold in a fiscal year out of the total kilo of finished goods sold in that same fiscal year. Preferred materials are currently Better Cotton, Organic Cotton, Fairtrade Cotton, and Recycled Polyester. Our preferred raw materials sourcing strategy shows the following progress: 17% in FY2017/18; 19% in FY2018/19; 22% in FY2019/20; and 25% in the current FY2020/21.

### » Textile production

Textile production has a negative impact on the environment, mainly due to water contamination, the use of harmful chemicals and high energy consumption. At Beirholm, we work actively to market our BeirTex products, which carry the EU Ecolabel. The EU Ecolabel focuses mainly on the manufacturing process and makes strict demands on the use of fibers, chemicals, energy consumption and CO2 emission in the manufacturing process and the handling of wastewater.

Our focus on selling products that carry the EU Ecolabel has resulted in a revenue share of 54% in 2020/21. In 2019/20 the share was 45%, in 2018/19, the share was 35%, and in 2017/18 the share was 32% of total sales. The increase is attributable to our strong focus on the sale of sustainable textiles, but perhaps it also reflects a new revenue mix due to COVID19.

After introducing Oeko-Tex Made in Green and Green Button across our product categories without any extra charge, we expect even stronger sales of sustainable textiles going forward. For the coming year, we will define a new and broader KPI-term for responsibly produced and certified textiles. Like the KPI-example of “preferred raw materials”, we will develop a KPI that encompasses textiles sold that are certified, on a product level, with one or a combination of the following certificates: EU Ecolabel, Oeko-Tex Made in Green, and Green Button. While the EU Ecolabel is mostly focused on environmental issues, the Oeko-Tex Made in Green and Green Button incorporate both social- and environmental criteria related to textile manufacturing. Due to the growing amount of certification that Beirholm holds, we see it necessary to expand this KPI now and in the future, to be able to better capture our progress.

» Washing process at our customers

In our industry, the washing process is the use phase of our products. There is a tendency towards a reduction of the consumption of water, electricity, coal, oil and gas (WECO), which are the typical energy sources that drive the washing process.

This means that the industry uses less resources than previously for washing one kg of textile. This is among others attributable to improved technology in the industrial laundries, but also increased awareness of the consequences of the textile chosen. For example, Beirholm's BeirTex<sup>®</sup> technology has proven through several washing tests in 2018/19 that we can reduce the energy consumption by more than 10% within selected areas.

Furthermore, the combination of our revolutionising Pixel colour technology with our BeirTex<sup>®</sup> performance technology give our customers the option of a colourful terry cloth program that ensures lasting colours, has a longer life time and reduces total cycle time in the tumblers by up to 26%.

We thereby prove the environmental and climate related potential of our technology, while we make our customers aware of the prudent choice of textile.

In that way, we aim to contribute to a sustainable, global development where we strive to influence our suppliers and customers to display environmentally sound and socially responsible behaviour.

## Climate

Beirholm believes that global warming is the main and most urgent challenge of our time. If we do not proactively work on reducing our emission of greenhouse gases, the surface temperature of the Earth will most likely increase by 3 degrees Celsius compared with the temperature before the industrialisation, which will be devastating to our planet and its inhabitants.

The manufacturing of Beirholm's products is particularly exposed to short to medium term risks. In their Fifth Assessment Report (AR5), IPCC points out that, according to prognoses for temperature increases in South Asia, including Pakistan and India, where Beirholm sources most of its products, the increase will probably exceed the global average. This will in particular affect the timing and force of the monsoon rain and will have a derived impact on the agrarian sector's productivity and efficiency, which depend heavily on water.

Economies where the agrarian sector accounts for a considerable part, such as Pakistan and India, are therefore under threat (both countries are among the countries subject to the greatest climate risks according to the Global Climate Risk Index). The supply of cotton, which accounts for a considerable part of Beirholm's products, could therefore also easily be scarce, which would imply steep price increases.

These are just a few examples of ways in which Beirholm works actively on (a) creating the most sustainable textiles (b) in a sustainable way.

a) Development and marketing of sustainable textiles:

In our industry, the CO<sub>2</sub>e emission for changing bedding on one bed for one year is 90 kg. Almost 24% of the emission relates to the manufacturing of the bedding and the remaining 76% from the washing process at our customers in the industrial laundries. Therefore, Beirholm develops textiles with longer useful lives, which allows for enhanced capacity utilisation in the laundry and heavily reduced resource consumption.

Our most sustainable technology is BeirTex<sup>®</sup>, which has outperformed standard market qualities in these parameters through numerous washing tests. We intend to make this technology the new market standard, as this can also contribute to a reduction of the emission of greenhouse gases going forward.

In 2020/21, the BeirTex<sup>®</sup> technology accounted for 54% of our total sales. In 2019/20, 2018/19 and 2017/18, it accounted for 51%, 44% and 39%, respectively, of our total sales.

b) Reporting and reduction of CO<sub>2</sub>e emissions at Beirholm, suppliers and customers:

We strive to work proactively on reducing our emission of greenhouse gases and advising our suppliers and customers on how they can do the same. We have prepared a five-step strategy for our work on this topic:

1. Become aware of own CO<sub>2</sub>e emissions
2. Define base year and set goals for future reduction (e.g. science based targets as goal setting method)
3. Identify and prioritise initiatives with the highest impact on reduction of CO<sub>2</sub> emissions
4. Execute on prioritised initiatives and measure and report progress
5. Discuss and share knowledge with customers and suppliers

The CO<sub>2</sub>e figures stated below are estimated in accordance with the Greenhouse Gas Protocol and are divided into scope 1, 2 and 3 (see figure below for a graphical representation of the scopes). The figures cover the operations of Beirholms Væverier A/S.

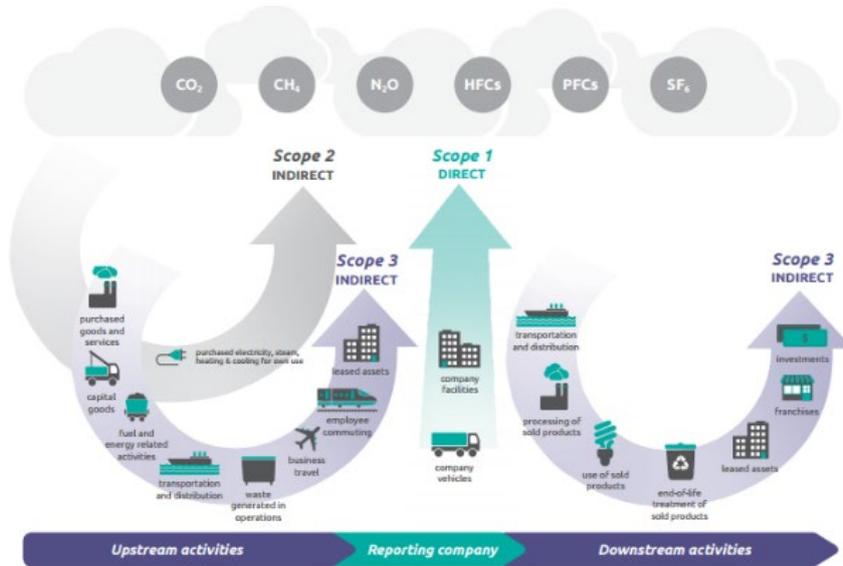


Figure 1 - source: Greenhouse Gas Protocol

Scope	2017 (base year)	2018	2019	2020
1	210	190	218	178
2	55	56	68	47
3	177.904	188.820	197.864	144.987
Total CO <sub>2</sub> e (tonnes)	178.170	189.065	198.149	145.212

\* The figures are stated in CO<sub>2</sub>-equivalent emissions in accordance with the Greenhouse Gas Protocol

\*\* Natural gas consumption is measured in the period april to march

\*\*\* Use of sold textiles has been included adding significantly to scope 3 emissions

For transparency purposes, we have included a scope-wise breakdown of our CO<sub>2</sub>e emissions in tonnes for the calendar year 2020 below:

	CO2e (tonnes)
<b>Calendar year 2020</b>	<b>145.212</b>
<b>Scope 1 total</b>	<b>178</b>
Mobile combustion	178
<b>Scope 2 total</b>	<b>47</b>
Stationary combustion	47
<b>Scope 3 total</b>	<b>144.987</b>
Business travel	13
Employees commuting	374
End of life treatment of sold products	-27.011
Purchased goods and services	11
Use of sold products	109.144
Purchased goods and services	62.456

We estimate our CO2e emissions on the basis of the Greenhouse Gas Protocol. For scope 1 and 2, we rely on internal data converted using publicly available tools from the Greenhouse Gas Protocol. For scope 3, we rely on supplier data, industry statistics as well as lifecycle analyses prepared in collaboration with Bureau Veritas.

Most companies will only report and work on their scope 1 and 2 emissions, but we go the extra step to work on the categories that drive the most impact. Since 75% of our scope 3 emissions, which again account for more than 99% of total emissions, stem from Purchased goods and services – the majority of which are from the purchase of textiles – it is important for Beirholm to actively work on reducing these emissions. Hence, preparing lifecycle analysis based on primary data from our manufacturers is essential to establish a baseline from which we can actively work together to reduce emissions. In FY20/21, we conducted lifecycle analyses amounting to 58% of the textiles that we sold, in terms of kilos. In FY21/22, we expect to hit a 65% coverage rate.

Our total CO2e emissions therefore amount to 45.6 kg CO2e per kg textile sold in this financial year. If we subtract the “Use of sold products” and “End of life treatment of sold products”, our CO2e emissions amount to 19,82 kg CO2e/kg textile sold. This metric is the one that is the most relevant in our work to reduce emissions in collaboration with our manufacturing partners.

In 2020/21, we specifically:

- » conducted lifecycle analysis at two of our main suppliers to derive the products’ actual carbon footprint.

- » entered a partnership with Green Key – a prestigious eco-label for establishments in the hospitality industry. The aim is to increase focus on the use of sustainable performance textiles in the industry.
- » initiated discussions with key laundry customers advising them on how to purchase textiles in a climate friendly manner. This is a key step in our climate strategy, since 99% of our emissions occur in scope 3 (mainly use phase of textiles and manufacturing thereof)

For the coming financial year, it is our goal to:

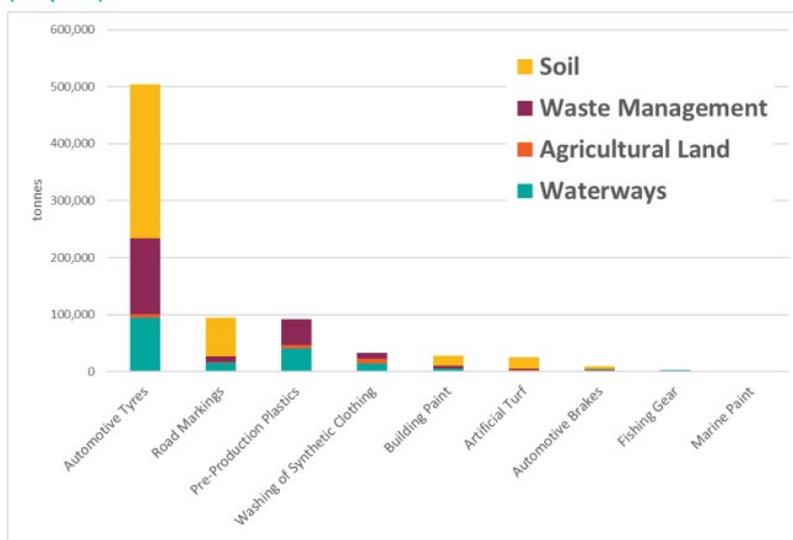
- » conduct lifecycle analyses at 1-2 extra key suppliers to have a solid foundation for devising reduction strategies
- » educate our sales force to advise our customers on climate friendly purchasing strategies

### The micro plastic issue

Microplastics is a term commonly used to describe extremely small pieces of plastic debris in the environment resulting from the disposal and breakdown of products and waste materials. The release of microplastic to the aquatic environment and the negative impact on marine life and ecosystem can be found in fresh water, the ocean, sand, inside microorganisms, shellfish, fish and birds. Microplastics contain both primary and secondary microplastic. Primary microplastic particles are components in consumer products e.g., paint and cosmetics. Secondary microplastic is generated through degradation of plastic articles, e.g., plastic bags, car tires, and the washing, use and tear of textile products containing polyester fibers.

According to a study made by Eunomia the largest source of microplastic is the tires- and road marking industries. The washing of clothing including industrial laundering also has a high impact.

**Figure 1 - Source Generation and Fate of Microplastics from Wear and Tear in the EU (midpoint)**



Source: Eunomia modelling

Nevertheless, our industry is likely to be challenged on this in the future and needs to have answers.

A Swedish study has identified the extent of the release of microplastic fibres from laundries by focusing on their wastewater treatment plants and the textiles' production. The test involved washing textiles for the healthcare sector, workwear and textiles for hotels and restaurants.

The study showed that:

- » Industrial laundries accounted for only 11-22% of the total release of microplastics caused by private and industrial washing.
- » Laundries with wastewater treatment plants released significantly less microplastics. The three laundries in the study reduced the release of microplastic fibres by 65%, 96% and 97%, respectively. The big difference was the treatment plants.
- » Hotel textiles released significantly fewer fibres compared to textiles for the healthcare sector. This may be because producers of hotel textiles choose well-spun yarns that have longer fibres and are more robust, and therefore release fewer microplastics when they go through the industrial laundering process.

A Danish study published by the Ministry of Environment and Food showed that Danish municipal wastewater treatment plants only emitted 0.3% of the total microplastic fibre mass that entered the plants into the aquatic environment.

Even though the industrial industry is not the biggest sinner in terms of microplastic discharge, there is still a responsibility to be acknowledged. Release of microplastic to the aquatic environment is attracting attention and global ecological concerns.

We take this responsibility seriously but to set a goal, we must first know our current situation and how we can push the industry in the right direction.

From 2018-2020, we have been working with ETSA, The Hohenstein Institute and four other textile companies to produce a testing method that can define which fibers are released in an industrial laundry, the accurate number of fibers and if these fibers are synthetic or cotton fibers.

Using the test-method, Hohenstein tested the release of fibres in a number of polyester/cotton textiles. The BeirTex<sup>®</sup> technology was found to be significantly better at retaining polyester fibres compared to a corresponding market-standard textile.

The test produced two important results:

1. After the first wash, the BeirTex<sup>®</sup> virgin and recycled polyester products released 40% and 15% fewer microplastic fibres, respectively, compared to the good market-standard product.
2. After five washes, the BeirTex<sup>®</sup> virgin and recycled polyester products only released half as many microplastic fibres compared to the good market-standard product.

In other words, the BeirTex<sup>®</sup> textiles release much less microplastic in their lifetime compared to standard good-quality products

Therefore, the use of BeirTex<sup>®</sup> in our products can help reduce the discharge in the laundries and in their wastewater. If the laundries combine the BeirTex<sup>®</sup> technology with an efficient wastewater treatment plant we can together reduce the amount of microplastic discharge to the environment and the life below water.

## Circular Economy

In the European Climate Law Objective, the EU states its vision as follows: “...a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.”

Phrased differently, the EU envisions a carbon neutral and circular economy by 2050. In a world where resources are scarce and climate change is amongst the greatest risks, transitioning to a circular economy is paramount to sustainable future growth - the foundation of any economic actor and society and its welfare.

To become a circular economy requires the implementation of circular business models across every sector in the EU. It requires the rethinking of product design, manufacturing, distribution, use and reuse as well as collection and recycling.

Beirholm operates in the textile sector but our ecosystem – or what we refer to as our Value Creation Network - is different from the fast fashion business models that is most often associated with the sector and its challenges.

As the leading supplier in Western Europe to the linen rental industry, we engineer performance textiles with the best laundry performance and greatest durability in the industry. Our modern, Scandinavian designs are created to stay in fashion for decades, not seasons. Hence, our performance textiles last for years. Quite the contrary to the fast fashion industry. And according to a recent study performed by Finnish scientists (Levänen et al., 2021), this is essential to the creation of a circular and climate friendly business model. In their study, they compared 5 scenarios in terms of their climate impact:

1. Base scenario (basic use with disposal at the end or a reflection of the general current economy, linear purchase and disposal pattern)
2. Reduce referring to an extending of the use phase
3. Reuse referring to the re-selling and re-using
4. Share referring to a rental service model

Their findings show that the lowest climate impact is achieved through the reduce scenario followed by the reuse, recycling and share scenarios, respectively.

Hence, Beirholm’s long-term strategy of innovating and engineering the best and most durable performance textiles for the laundry leasing industry remains the most compelling strategy for the future European economy. Still, Beirholm seeks to further promote circular economy principles by:

- » introducing recycled raw materials in our textiles
- » optimizing on transport modes and packaging
- » partnering up with circular economy actors and mediating their offers to our laundry partners
- » keeping to a strict zero textile waste principle for our own operation

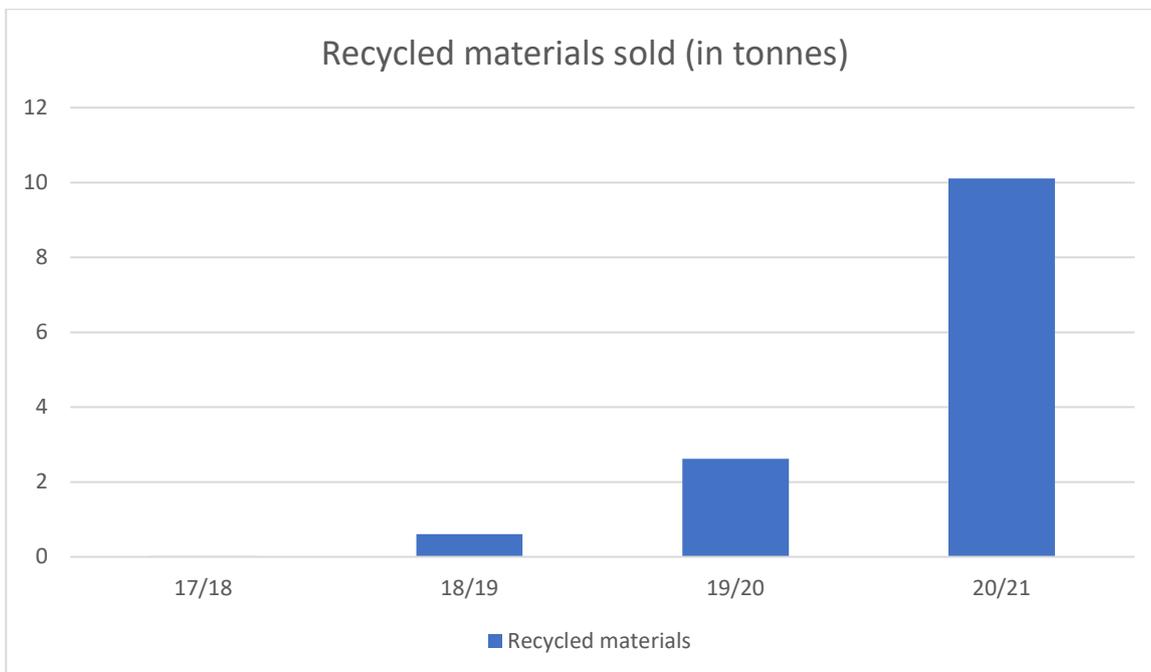
### *Reduce through greater product durability*

BeirTex® performance textiles are more durable and therefore support the reduction of newly purchased textiles. For instance, the technical longevity tests, performed in a real laundry, of our new BeirTex® Q784 bed linen for the hotel industry amounts to 300 rental cycles – perhaps even more as it still looked brand new afterwards. To put it into perspective, the average economic lifetime of hotel bed linen in our industry amounts to 103 rental cycles.

Since BeirTex® products are engineered to offer greater durability enabling our laundry partners to reduce their need to purchase new textiles, our strategic goal is to increase the amount of BeirTex® textiles sold (see progress in chapter “Climate Change” below).

### *Introduce recycled raw materials in our textiles*

By using recycled materials like recycled polyester from PET bottles, we have begun integrating circular economy principles into our textiles. For instance, our innovative BeirTex® Q784B bed linen and pillowcase includes about 20 PET bottles per bed linen set.



[Here, you can watch a brief movie to understand how we integrate recycled polyester into our products.](#)

Despite the graph depicting impressive growth in tonnes of recycled polyester sold, the share accounts for less than 1% of our total kilos sold. However, we are increasing the share of recycled polyester in the next 1-2 years and also expect our customers think recycled materials into their circular product strategies in the future.

### *Optimize on transport modes and packaging*

Recently, we introduced the Beirholm SmartBox. The SmartBox is a type of packaging that makes it easier and faster for our laundry partners to empty the boxes. The solution saves 40% on plastic and 50% on cardboard when compared to a normal pallet full of standard carton boxes. In addition, our

laundry customers can disassemble and reassemble the SmartBox making it convenient and easy to reuse.

*Partner up with circular economy actors and mediating their offers to our laundry partners*

First, it is important to understand the context and the baseline that Beirholm and its partners come from in terms of flat linen.

A 2018 report published by the European Textile Services Association (ETSA) in collaboration with the University of Southern Denmark (SDU) on end-of-life options revealed the following disposal route shares for flat linen within the industry.

End-of-life options	%-share
Reuse	48%
Recycle	45%
Incinerate	5%
Landfill	2%

The report shows, that 93% of flat linen textiles in our industry are either reused or recycled. Only 7% are incinerated or goes to landfill. These are relatively good numbers. Still, the better we get at reusing and recycling, the more circular our industry will become. Therefore, Beirholm signed a partnership agreement with the Swedish company ReusedRemade in 2020. ReusedRemade turns discarded white duvet covers and sheets into fashionable tote bags, which are then sold to retailers across Europe. Till date, Beirholm has been involved in the mediation of 5 potential relationships between ReusedRemade and our laundry partners.

*Keep to a strict zero textile waste principle for our own operations*

In terms of our own operations, there are two ways in which we could discard textiles: (1) through the discarding of old stock and (2) through the discarding of samples that are assessed for quality assurance purposes.

Since years, Beirholm has avoided discarding textiles categorized as old stock. We've done so by having outlet sales directed towards consumers 1-2 times a year. Last year, we developed an e-commerce platform to further support this initiative.

As for textiles that need to be discarded due to quality assurance purposes, we have established a partnership with DanTextil who collects our textiles and recycles them.

Through these initiatives, we have been able to keep to a strict zero textile waste and will continue to do so.

*Due Diligence*

The concept of due diligence stands at the core of responsible business conduct. It describes the process by which we identify, prevent, mitigate, and account for adverse corporate impact on human rights and the environment

At present, the textile industry is under increased scrutiny, due to the various challenges related to the sustainability of production methods and to the work conditions. The current crisis caused by Covid-19 has created additional challenges for the textile and fashion industry.

Through our Green Button membership we have implemented several tools and processes to meet the requirements of Due Diligence.

Among other we have established an audit system and a group of designated auditors in Pakistan, India and Egypt. With this new set-up, we can identify, document, report and communicate about any risk and grievances we might identify in our supply chain.

### *Social matters*

Each year, we support a school for boys and girls in Pakistan through our cooperation with The Citizens Foundation. In Pakistan, the literacy rate is 58%. The reasons that so many are illiterate are insufficient education and poverty. Typically, parents cannot afford to send their children to school. This is a vicious circle as children's education is pivotal to a well paid job and a way out of poverty. We have therefore supported the U.I. Trust Campus in Karachi financially since 2009. Our donation ensures that 190 children can go to school from kindergarten to fifth grade. This way, we actively help paving a way out of poverty for the children and contribute to Pakistan's future.

For the financial year 2021/22, we have chosen to continue our support to The Citizens Foundation, but due to the corona situation and the limited financial possibilities resulting thereof, we have had to lower our contribution.

### **Award – Finalist in the run-up for the German Sustainability Award**

Beirholm made it to the final in the run-up for the 2021 German Sustainability Award in the category Design.

The jury of the German Sustainability Award writes the following about the innovative BeirTex® Q784B bed linen: “The robust BeirTex® Q784 hotel bed linen, produced for the German market, promises a significantly longer service life in daily hotel use than many conventional products, without guests having to compromise on feel, appearance and breathability. In addition to Fairtrade organic cotton and newly produced polyester fibers, part of the carefully thought-out, holistic brand and product philosophy is the fact, that for the bed linen produced in Pakistan the yarn from 20 recycled PET bottles is also processed per linen. With its BeirTex® Q784 hotel bed linen, manufacturer Beirholms Væverier not only offers an exceptionally high-quality and modern-looking product that meets even the highest demands, but also assumes a high degree of social and ecological responsibility by adhering to high standards along the entire value chain.”

About the German Sustainability Award:

The German Sustainability Award is the “most coveted award of its kind. According to a recent study by the University of Hohenheim on the importance of sustainability and environmental competitions in Germany, the GSA is both the best-known and most coveted award in this field (ranking first in each

case). There are currently around 200 competitions with a focus on sustainability.” Source: Deutscher Nachhaltigkeitspreis website, University of Hohenheim, Dr. Beate Gebhardt, 2017.