



BEIRHOLM GROUP

Corporate Social Responsibility report

This section constitutes Beirholms Væverier's statutory reporting on corporate responsibility cf. §99a of the Danish Financial Statements Act.

The CSR report does not follow the financial year from October till September but the prior calendar year. The results, however, are still considered to reflect the company's CSR efforts of the financial year.



Foreword

We strive to create the most profitable and sustainable textile solutions in the market, for laundry service businesses, their customers, and end-users.

Our company DNA – Context Engineered Textiles – is the common thread that runs through our entire organisation. It is the thread that binds our organisation to our partners, forming a strong network of interwoven companies. This network is so strong that we sometimes refer to it as ‘*One Company*’

Together, we continuously develop and upgrade our Context Engineered Textiles, increasing their durability, as well as their potential to reduce processing costs in the laundry. We also ensure our textiles are manufactured according to some of the strictest environmental and social standards – from the raw material all the way to the finished product.

Over the years, we have been fortunate to see that the common thread – our DNA, network, and partnerships – has proven resilient whilst setting new standards in the market. Therefore, we firmly believe that our Context Engineered Textiles strategy is the enabler of future breakthroughs within sustainability in our industry.

When we say *we activate the full potential of the value creation network to create the most profitable and sustainable textile solutions*, this is what we mean.



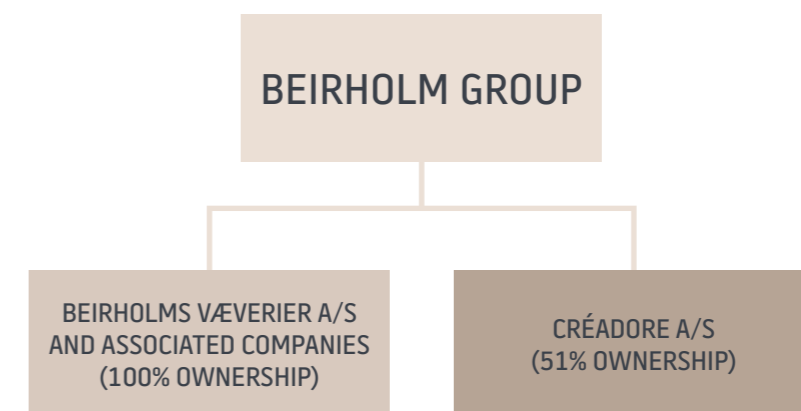
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Beirholm Group

Unless explicitly stated, the policies, actions, reflections, key performance indicators, statuses, and progress in this CSR report cover Beirholm Group. This includes Beirholms Væverier A/S and its associated companies, as well as Créadore A/S¹.



¹ The diagram is a simplified version of our company group structure

Principal activities

Beirholms Væverier

We are the leading developer and supplier of industrial textiles to the Textile Services industry in Europe – the industry that enables hotels, restaurants, hospitals, care homes, and cruise ships to operate every day.

Créadore

Créadore is a joint venture between Beirholm and our strategic manufacturing partner, Sapphire. Créadore was established in 2008 to upgrade the brand standards of global hotel chains.



Business model

We activate the full potential of the entire value creation network. We do this by developing and delivering the most profitable textile solutions in the market – for the Textile Services industry, its customers, and their end-users.

Innovative textile technologies

Amongst our innovations, you will find BeirTex® textile technology and Beirholm Pixel Technology®.

BeirTex® offers revolutionary durability, a light-weight construction, and that “great cotton feel.” With these qualities, it greatly reduces purchasing budgets, CO₂-equivalent emissions, and laundry processing times. This results in a very high return on investment for our textile service partners.

Beirholm Pixel Technology® is the latest addition to our portfolio of innovative textile technologies. Trademarked in 2021, it is a revolutionary colour technology for terry products that provides the following 5 benefits:

1. Full colour for the life of the product

The zebra-effect is one of the most common reasons our textile service partners receive customer complaints and have to discard their terry products early. Beirholm Pixel Technology® solves this problem by maintaining the full colour of terry products throughout the lifetime of their use. This reduces customer complaints and increases return on the textile investment. In addition, the longer product life reduces waste.

2. Great variety of colour options

Beirholm Pixel Technology® makes it possible for our textile service partners to offer a wide range of beautiful and inspiring colours to their hotel, hospital, and care home customers. This enables them to win market share over competitors.



3. No need for sorting and separating products

Perhaps the most revolutionary benefit of Beirholm Pixel Technology® is that different coloured terry products can be washed together. White can be washed with blue, blue with red, red with yellow, or all the colours together. This reduces the need for pre-wash sorting and increases laundry efficiency – just what you need when every man-hour and kWh counts!

4. It's significantly cheaper!

Beirholm Pixel Technology® is significantly cheaper than other textile technologies on the market. The dyes, the process of dyeing, and the product engineering make it possible to create a highly cost-efficient product. And this means big reductions in purchasing budgets for our textile service partners! What's not to like?

5. BeirTex® integrated. Performance guaranteed.

Beirholm Pixel Technology® builds on our BeirTex® technology. So our textile service partners can look forward to extremely durable terry products. Recent performance tests in a real laundry demonstrated that terry towels with Beirholm Pixel Technology® and BeirTex®:

- » Reduced total cycle time (washing and drying) by 26% compared to conventional 100% cotton products.
- » Reduced total cycle time by 5,5% compared to conventional products with 5% more polyester content. Revolutionary!



With Beirholm Pixel Technology®, you can inspire your customers with beautiful colours while ensuring operational-fit advantages in your laundry:

- » Coloured terry without hassle
- » No colour transfer
- » Homogeneous pool that lasts for a long time
- » Possibility to wash different colours together
- » No need for colour sorting
- » Inspiring selection of colours



Our BeirTex® and Beirholm Pixel Technology® textiles are certified according to some of the strictest environmental and social standards in the market. The certifications cover every single step of the supply chain – from raw materials to finished products. For instance, our newest collection of BeirTex® and Beirholm Pixel Technology® textiles are all EU Ecolabel, Green Button, Oeko-Tex® Made in Green, Oeko-Tex® STeP, and Oeko-Tex® 100 certified.

This combination of certifications sets high standards for social and environmental responsibility in the manufacturing process and ensures textiles are safe to use by testing them for harmful substances. With our support of Better Cotton, we also support the growing of more sustainable cotton.

Beirholm Standard Collection includes a powerful mix of performance and colour technologies, certifications, and more sustainable raw materials.

Raw material



Better Cotton
Recycled Polyester

Manufacturing partner



Oeko-Tex® Made in Green
Green Button
EU Ecolabel

Textile service partner



BeirTex®
» Performance and durability
Beirholm Pixel Technology®
» Colour that lasts
» Colour that can be laundered with white and other colours - without a problem

End-customer & end-user



BeirTex®
» Lightweight
» Great cotton feel
» Less dust
Oeko-Tex® 100
» Safe to use
» Tested free from harmful substances
Beirholm Pixel Technology®
» Colours that inspire

See page 52/53 for a complete overview over the technologies, certifications, and raw materials that we offer.



Statutory Corporate Social Responsibility report

Our CSR strategy, including our Code of Conduct, is based on internationally accepted conventions such as the UN Global Compact, the UN Convention on the Rights of the Child, the UN Universal Declaration of Human Rights and the International Labour Standards of the ILO.

Beyond these conventions and standards, activating the full potential of a complex value creation network requires us to set an example for the change we expect from our partners, as well as the change we wish to see in the future.

In practice, Beirholm sets an example in the following ways:

- » Our organisation is certified according to ISO9001, ISO14001, and ISO45001. These certifications define and set high standards for our quality, environmental, health and safety management systems.
- » We implement our Code of Conduct at our key manufacturing partners. As part of our Due Diligence and certification systems, our key manufacturers are audited by external, independent institutions on a regular basis. The audit scope is based on a country, supplier, product, and business model risk assessment, as well as our Code of Conduct and/or the specific standard as defined by a certification body. After each audit, findings and potential areas of improvement are documented and discussed. Solutions are then devised and prioritized.
- » We have implemented a grievance and remediation mechanism, including a hotline setup for our strategic manufacturing partners. Our partners' employees can now call the hotline number, in their own language, with complaints related to health and safety at work. We are then obliged, based on our own policy, to take appropriate action.

- » We have analysed the current grievance and remediation structures, systems, and processes of our key manufacturing partners to identify areas for improvement. This is to support progress but also to avoid the risk of undermining their efforts with ours.
- » We maintain the goal of improving our share of certified textiles and preferred raw materials sold each year. To achieve this, we collaborate with our manufacturing partners to introduce new certifications and materials, as well as upgrade current ones. We also price our certified textile solutions favourably to increase their uptake amongst our textile service partners.
- » We aim to increase the share of textiles sold with BeirTex® technology. The technology offers revolutionary durability and the potential to increase output per man-hour in the laundry. It also holds great potential to reduce CO₂-equivalent emissions and energy consumption for our textile service partners.
- » We aim to increase the sales of terry textiles made with our Beirholm Pixel Technology®. This revolutionary technology maintains colour over the entire lifetime of the product and enables different coloured products to be washed and dried together. This removes the need for sorting and makes the laundry process easier, faster and more cost-effective.
- » We have joined forces with the WE Program. The WE Program offers an innovative way to give workers a voice that is different to standard audit and checklist methods. Through this alternative approach, they are able to speed up social progress by identifying overlooked areas of improvement that affect the daily lives of workers.



Summary

In summary, our products and strategy aim to support an increase in the share of more profitable and sustainable textiles sold. Our new Beirholm Collection of Context Engineered Textiles is a great example, since they, as default, are EU Ecolabel, Oeko-Tex® Made in Green, Oeko-Tex® STeP, Oeko-Tex® 100, and Green Button certified. To support the growing of more sustainable cotton, we also support Better Cotton.

Finally, we've made the decision to substitute all virgin polyester with recycled polyester. You read this correctly. In our Beirholm Collection, all virgin polyester is substituted with recycled polyester. Our R&D Team has achieved a level of whiteness with recycled polyester that enables this change. On top of this, we've introduced the flexibility of substituting default raw materials with Organic Cotton, Fairtrade cotton, and Tencel. We also offer the GRS, RCS, OCS, and GOTS certifications.



Work environment

Context: risks & policy

To be able to deliver on our value proposition, we rely heavily on our team working seamlessly together. So our employees are our most important asset. And stress is our biggest risk. To support our employees and their ability to have fun, develop, and ultimately deliver on a daily basis, we continuously improve our office environment, organisation, and culture.

To this end, we have defined and implemented a Wellbeing Policy. This addresses how we can support and secure the wellbeing, job satisfaction, and psychological safety of those working in our organisation. The policy includes, amongst other things, topics such as mental health, harassment, and bullying. We have also established an organisational function to oversee this area of work, with a dedicated and professionally trained Life and Business Coach.

Relevant issues can be raised by employees via this Coach, our Health and Safety team, our yearly appraisal interviews, or our Management team. Cases will be registered by the Health and Safety team.

Lastly, we have an employee representative. This person ensures that employees have the opportunity to influence the work environment, and that they are kept up to date on critical information (e.g. on the economic situation, market situation, business changes and so on).

Status & Progress

In 2022, we have not received any cases related to harassment, bullying etc. at work.

Employee satisfaction

We carry out an employee satisfaction and workplace assessment survey every third year. Our employee satisfaction survey in 2020 concluded that “Beirholms Væverier is a workplace with sound employee satisfaction. There are a few challenges in terms of workload and communication/acknowledgement; but there are strong indicators that our employees are satisfied. The survey had a high response rate, received positive average scores across all areas, and none of the measured areas received a “Highly disagree” answer.”

The employee satisfaction survey ends with the following concluding question: “Overall, I am very satisfied with being employed at Beirholm”. In the 2014, 2017 and 2020 surveys, the score was 4,2 out of 5.

Sickness absence

We also measure and compare our absence days due to sickness. The indicator is important as it can be a symptom of organisational health. Our goal is to remain below the national average².

Whistle blower scheme

We believe that the best approach is to continue to build a strong, healthy, and open company culture, supported by our health and safety team, Coach, and employee representative. However, it will soon be a legal requirement to establish and maintain a whistle blower scheme. To achieve this, we have decided to partner with Whistleblower Partners – an external service provider that:

- » Ensures an anonymous and encrypted method to submit relevant issues.
- » Ensures an independent evaluation of the submitted issue, followed by an anonymous dialogue with the person who submitted it.
- » Gives guidance on how to progress if the issue is rejected.
- » Informs designated Beirholm representatives about the issue, including recommended actions if the issue is not rejected.

A designated team then conducts further investigations into the issue and plans actions based on the individual case and issue. On top of this, Whistleblower Partners provides a ‘response team’ (lawyers, psychotherapists, HR experts, financial advisors etc.) who offer support on the cases that need it.

Our whistle blower scheme promises feedback to the person who submitted an issue no later than three months after submission.

Health insurance

Beyond the public health insurance that covers every employee in Denmark, Beirholm has an additional company health insurance that covers all employees. The insurance includes access to a private hospital, treatment within 10 days, physiotherapy and consultations with a psychotherapist.

Brain food at work. Every day

All our employees are part of our canteen scheme. Every morning, unlimited bread, yoghurt, muesli, and fruits are served. Lunch is served in our canteen every day. The food is brain food – healthy and varied. So it increases rather than decreases energy after lunch. Employees can also drink as much coffee, tea, and water as they would like throughout the day.



Absence	2019	2020	2021	2022
Absence excl. Child's first day of illness	2,4%	2,24%	1,93%	2,12%
National average (fixed wage employees)	2,76%	2,61%	2,72%	Not published yet

In 2021, we reduced absence days due to sickness by 0,31% from 2020. We will evaluate further when the national average is published. In 2022, we decided to include non-work related long-term illness in our statistics to better compare with the national average statistics. Hence, the absence statistics from 2020 and 2021 have been restated to reflect this change. In summary, our absence statistics are better than the national average, which is our goal.

² Danmarks statistik – Fraværsprocent i alt for virksomheder og organisationer ved egen sygdom på tværs af aldersgrupper tabel FRA024 for Virksomheder og organisationer – fastlønnede ved Egen Sygdom

Energy, water and waste sorting

Context: risks & policy

Beirholm is in the north of Kolding, Denmark. The business area it's situated in is designed to be green and full of natural light. Our goal is to be in harmony with the environment around us, so we try to be as energy efficient as possible, as well as reduce and sort our waste.



Status & Progress

Electricity

We constantly try to reduce our electricity consumption. Over the years, we have achieved this through the following initiatives:

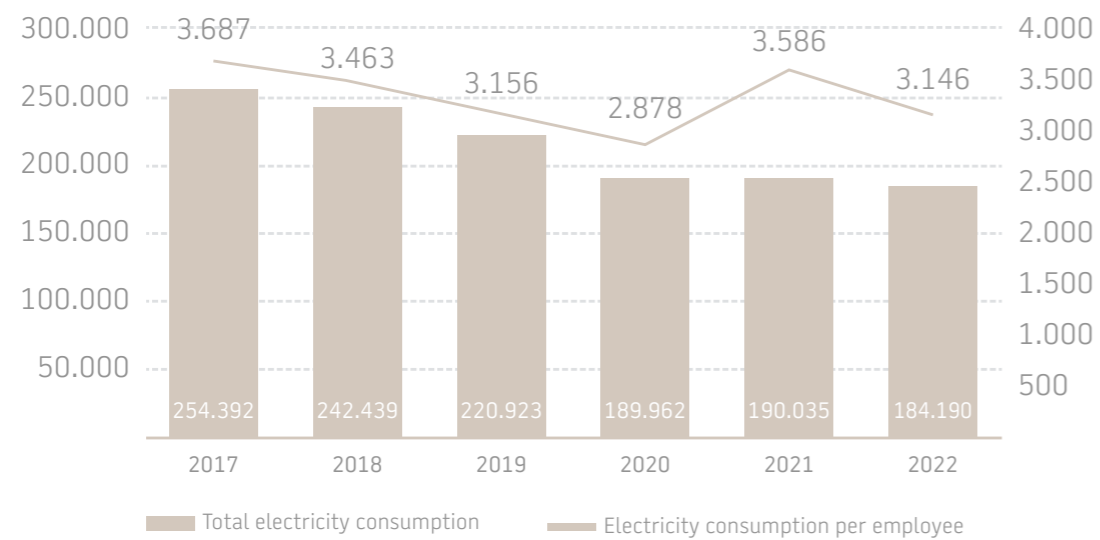
- » We have substituted most light bulbs with more efficient LED bulbs.
- » We have added motion sensitivity where possible, so most lights are turned off until someone is in the vicinity.
- » We always consider energy efficient solutions when purchasing equipment for the office.
- » We pay a premium for our electricity, to make sure it's purchased as clean energy from a clean energy provider.

Solar panels

In 2014, we installed solar panels on the roof of our office. On average, they generate about 162.000 kWh a year. Enough to cover about 70% of our electricity need (assuming supply

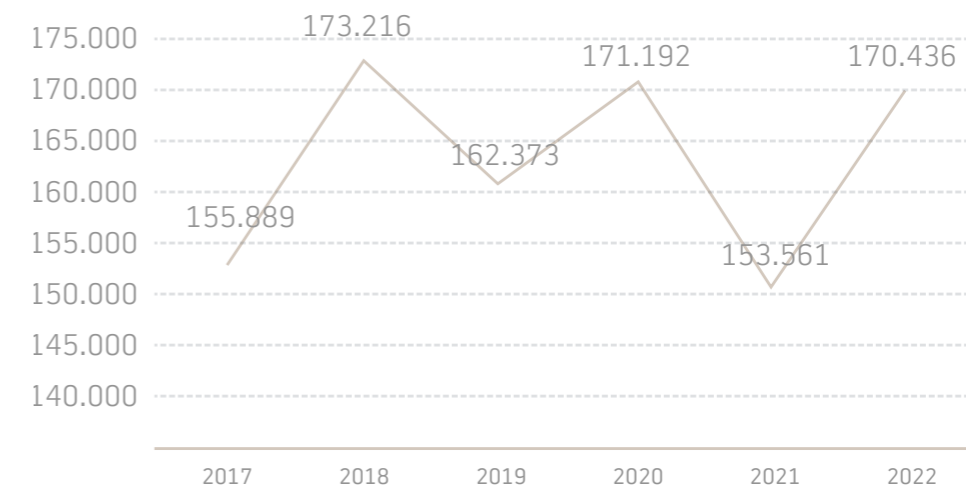
meets demand throughout the day). Currently, we sell the generated electricity to the public grid. When the contract expires, we will use it to cover part of our own consumption.

YEARLY ELECTRICITY CONSUMPTION (KWH)



Our goal is to remain at our current low consumption of about 3.000 kWh/employee.

YEARLY ELECTRICITY GENERATION FROM SOLAR PANELS (KWH)



Charging stations for e-vehicles

In 2022, we started to install charging stations for e-vehicles to support the transition to greener mobility. By the end of 2022, we reached 4 charging stations. In the coming years, we will further expand the installation of charging stations.

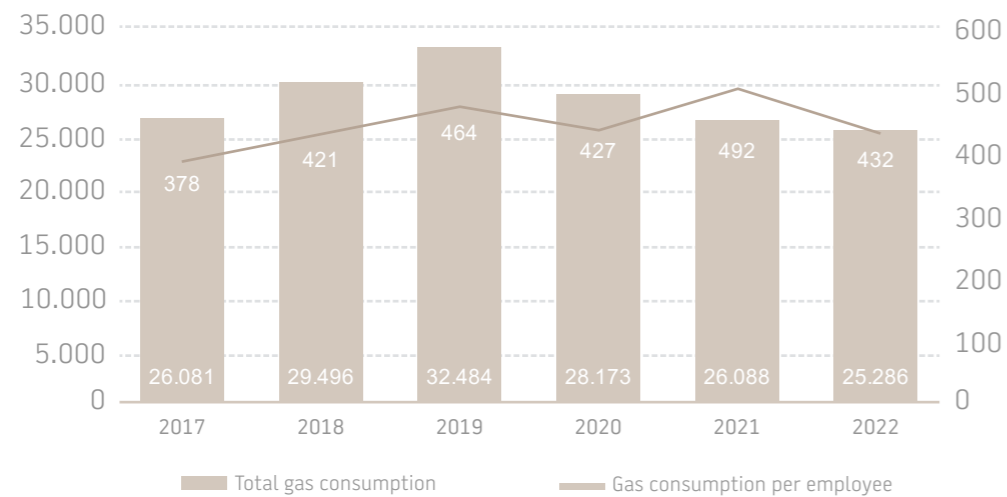
Heating

To heat our office, we use radiators which run on natural gas. This solution is no longer 'best-in-class'. The radiators will soon be fully depreciated (within the next 2-3 years). When they are fully depreciated, we will convert to district heating. This may not have a direct impact on our consumption, but it will have an impact on our CO2e-emissions since the district heating provider has a cleaner energy mix than our current natural gas solution.

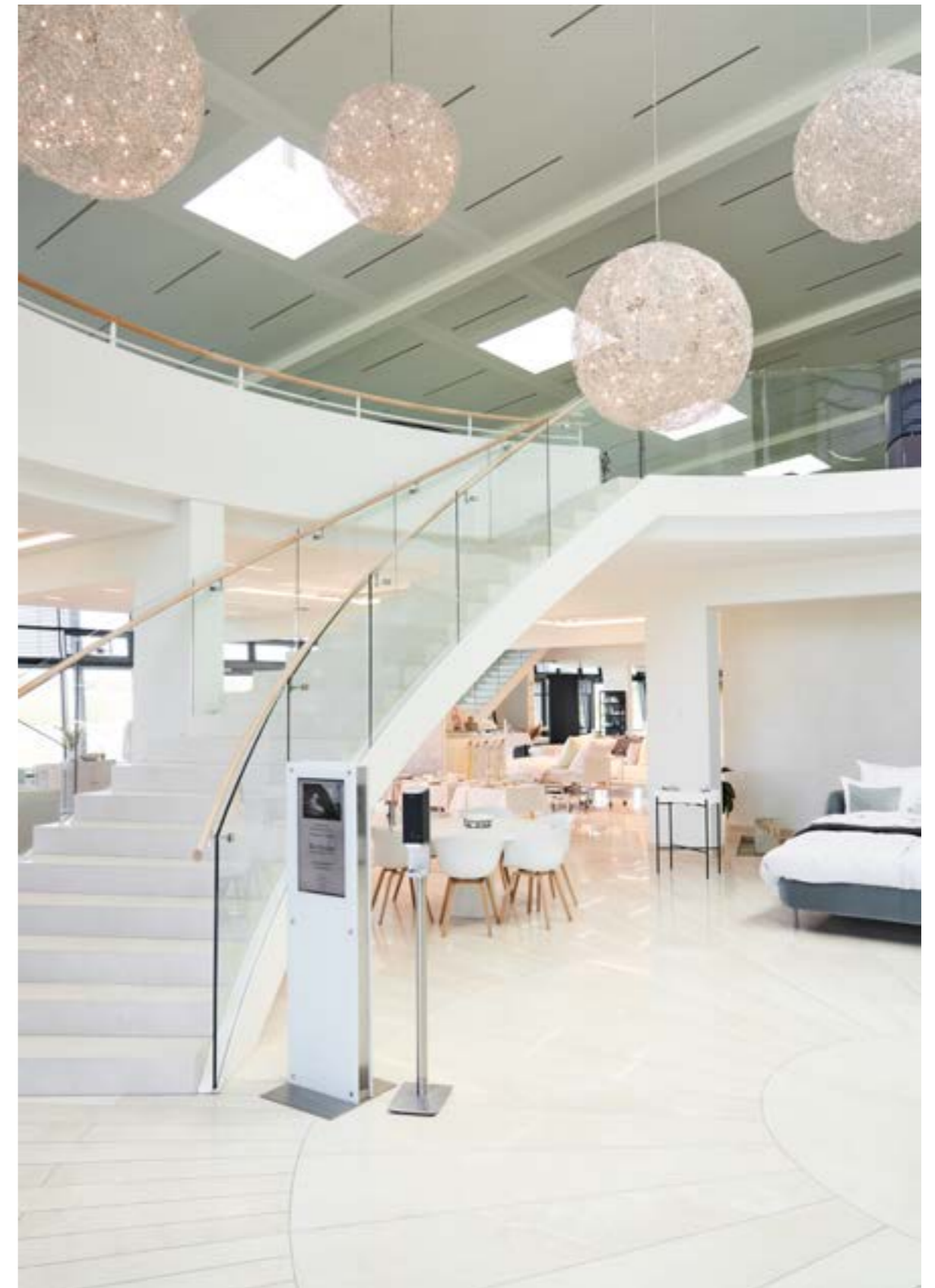
To reduce our need for heating we have done, and continue to do, the following:

- » When we built our office in 2009, we invested in best-in-class insulation and windows. This has been a good investment for us, and for the environment, ever since.
- » We have lowered the temperature in our warehouse in general. Instead, we have installed decentralised heaters to heat where our employees are working. Overall, this has reduced our need for heating.
- » We are constantly monitoring our consumption. To do so, we've installed several consumption monitors in our office building.
- » During the winter season, we close several doors by default to make sure we do not lose any unnecessary heat.

YEARLY GAS CONSUMPTION (M³)



Our goal is to remain at the current consumption level of 430 m³/employee while at the same time shifting to a cleaner energy source than natural gas.



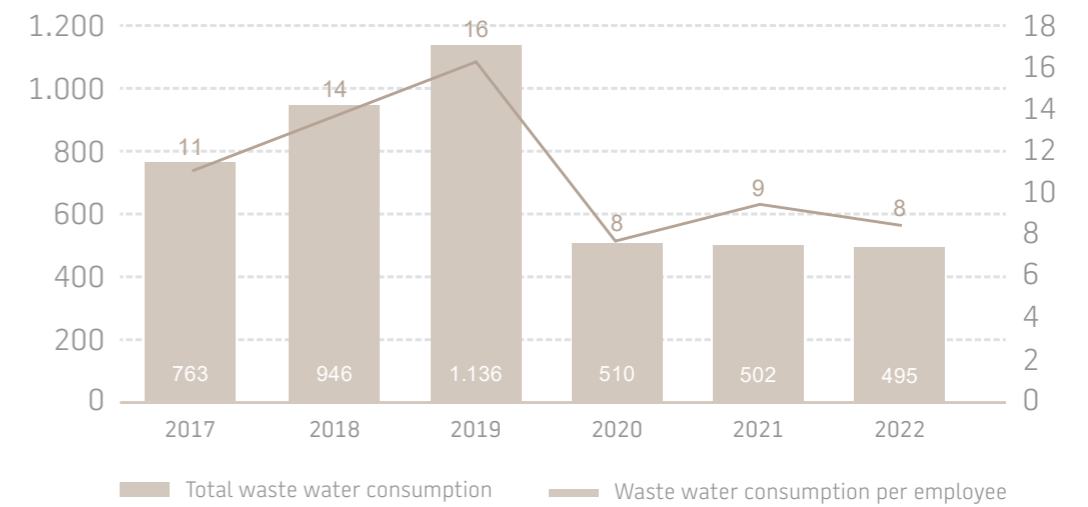


Wastewater

To reduce our wastewater consumption, we do two things:

- » We constantly monitor to make sure equipment works properly and does not cause unnecessary wastewater.
- » We exchange equipment, when it's broken, with more modern wastewater technology.

YEARLY WASTE WATER CONSUMPTION (M³)



Our goal is to remain at the current low consumption level of about 8-9 m3/employee.



Waste sorting

From the 1st of January 2023, we began sorting our waste according to:

- » Carton and paper
- » Hard and soft plastics
- » Food waste
 - Organic waste
 - Residual waste
 - Packaging related to food
- » Electronics, colour cartridges etc.
- » Dangerous waste

In order to do so, we've removed all small bins from the office. Instead, we have installed waste stations.



Human rights

Context: risks & policy

Beirholm's policy on human rights is thoroughly explained in our Code of Conduct. In summary, we seek to be a responsible partner who proactively supports human rights, as well as good working and environmental conditions in the workplaces that form part of our partnerships. We believe that high workplace standards will support competitive advantages in the entire value chain.

The most significant human rights risks relate to our manufacturing partners and their sub-suppliers. Specifically, we have identified the following groups of vulnerable stakeholders:

- » Women
- » People with disabilities
- » Children
- » Other minorities (due to, for example, sexual orientation and religion)

We have a Due Diligence system in place. The system constitutes risk assessments and frequent audits (based on identified risks and our Code of Conduct) supported by a grievance and remediation mechanism. Furthermore, we collaborate with the Amfori Business Social Compliance Initiative (BSCI), Social Accountability International (SA8000), and our manufacturing partners to ensure compliance with the Universal Declaration of Human Rights, the core labour conventions of the International Labour Organisation, the United Nations Convention on the Child, and the United Nations Declaration on Sustainable Development (the Rio Declaration).

To complement the current structures of Beirholm and our key manufacturing partners, we have signed up with the WE Program. The WE Program is a dialogue-based programme, an innovative methodology of how to work with complex challenges, a global learning community, and an unconventional, yet powerful philosophy on how to collaborate. It is an alternative answer to auditing and certification that is focused on improving the working conditions of people in global supply chains. The WE program has been at the forefront of human rights in business for 15 years.

We signed up with the WE Program to affect real social progress and change. We want to make an impact. We want to move beyond audits and checklists to be one step ahead of other businesses in our industry. Our manufacturing partners wish to do the same.



Status & Progress

Beirholm's Due Diligence System

Through our newly established Due Diligence system, we are better able to identify, document, report, and communicate risks and issues vulnerable stakeholders may be facing in our supply chain. The system enables us to assess current organizational structures and processes related to human rights at our manufacturing partners, as well as identify potential gaps for improvement.

To complement this, Beirholm also has a grievance and remediation mechanism in place. This allows us to act on identified incidents without the person or group submitting the grievance having to fear retaliation (e.g. being fired). This enables us to take appropriate action if any incidents occur. But it also helps to prevent incidents in the first place.

In the calendar year 2022, Beirholm initiated five third-party audits at five strategic manufacturing partners. Workers were interviewed as part of the audits. The audits led to no major findings and 168 minor findings. A minor finding is, for example, a lack of earplugs where needed, a slip on the floor due to water spillage, or a scratched elbow. During this time, we also received no grievances or hotline calls.

In the following years, we will continue to work on our due diligence system to prevent and, if necessary, alleviate any human rights violations in our supply chain.



Current organizational structures and processes for Grievance and Remediation in place at strategic manufacturing partners

Organizational structure	Union system	Workers' Council Committee	Worker Management Council	Worker Committee	Workers' Council	HR department
People and process	On a yearly basis, 6-7 people are elected by the workers to form the Union Group that represents them when liaising with management	On a bi-annual basis, members are elected by workers to represent them in Council Committees. 4 meetings take place every year. The meetings are held between elected members, management and compliance teams. Management supports the system	The council consists of HR, Compliance, Management and elected representatives of the workers. 6 meetings are held per year	The Committee consists of management and elected representatives of the workers. Representatives are elected once a year. 4 meetings are held per year	Representatives are elected by workers using a closed ballot	HR department is responsible for resolving issues
Coverage	All workers are members of the union. Managers do not have any representation nor membership of any union. If managers have issues, they can take them to the labour court.	Workers are represented by the elected members to the Workers' Council Committee	Workers are represented by the elected members to the Council	Workers are represented by the elected members to the Committee	Workers are represented by elected members to the Council	Any employee can discuss matters with HR. Also, employees are encouraged to talk to their direct superiors or Head of department if possible
Topics	Salaries & benefits Working hours Labour conditions Other relevant issues	Salaries & benefits Health and safety Harassment Canteen (food & hygiene) Washrooms & housekeeping	Salaries & benefits Working hours Labour conditions Other relevant issues	Salaries & benefits Health and safety Harassment Canteen (food & hygiene) Washrooms & housekeeping	Salaries & benefits Working hours Labour conditions Other relevant issues	Salaries & benefits Health & safety Harassment Working hours Labour conditions
Grievance and remediation mechanism	If an incident happens, the company pays for lost wages and medical expenses for one week. If the incident lasts more than a week, the person will receive social benefits. The company pays to EOBI and SESSI.	Issues are handled through a corrective action plan (CAP) approach	Issues are handled by contacting the supervisor who then takes the case further to the Council. The Council is responsible for handling grievances	Issues are handled through a corrective action plan (CAP) approach. In addition, the company pays full salary if the person is not able to work due to the incident	If an incident happens, workers can go to the Council, HR, use the open-door policy or the wish/complaint box	If an incident happens, it must be promptly resolved through consultation, negotiation, cooperation, and discussion. No coercion/retaliation is allowed.
Grievance policy	Yes	Yes	Yes	Yes	Yes	Yes
Complaints/wish box	Yes	Yes	Yes	Yes	Yes	Yes

Our initial analysis of current organisational structures and processes for Grievance and Remediation at our strategic manufacturing partners show that they all have structures and processes in place. However, more work must be done to ensure structures live up to the effectiveness criteria³ to form a robust system.

Our goal for next year is to identify gaps in the current structures and processes and engage with each strategic manufacturer about the findings.

³ The Guiding Principles set effectiveness criteria for non-judicial grievance mechanisms (legitimate, accessible, predictable, equitable, transparent, rights-compatible, and dialogue and engagement)

Business Social Compliance Initiative

In the 2022 calendar year, we maintained the same high number of strategic manufacturing partners in category A as we did in 2021:

BSCI Category	Number of manufacturing partners				
	2018	2019	2020	2021	2022
A	2	2	1	3	3
B	1	1	2	1	1
C	1	1	1	0	0
Sub total	4	4	4	4	4
SA8000 certified	2	2	2	2	2
Total	6	6	6	6	6

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

Créadore relies *mainly* on two of Beirholm’s manufacturing partners. They are both certified according to SA8000 and listed in above table.

Major learning experience and reflections

In our work on expanding our due diligence system and establishing a grievance and remediation mechanism, we’ve had two major learnings/reflections.

1st reflection/learning:

Since we have not received any calls on our newly established hotline we’ve tried to evaluate why. We came with the following plausible hypotheses:

- » There might have been no incidents worth reporting to the hotline, perhaps because incidents were handled using current structures and processes.
- » There might be a lack of awareness of, or accessibility to, the hotline.
- » Some employees may have stayed silent due to fear of retaliation.

To investigate further, Beirholm has initiated a dialogue with the GIZ office in Pakistan. We aim to promote the grievance and remediation mechanism in place, so that workers can use it when necessary. We’re also initiating talks with an NGO that can help further improve our grievance and remediation mechanism. Lastly, we have included a ‘no retaliation’ policy in our Code of Conduct, hoping that this will improve psychological safety and remove the fear of retaliation.

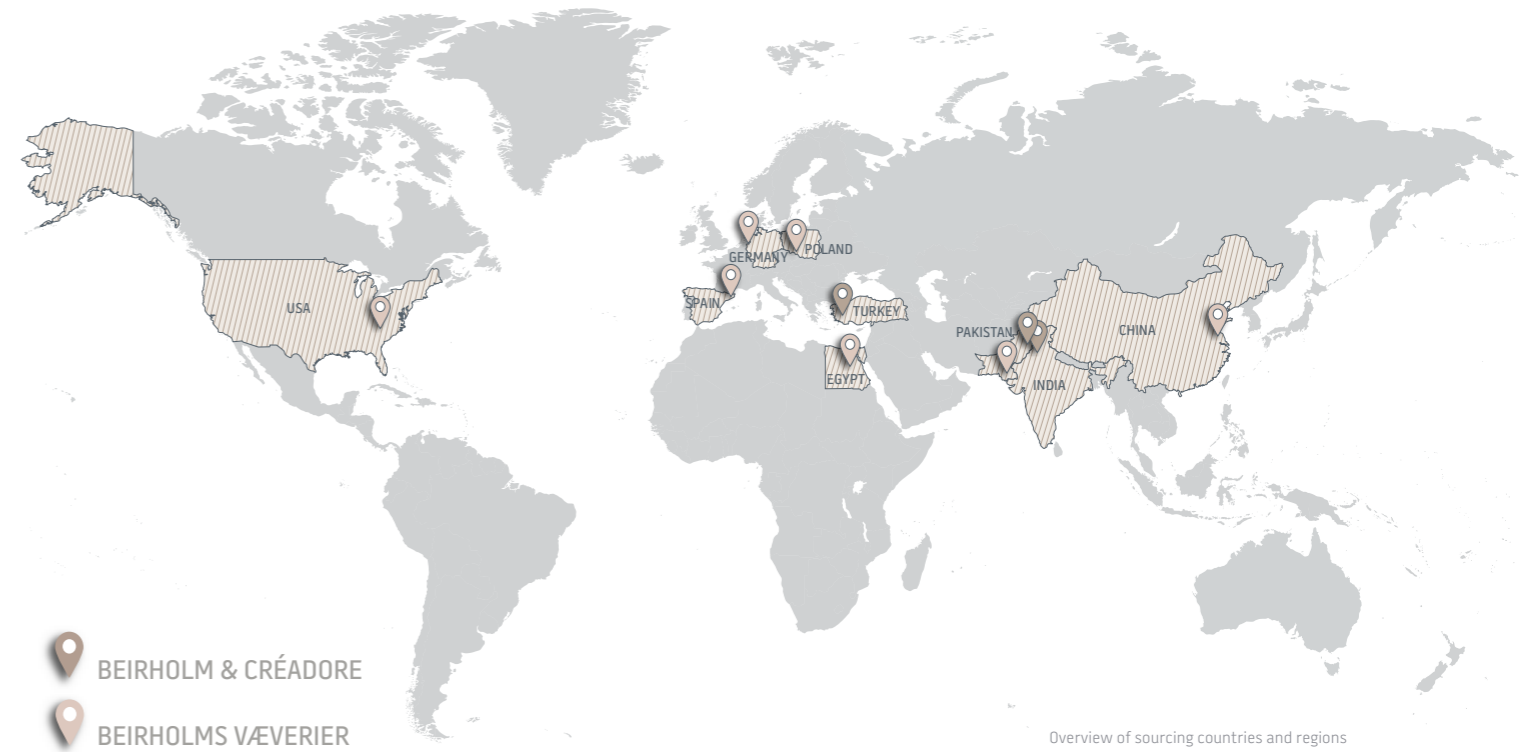
2nd reflection/learning:

Beirholm is known for its rapid action-taking and hands-on approach. However, we’ve realised that this can sometimes compromise current structures and processes. Currently, we do not have a reason to believe that this has been the case. Nevertheless, we will focus on strengthening the current structures and processes, e.g. by focusing on the representation of vulnerable stakeholders in Workers’ Council/Committee structures. And we will position our due diligence initiatives in a way that complements or compensates for gaps to create a more holistic, effective, and robust due diligence system.

3rd reflection/learning:

To affect social progress beyond auditing and certification, we need to pioneer new and innovative approaches. Audits and certification only help to establish a new minimum level of acceptable conduct. This can be a great deal better than the current standard. However, as Beirholm want to affect real social change, we’ve signed up with the WE Program. Their innovative approach to social progress for workers blew us away. We’ve already signed a partnership agreement with them and initiated the first workshops at our strategic manufacturing partner, Sapphire. [Here, you can see impressions from the first workshop.](#)

Supply Chain Transparency



BEIRHOLM & CRÉADORE
BEIRHOLMS VÆVERIER

USA
Spartanburg, South Carolina

Poland
Andrychow

Pakistan
Nooriabad, Sindh
Karachi, Sindh
Sheikepura, Punjab

Spain
Barcelona

Turkey
Denizli

India
Ludhiana, Punjab

Germany
Dingden, North Rein-Westphallen

Egypt
Mehalla

China
Huai'an, Jiangsu



Environment

Context: risks & policy

The greatest risks to the environment and use of resources within our industry, are found in the processes related to raw materials extraction, textile manufacturing, and the laundry.

Status & Progress

Raw materials extraction

To reduce the environmental impact of the use of raw materials, we aim to continuously increase our share of preferred raw materials.

Preferred raw materials are characterised as being relatively better from an environmental, social and/or climate perspective, than their conventional or virgin counterparts. Our preferred raw materials are currently defined as Better Cotton, Organic Cotton, Fairtrade cotton, Tencel, and Recycled Polyester. Our preferred raw materials sourcing strategy shows the following progress⁴

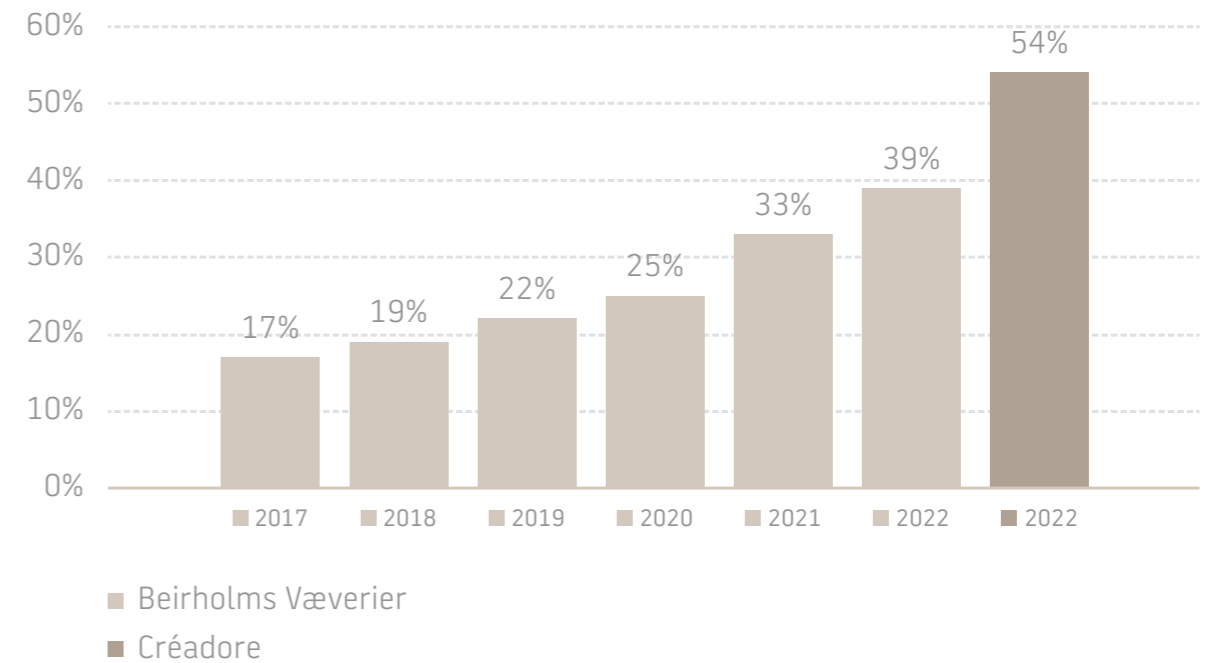
In the diagram, we display the share of preferred raw materials sold for Beirholms Væverier A/S and Créadore A/S (only for 2022). Both companies' values are displayed as a share of their total sales, respectively.

Our goals are as follows:

Beirholms Væverier A/S:
 » reach a share of 50% or more by 2026
 » reach a share of 70% or more by 2027

Créadore A/S:
 » reach a share of 60% or more by 2025
 » reach a share of 70% or more by 2027

SHARE OF PREFERRED MATERIALS SOLD



We expect to significantly increase the share of preferred raw materials sold in the coming years as we have decided to substitute all virgin polyester with recycled polyester in our Beirholm Collection of textiles. Our R&D Team has developed a way to reach a high degree of whiteness when using recycled polyester (which, in its natural state, is greyer than virgin polyester). So we are now able to offer recycled polyester in both our coloured and white performance textiles. And we will soon be implementing this at scale.

[Here, you can see a movie featuring how we integrate recycled polyester into our performance textiles.](#)

⁴ The share of preferred raw materials is expressed as the volume of preferred raw materials sold in a calendar year (example: for fiscal year 21/22 we use the calendar year 2021) relative to the total volume of finished goods sold.

Textile manufacturing

Textile manufacturing has a negative impact on the environment due to elements such as water contamination, the use of harmful chemicals, and high energy consumption. To reduce the environmental impact of the manufacturing process, we rely on the EU Ecolabel, Oeko-Tex® Made in Green, and Green Button certifications. For instance, the EU Ecolabel sets strict criteria for wastewater treatment, fibre and chemical use.

The measure we use to evaluate progress in this area is the share of textiles sold that are certified according to one or more of the following standards: EU Ecolabel, Oeko-Tex® Made in Green, and Green Button⁵.

In the diagram, we display the share of certified textiles sold for Beirholms Væverier A/S. Créadore A/S is not displayed as they have not yet marketed certified textiles. We are currently in the process of synergizing Beirholm's certifications with Créadore's so that its customers can benefit from them too. In the future, we expect Créadore to be displayed in the KPI.

Our goals are as follows:

Beirholms Væverier A/S:

- » reach a share of 80% or more by 2025
- » reach a share of 90% or more by 2027

Laundry process⁶

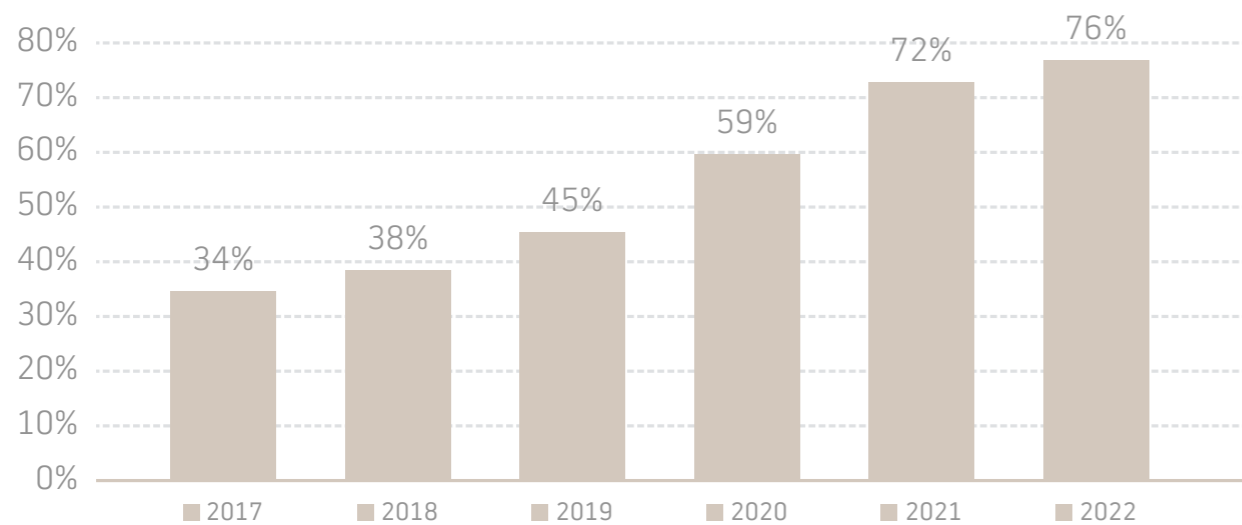
BeirTex®

In our industry, the laundry process is the use phase of our products. In general, resource and energy consumption (water, electricity, coal, oil, and gas etc.) per kilo of laundry processed is going down.

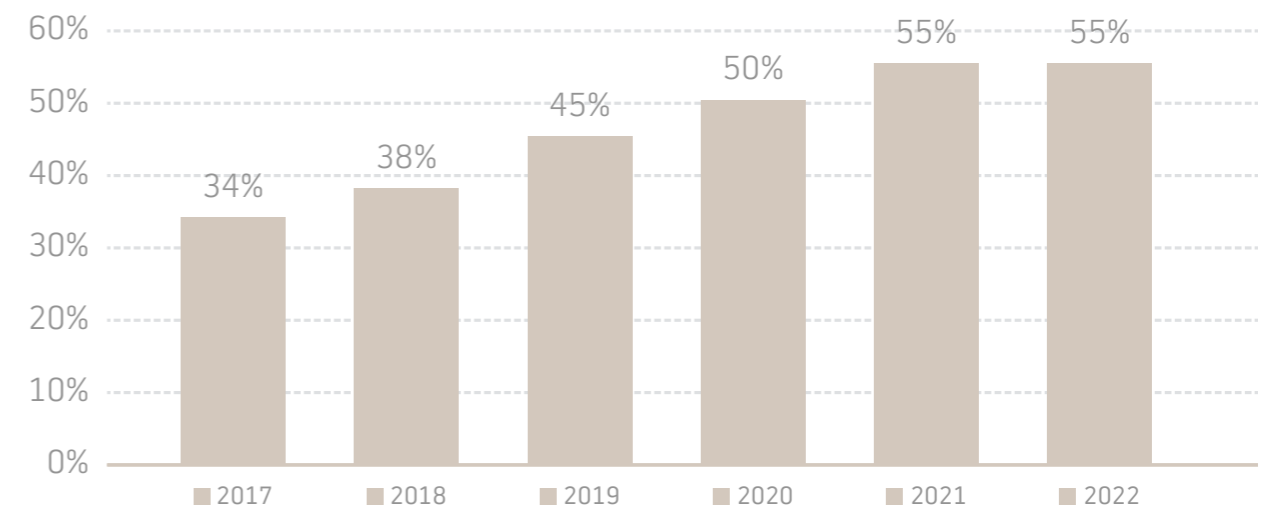
This positive trend is attributable to improved machine technology, but also an increased awareness and focus on how textile technologies such as BeirTex® can greatly reduce the resource and energy consumption per piece processed. For instance, new terry developments with the BeirTex® technology has shown a reduction in total cycle time of up to 26%.

Since BeirTex® is the greatest technology to date, in terms of increasing our textile partners' return-on-textile-investment and output per man-hour while reducing environmental and climate impact per piece processed, it remains our goal to keep increasing the share of it sold.

SHARE OF CERTIFIED TEXTILES SOLD



SHARE OF BEIRTEX® TEXTILES SOLD



⁵ The share of certified textiles is expressed as the share of certified textiles sold in a calendar year (example: for fiscal year 21/22 we use the calendar year 2021) out of the total kilo of finished goods sold in that same fiscal year.

⁶ Créadore is excluded from the BeirTex® key performance indicator because Créadore delivers a pre-defined standard to its global hotel chain customers.

Beirholm Pixel Technology®

With our revolutionary Pixel Technology®, Beirholm has found an innovative way to add beautiful colour to terry products without compromising on colour authenticity. The colour therefore remains stable over the entire lifetime of the product. This technology enables our textile service partners to inspire their customers with beautiful colour options. It also enables them to skip the sorting process in the laundry because different colours (even white) can be washed and dried together without the risk of colour bleed from one product to another. Finally, it extends the longevity of terry products by eliminating the zebra effect (one of the main reasons for the early discard of terry products).

To further build on this revolutionary innovation, we registered Beirholm Pixel Technology® as a trademark in the EU in April 2021.

A key performance indicator for the sale of Beirholm Pixel Technology® will be implemented next year.



The Zebra Effect: once, these products had the same colour. Terry with Beirholm Pixel Technology® will greatly reduce the Zebra Effect.

Before Pixel Technology®



After Pixel Technology®



Climate

Context: risks & policy

We believe global warming to be the most urgent challenge of our time. If we do not proactively work on reducing our greenhouse gas emissions, we are gambling with our common future.

From a business perspective, the manufacturing of our textiles is particularly exposed to the short and medium-term risks of climate change. In their Fifth Assessment Report (AR5), IPCC points out that, according to prognoses for temperature increases in South Asia, including Pakistan and India (where we source most of our textiles) the temperature increase will probably exceed the global average. This will affect the timing and force of the monsoon rain and will have a derived impact on the agrarian sector's productivity and efficiency.

Economies where the agrarian sector accounts for a considerable share, 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 (the main raw material of our textiles) could easily become scarce, leading to steep price increases and/or lack of supply.

Our aim is straightforward. We want to play an active role in reducing the carbon emissions of our supply chain, in close collaboration with our manufacturing and textile service partners. We will focus on areas where we can create the most impact, without compromising our business – both now and in the future.

Status & Progress

Our carbon footprint strategy is as follows:

- » Become aware of our own CO₂e emissions
- » Define base year and set goals for future reduction
- » Identify and prioritise initiatives with the highest impact on reduction of CO₂ emissions
- » Execute on prioritised initiatives and measure and report progress
- » Discuss and share knowledge with textile service- and manufacturing partners

In 2022, our CO₂e analysis assessed (covered) 95% of the total kilos of textiles we sold. This means we have achieved our goal to become aware of our own CO₂e emissions (bullet point 1 above). Our long-term goal is to stay at or above 90% coverage.

Indicator	2020	2021	2022
Coverage	58%	77%	95%

Carbon footprint reduction:

More than 99% of our emissions⁷ occur in scope 3. Within scope 3, the two main emission sources are “Use of sold products” and “Purchased goods and services,” accounting for 226.016 and 108.292 MT CO₂e, respectively. This is why we need to work with our manufacturing and textile service partners to create any meaningful impact.

Scope	2017 (base year)	2018	2019	2020	2021	2022
1	210	190	218	178	157	194
2	49	56	61	53	49	48
3	189.033	201.900	232.685	152.513	158.445	279.031
Total CO₂e (MT)⁸	189.293	202.145	232.964	152.745	158.651	279.273

⁷ 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, and CO₂-analyses prepared in collaboration with Bureau Veritas. In 2022, we restated the CO₂ inventory due to minor errors with data from Bureau Veritas.

⁸ Figures are stated in CO₂-equivalent emissions in accordance with the Greenhouse Gas Protocol. Natural gas consumption is measured in the period from April to March. Otherwise, the calendar year acts as the measuring period





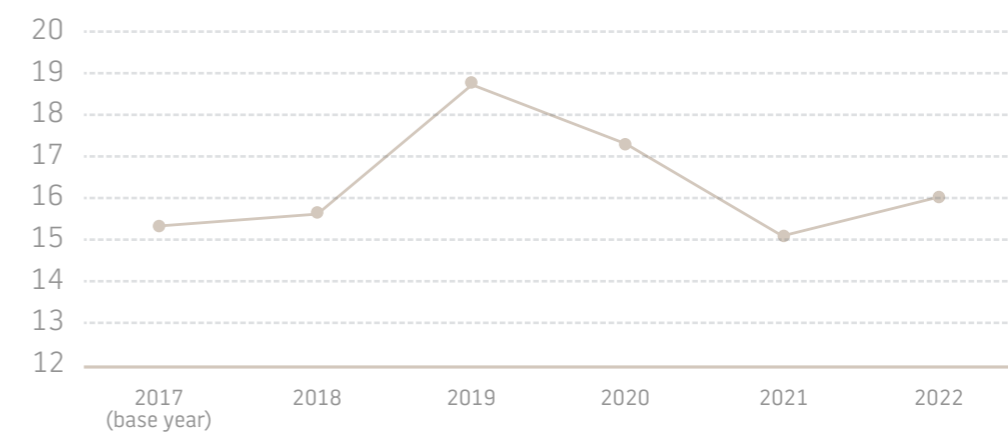
Calendar year 2022 breakdown	Beirholm Group A/S Total		Beirholms Væverier A/S (100% equity share)	Créadore A/S (100% equity share)	Créadore A/S (51% equity share)
	CO ₂ e (in MT)	Share of total emissions	CO ₂ e (in MT)	CO ₂ e (in MT)	CO ₂ e (in MT)
Scope 1 total	194	0,1%	176	18	9
Mobile combustion	194		176	18	9
Scope 2 total	48	0,0%	43	5	2
Stationary combustion	48		43	5	2
Scope 3 total	279.031	99,9%	257.061	21.970	11.205
Business travel	33	0,0%	32	0	0
Employee commuting	257	0,1%	233	24	12
End-of-life treatment of sold products	-55.567	-19,9%	-51.164	-4.403	-2.245
Use of sold products	226.016	80,9%	206.189	19.827	10.112
Purchased goods and services	108.292	38,8%	101.771	6.522	3.326
Total emissions	279.273	100,0%	257.279	21.993	11.217

To reduce emissions from “Purchased goods and services”, the primary focus is on our textile purchases. We have spent the last four years extracting data and establishing comparable baselines amongst our main suppliers. We have now reached our goal of >90% coverage and have begun sharing the data amongst our manufacturing partners (for them to base their reduction initiatives on). In 2020, one of our strategic suppliers installed solar panel capacity to fuel part of their production with clean, renewable solar energy. We also initiated talks with our customers about purchasing more climate friendly textiles. These discussions seem to be of interest as more of our customers are now basing their decisions partly on the product’s carbon footprint. It is our goal to reduce emissions further at our strategic manufacturing partners and textile service partners by continuing this advisory role.

Our main progress indicator within the category “Purchased goods and services” is to reduce the overall carbon footprint per kilo of textile manufactured and sourced. Our progress is shown in the diagram below.

The numbers have been restated, also historically, due to the substitution of database/literature values with primary data values on textile purchase.

KILO CO₂E/KG TEXTILE (CRADLE-TO-LAUNDRY)



To reduce emissions from the “Use of sold products” category, our aim is to increase the share of BeirTex® and Beirholm Pixel Technology® textiles sold⁹. While the selling of more textiles with these technologies will not directly translate into emissions reduction in this category, the technologies will ensure products have the potential to increase output per man-hour while also providing revolutionary durability. Increasing output per man-hour logically means that more pieces of textile can be processed using the same amount of energy and resources. And greater durability reduces the need to invest in new textiles every year, if other impacting factors remain constant.



⁹ Expressed as the share of kilos of textiles sold with BeirTex® technology compared to total kilos sold in calendar years

Anti-corruption

At Beirholm, we consider (a) gifts and (b) bribery the two largest risks related to anti-corruption.

- » To receive, be asked for, or offer gifts or financial benefits, with the expectation of receiving a favour or a benefit in return, is considered corrupt behaviour. At Beirholm, we have a zero-tolerance policy for corrupt behaviour regarding gifts. As a general rule, our employees are therefore prohibited from receiving gifts or favours (e.g. discounts, trips, etc.) from suppliers or customers. It is, however, acceptable to receive gifts in certain cases if (a) the gift is of low value (b) the gift is received in connection with local custom or if (a) the gift is of low value and (b) there is an objective reason for receiving the gift (e.g. job related, representative, professional, collaborative matters)
- » To give, receive, solicit, promise or offer something of value in order to influence business decisions and actions is considered bribery and corrupt behaviour. At Beirholm, it is considered unprofessional behaviour, which is also punishable under Danish law. Consequently, we have a zero-tolerance policy for bribery

We prevent corruption through our anti-corruption policy stated in our Employee Handbook. This policy clearly states our zero tolerance for receiving gifts and bribery:

- » We will not receive, solicit, or give gifts or favours that may be considered an attempt to influence our judgement or daily work
- » We do not accept bribery, neither at our own company or at our suppliers
- » We report any reasonable suspicion or evidence of corrupt behaviour

We have identified the countries with the highest risk of corrupt behaviour using the World Corruption Perceptions Index. Amongst the countries in which we do business, India, Egypt and Pakistan have the highest corruption perception scores.

The Employee Handbook is given to all employees upon starting employment at Beirholm. Whenever there is an update, the new version is published to everyone.

We also hold an annual session with those of our employees who work closest with our partners in those countries. This session is to discuss specific situations and cases (in order to solve/rectify them, as well as prevent them from happening again). In 2022, no such situations/cases were reported.

For the coming years, we will stick to our annual sessions, where we revisit our anti-corruption policy, as well as discuss, evaluate, and take actions on specific cases if needed. Should we experience a rise in cases or severe cases, we will scale up our efforts.



Gender composition of management

Context: risks & policy

At Beirholm, we believe in (1) an open and involving culture with (2) flat hierarchies and (3) the limited use of titles.

As people grow in our organisation, they gain influence. This is not due to formal position, but due to performance track record and the roles they play for others, internally and externally. These people create and express a real and human meaning behind what they themselves do and what the company does.

The company provides the framework for learning and mentors in the form of colleagues, IT infrastructure etc. However, it is up to the individual to utilise these opportunities. The ultimate responsibility for performance development in our organisation lies with each individual, not the company. Only the individual can have the personal insight into herself/himself that's needed to accelerate the learning process. This belief is central to our learning and development policy.

We consider our (limited) management structure to be:

- » Board
- » Chief Executive
- » Business Development team

The Chief Executive is male.

The board has expanded from 3 to 6 members with 5 of them being male. The board is composed of Kamma and Peter Beirholm and their 3 sons along with Beirholm's lawyer. An equal gender distribution has therefore not been reached, since Beirholm has prioritized a family-structured Board. Although the Board primarily consists of family members, it is still Beirholm's ambition to have 2 females in the Board before FY2026/27.

Our business development team is responsible for our overall business strategy, as well as for initiating fundamental changes in our organisation. The Business Development Team consists of 9 people where each gender is represented by at least 40% (calculated based on headcount).

Status & Progress

We focus our recruiting efforts based on competencies, fit, and potential. Our organisation is dependent on continuous learning and development. Therefore, we do not take any further actions in relation to this.



Special issues & cases

Sponsorship of the Citizens Foundation

In Pakistan, the literacy rate is 58%¹⁰. This is largely due to 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. With this in mind, we financially support the U.I. Trust Campus (School) in Karachi through the Citizens Foundation. We've done so since 2009. In this way, we actively help to pave a way out of poverty for children and contribute to Pakistan's future success.

¹⁰ 2019 Data from The World Bank: Literacy rate, adult total (% of people ages 15 and above) - Pakistan | Data (worldbank.org)



Reduction of textile waste at Beirholm's own operations

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

We always try to avoid discarding textiles categorised as old stock. Historically, we have held outlet sales directed towards consumers once or twice a year. In 2021, we developed an e-commerce platform to further support this initiative (see www.beirholmlagersalg.dk).

For textiles that need to be discarded due to quality assurance, we have established a partnership with DanTextil, an organization that collects our textiles and recycles them.

Through these initiatives, we have been able to avoid most of our potential textile waste. In 2022, we were able to avoid any direct discard of textiles.

Indicator	2021	2022
Textile waste discard in kg	1.934	0
Textile waste discard as % of total kilos sold	0,05%	0%

Deloitte Best Managed Companies 2022

Beirholm is once again amongst the 16 Danish winners of Best Managed Companies 2022—a global recognition initiative by Deloitte. It is with great pride that we receive this prestigious award. The award pays tribute to companies that show strategic craftsmanship and a solid ability to execute and deliver great results.

The winners are nominated by an independent jury which highlighted Beirholm's ability to understand its own strengths, be aware of its significant role in the value creation network, and the value it delivers to its partners in the network. The jury also highlighted the strong team spirit and unity in Beirholm's corporate culture, which in turn creates a breeding ground for talent development.

It is the second time that Beirholm has won the Deloitte Best Managed Companies award. The first time was in the wake of the COVID-19 pandemic in 2020.



4 new charging stations at the office for e-vehicles

Last year, we installed 4 new charging stations at our office to support more e-vehicles.



Beirholm technologies



With BeirTex® textiles, you are assured of operational-fit products in your laundry production and readily sellable, market-fit textiles:

- » Low energy consumption
- » Increased utilisation of capacity
- » Significantly less dust
- » Long service life
- » Efficient handling
- » Excellent finish
- » Superior feel
- » Excellent comfort
- » Inspiring, Nordic designs that effectively support the environments in which your customers will use them...



With Beirholm Pixel Technology®, you can inspire your customers with beautiful colours while ensuring operational-fit advantages in your laundry:

- » Coloured terry without hassle
- » No colour transfer
- » Homogeneous pool that lasts for a long time
- » Possibility to wash different colours together
- » No need for colour sorting
- » Inspiring selection of colours

Certifications & initiatives



SOCIALLY SOUND - Good for people

- » The Green Button sets mandatory requirements for decent work, from guaranteed minimum wages and compliance with working hours to a ban on child labour and forced labour

ENVIRONMENTALLY SOUND - Good for nature

- » The Green Button bans the use of hazardous chemicals and softeners and lays down mandatory limits on effluent discharge

GOVERNMENT-RUN - A label you can trust

- » The German government lays down the criteria and conditions for the Green Button – guaranteeing clarity you can trust

INDEPENDENTLY CERTIFIED - Independent audits

- » Independent auditors review compliance with the criteria set



When you buy products labelled with the EU Ecolabel, you are effectively helping, at the manufacturing sites and in Europe, to:

- » Minimise the use of substances harmful to the environment
- » Impose strict requirements to safeguard against the use of chemicals that are hazardous to health
- » Impose strict requirements to safeguard against harmful emissions and discharges of waste water
- » Impose strict health and safety requirements in the production process
- » Impose high standards for the textile fibres and the characteristics of the finished product
- » Ensure that independent experts verify compliance with the requirements

Beirholm initiatives



When you buy Beirholm products labelled with recycled polyester, you are assured:

- » That 100% of the polyester content is recycled
- » That the recycled polyester is made from PET bottle waste collected from the local area of the polyester fibre producer
- » Of compliance with the most widely, recognised definitions of recycled content allowing full traceability



When you buy products labelled with Made in Green by Oeko-Tex®, you are helping to ensure:

- » Materials have been tested for harmful substances
- » Production is more environmentally friendly
- » The production lives up to strict standards regarding safety and health at work

... and you can track your products throughout its supply chain



When supporting Better Cotton, you are effectively helping to:

- » Minimise the use of pesticides and insecticides
- » Conserve water and take account of the availability of water
- » Take account of the health of the soil
- » Conserve natural habitats
- » Take account of and retain the quality of the fibres
- » Promote decent working conditions



When you buy Oeko-Tex® Standard 100 "Confidence in Textiles" Product Class I, you are effectively helping to ensure:

- » That the users - including babies and children up to age 3 – are not exposed to effects from textiles that can be harmful to health
- » Support for the world's leading health labelling for textiles with uniform requirements all over the world

...and you can be certain that:

- » Every component of this article, i.e. every thread, button, label and other accessories, has been tested for harmful substances and that the article therefore is harmless in human ecological terms



CU 1018013

CU 1018013

CU 1018013

We also produce Fairtrade certified products and products with the Global Organic Textile Standard, Organic Content Standard, the Recycled Claim Standard, and the Global Recycled Standard, certified by CU 1018013.



Date: November, 2023

Name:
Beirholms Væverier A/S



Reach out

If you would like more details on our approach to CSR please reach out to us:
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CRÉADORE
beyond linen

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