ANNUAL REPORT

2023

SOUDAL

SOUDAL

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Vic Swerts - chairman-founder Soudal

A WORD FROM THE CHAIRMAN

Growth remains the constant within Soudal's journey since 1966. No matter what. Especially in the last few years of our almost sixty-year existence, numerous developments came at us from outside that challenged our operations and impacted our results, but could never affect the direction we were heading. Covid, the raw material scarcity, sharply rising raw material prices, the slumping construction market, the impact of geopolitical tensions in Ukraine or the Middle East: our ship remains steadfastly on growth course.

Another constant, and at the same time the driving force behind that growth, remains our ambitious investment strategy. Further on in this annual report we will inform you about our investments in 2023. They are the number one reason for our revenue and EBITDA breaking the previous year's record almost year after year. Another factor that positively influenced the result in 2023 was that raw material prices dropped faster than we had originally budgeted. On the minus side, we recorded lower-than-budgeted prices that we were able to pass on to the market, late deliveries of raw materials due to the Middle East conflict and exchange rates, which accounted for 50 million less in revenue. All in all, we end 2023 with a strong result.

7% growth in volume, 4% in staff and 3% in revenue. We recorded a nice 118 million euro EBITDA and 51 million net profit. Thus, we look back with satisfaction. But above all, we are looking ahead, as we have always done and will continue to do. In that context, in 2023 we were busy acquiring Italy's Durante Adesivi, a deal that was finally officiated in January of 2024. It was our biggest acquisition so far, immediately accounting for an increase in turnover of more than 90 million Euros. In our next annual report, the one for 2024, we therefore hope to be able to report to you a turnover of 1.5 billion.
This proves that not only are we constantly growing as a producer of adhesives, sealants and foams, but also as an employer. Likewise as a responsible employer, we aim to BUILD THE FUTURE.

Yet our most important investment remains that in our employees. At Soudal we care about the physical, mental, social and 'developmental' well-being of everyone who works for Soudal in any part of the world. We increasingly implement initiatives that benefit the well-being of our now more than 4,000 colleagues worldwide. As with many other companies, even at Soudal, finding enough new employees with the right profile is a bottleneck, or let's call it a challenge. Nonetheless we do manage to find those people time and again to ensure our continued growth. Furthermore, compared to the market, we succeed remarkably well in keeping those people with us. This proves that we are not only growing as a producer of adhesives, sealants and foams, but as an employer as well. Also as a responsible employer, *we aim to BUILD THE FUTURE*.

"Growth remains the constant within Soudal's journey since 1966"

KEY FIGURES IN 2023

Our business

- Sealing
- Bonding
- Insulating

Family business

- Founded by Vic Swerts in 1966
- 100% family-owned
- Long term growth strategy

Our development

- PRODUCTION COMPANY One stop shopping
- MARKETEER OF PRODUCTS Soudal brand
- MARKETEER OF SOLUTIONS Innovation & concepts

310 mio cartridges

130 mio cans

18.000 SKU's

4,115 workforce

29 production sites

INVESTING IN THE FUTURE OF SOUDAL

From the very beginning of Soudal in 1966, Vic Swerts has reinvested profits in the further expansion of the company. This drive to invest is still strongly present within Soudal almost 60 years later. Our baseline BUILD THE FUTURE is more than just hollow slogan: we work every day to further build our future, where investing is and remains the order of the day.

Thus, in 2023, we again invested all over the world, literally to the other side of the world from our head office in Turnhout. Having invested in property in New Zealand in 2022, we built a state-of-the-art distribution center and office building there in 2023. After 25 years of activities in New Zealand, we had outgrown our old site and all our employees and operations have since moved to the new site.

In France, the country where we made our very first foreign acquisition in 1992, we acquired the company Tramico. Tramico is the market leader in pre-compressed foam tapes for the construction industry. In France, the Compriband® brand is the synonym for waterproofing with pre-compressed foam tapes. The product further complements Soudal's portfolio in joint sealing and window construction sector and strengthens Soudal's position in the construction industry.

At our home base in Turnhout, our ambitious investment strategy was particularly evident in the further expansion of Plant 5. While construction continues, several production lines have already been started up. And this in a highly automated manner, which means production can take place extremely energy-efficiently. In 2024, the relocation of certain activities to Plant 5 will be completed and this state-of-the-art production site will become fully operational.

***Acquisition of Tramico** • France*

***New distribution centre with office building** • New-Zealand*

Throughout 2023, we continued to build Plant 5 in Turnhout, a highly automated site that will make production processes extremely energy efficient.

In 2023, months of hard work went into the biggest acquisition in Soudal's history. Durante Adesivi is a leading Italian manufacturer of adhesives for the woodworking, assembly and packaging industries, with headquarters and two well-developed production facilities in the Pordenone region. The acquisition confirms Soudal's ambition to develop strongly in the adhesives market, more specifically industrial adhesives, in addition to sealants and foams. This type of solvent-free - more sustainable - polyurethane hot-melt adhesives are also called the adhesives of the future. Durante Adesivi offers a high level of customer support to ensure reliable solutions. This new addition offers numerous opportunities for complementary solutions and technologies for existing and new customers worldwide. Durante will retain its identity, brand name and market position throughout the acquisition. The production facilities in Italy immediately became the 27th and 28th worldwide for Soudal. The acquisition was fully completed in the first weeks of 2024.

We also had investments in the form of construction sites in China, Germany, Slovenia and New Zealand. And last but not least and perhaps the most important investments of 2023: we again invested heavily in making our company more ecologically friendly and in our responsibility towards the world in which we operate. You can read more about this in the sustainability report later in this annual report.

Durante Adesivi factory in Ghirano • Italy

Durante Adesivi factory in Cecchini • Italy

Acquisition of Durante • Italy

In May, colleagues from many Soudal countries gathered again in Lommel for the biennial Soudal Trophy.

IMPORTANT EVENTS IN 2023

Next to our acquisitions and investments, there were many other important events that added extra colour to the year 2023 for Soudal. For the fifth year in a row, we were named **Best Managed Company** by Deloitte. We were also recertified as a **Top Employer**. The top employers' institute evaluates personnel strategies and HR practices based on an international benchmark.

We are truly proud of being committed to upholding our values - ambitious bravery, uncomplicated sincerity and shared loyalty, see page 21 - by investing in career development, leadership, employee well-being and sustainable HR.

Despite the fact that we have held both of these titles for several years, the realisation remains that we have to earn them again every year, and that this requires focus and dedication.

Team Days Soudal Quick-Step • Belgium

Soudal Chairman-Founder Vic Swerts hands over the trophy to Soudal Open 2023 winner Simon Forsström.

One of the things that we find important as a Top Employer is the physical, mental and social health of our now more than 4,000 employees. For this reason, our in-house multi-sports club **SoudaSport** organizes accessible sports activities all year round. And every two years we bring hundreds of employees from all over the world to Belgium for the **Soudal Trophy**. In 2023 this took place again at the Vossemeren in Lommel. About 500 colleagues enjoyed a whole range of sporting activities (from competitive to more playful games), good food and all kinds of entertainment for a weekend.

On an entirely different level of sporting experience, the second edition of the **Soudal Open** took place this year in Schilde, Antwerp, in our home country Belgium. In addition to great international visibility, the golf tournament offers the opportunity to appeal to a whole new segment of customers.

Also on the sporting front, in November the riders of our **Soudal Quick-Step WorldTour Cycling Team** were guests in Turnhout for two days for their annual team days. It gave colleagues in Turnhout the opportunity to have their picture taken with some of the world's biggest cycling stars.

We received even more visitors at the **Essenscia Open Day** in May. Thousands of people visited Plant 1 and Plant 5 in Turnhout for a fascinating company tour. On the same day a tour of Plant 2 was organized for our own employees and their families.

***Soudal Trophy** • Belgium*

***Essenscia Open Day** • Belgium*

01

OUR COMPANY

SOUDAL
SOUDAL
SOUDAL

ABOUT SOUDAL

Soudal is Europe's largest independent manufacturer of sealants, adhesives and PU foams for both professionals and private users. With more than 4,000 employees, a turnover of 1.34 billion euros and 29 production sites on 5 continents, this 100% Belgian family business, founded by Vic Swerts, has grown into a global player and expert in chemical construction and industrial specialties. Extensive investments in R&D, a long-standing vision of innovation as well as adaptations to local market needs laid the foundation for its excellent performance. Soudal is accredited as Best Managed Company and Top Employer.

Mission

Soudal aims to become the world's largest independent manufacturer and service-oriented supplier of silicones, adhesives and PU foams for professional construction, retail and industry. Soudal operates in a safe, sustainable, high-quality and profitable manner to perpetuate the continuity of the business and values the satisfaction of its employees and the respect of the local community.

Vision

Soudal continues to find solutions to current and upcoming global challenges. Innovation and progress are the keywords of preference. We want to be a pioneer for the professional and retail construction sector. We are fully committed to a better future.

In its industry, Soudal aims to become and remain a leader by manufacturing and selling quality products in selected market segments, anywhere in the world. We continuously improve these products. Soudal aims to increase its rate of innovation and develop new areas of activity.

Vic Swerts, Chairman-Founder: "Our employees are our most important asset. Daring entrepreneurship involves the challenging process of bringing together a unique team of people. Employees, partners and customers are no hollow concepts. It's about people, about individuals who enable the entrepreneur to realise an ambition. You must therefore surround yourself with good, strong people who know and can do better than you."

"Our employees are our most important asset."

Vic Swerts

Pressetage Soudal Germany.

OUR VALUES

Soudal is an international company that operates in 140 countries, but despite that dispersed geographical presence, all Soudal colleagues share a common goal. After all, all our employees are part of one company, one entity, one team. We share the same dream worldwide: continuing to BUILD THE FUTURE together.

We express and show this visually with our slogan (YOU) BUILD THE FUTURE. The red brackets show explicitly that you are included, that you are part of Soudal. Regardless of the area you work in, every colleague is an indispensable link in our great company. We are a multinational company, but within the company nobody is just a number. "You matter!"

(YOU)
BUILD THE FUTURE

THREE CORE VALUES

Uncomplicated sincerity

Above all, we value integrity and respect. We always try to be honest with each other and all our stakeholders. We keep it uncomplicated by maintaining short channels of communication, keeping procedures simple, and working in a down-to-earth way.

Ambitious bravery

At Soudal, we keep trying until we win. We always want to learn and try new things to keep growing.

Shared loyalty

We are 100% a family business, and everyone within Soudal belongs to this family. Together, we want to continue to strive for loyalty and a positive environment.

SOUDAL WORLDWIDE

PRODUCTION SITES

EUROPE

Turnhout (Belgium)
Sealants (Plant 1)
Foams (Plant 2)
Adhesives (Plant 3)
Sealants - Adhesives (Plant 5)

Pelt (Belgium)
Aerosols

Nazareth (Belgium)
Foam systems

Weert (Netherlands)
Adhesives

Bergen op Zoom (Netherlands)
Sealants

Pionki (Poland)
Sealants - Foams (Plant 1)
Adhesives (Plant 2)

Bialystok (Poland)
Tapes - Membranes

Srpenica (Slovenia)
Sealants - Foams - Adhesives - Admixtures

Sežana (Slovenia)
Adhesives

Dobele (Latvia)
Sealants

Istanbul (Turkey)
Sealants

Novomoskovsk (Russia)
Foams

Noginsk (Russia)
Foams

Gournay-en-Bray (France)
Foams

Ghirano (Italy)
Adhesives

Cecchini (Italy)
Adhesives

NORTH AMERICA

Kentucky (USA)
Sealants - Adhesives

SOUTH AMERICA

Santiago (Chile)
Sealants - Adhesives

São Paulo (Brazil)
Sealants

ASIA

Bawal (India)
Sealants

Chennai (India)
Sealants

Shanghai (China)
Sealants - Foams

Seoul (South Korea)
Sealants

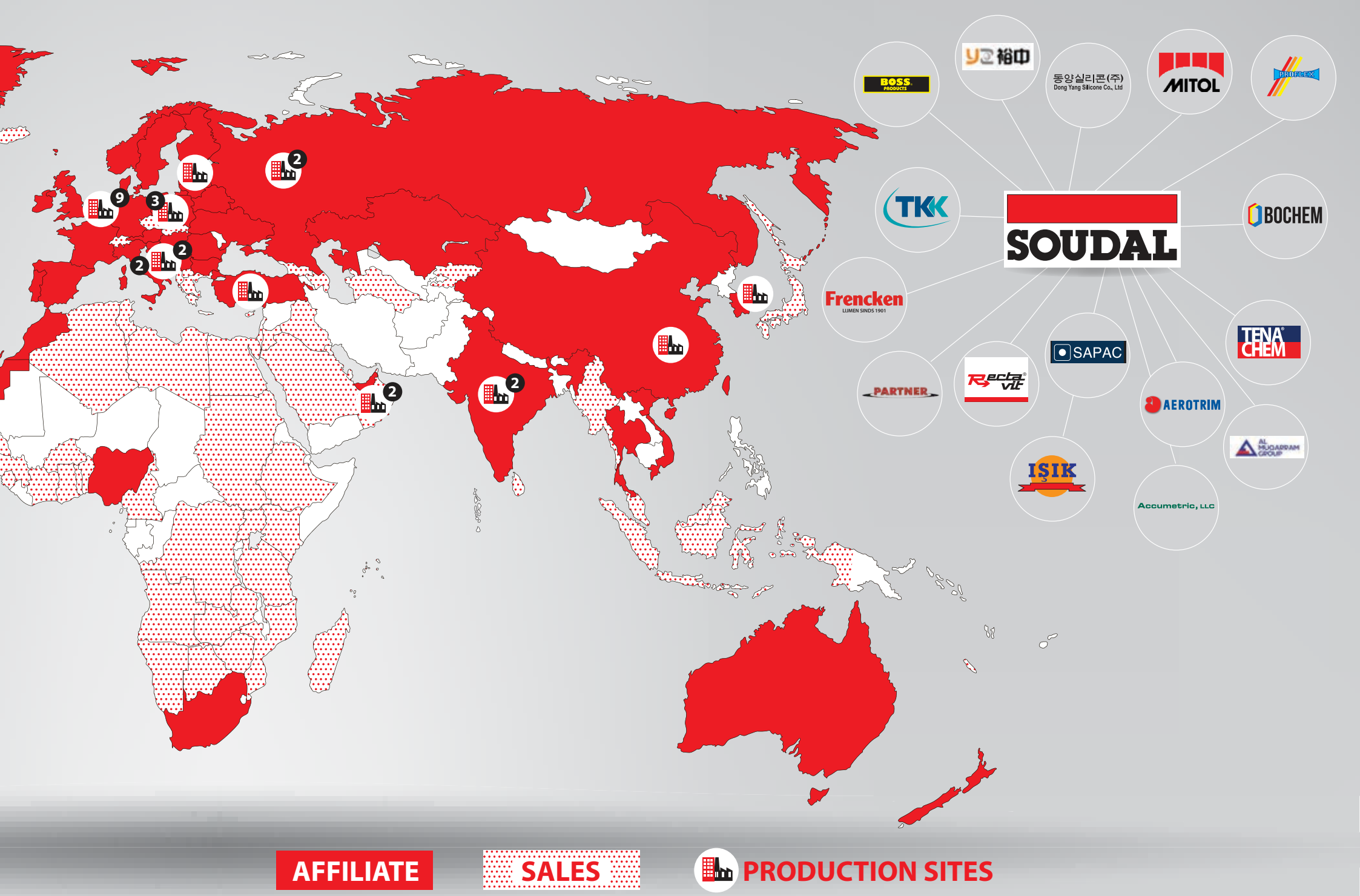
Sharjah (U.A.E.)
Sealants - Adhesives - Tapes

Umm Al Quwain (U.A.E.)
Foams - Aerosols

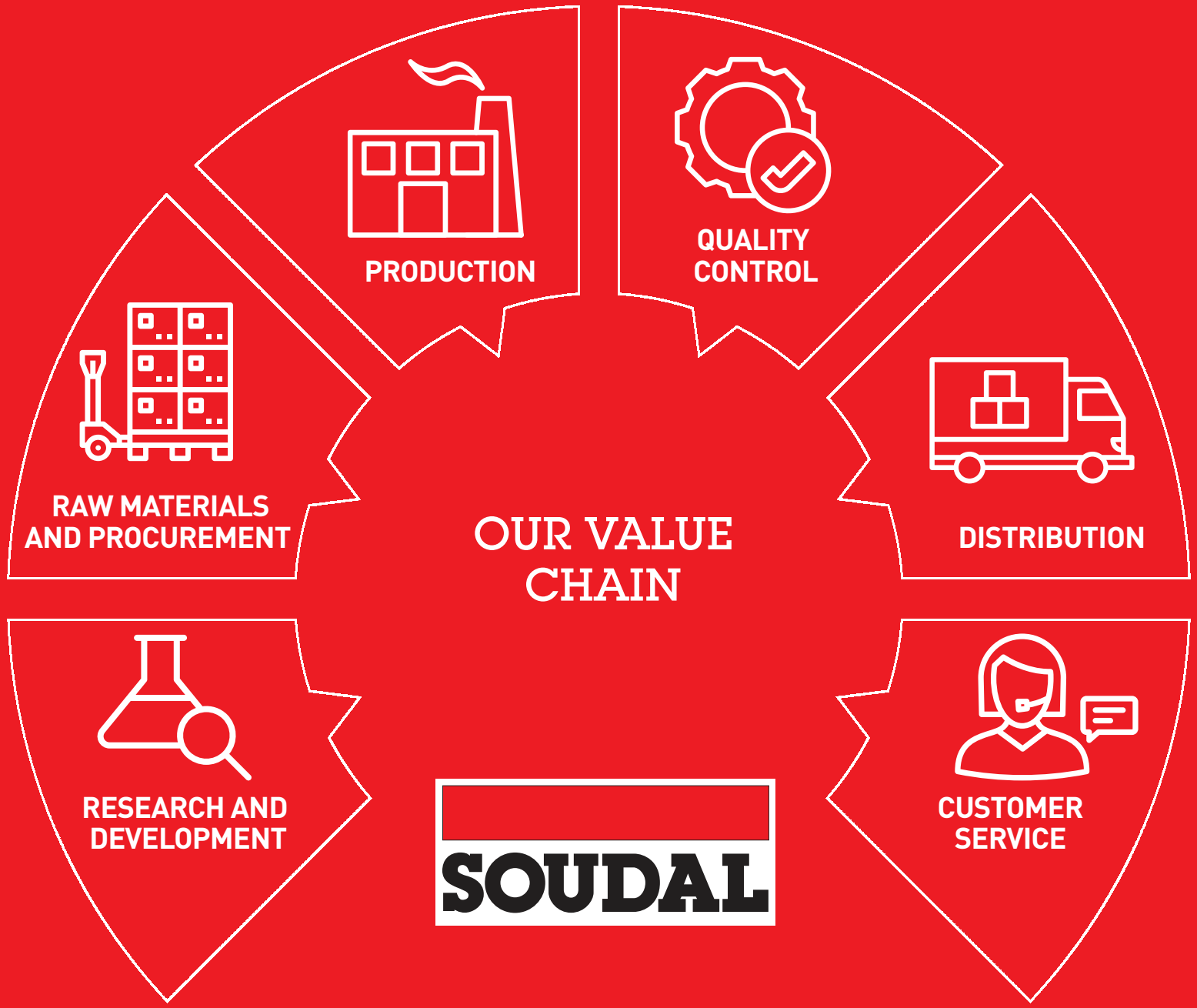
79
Own affiliates

29
Production sites

140
Total countries


BOSS PRODUCTS
裕中
동양실리콘(주)
Dong Yang Silicone Co., Ltd
MITOL
PROFLEX
TKK
SOUDAL
BOCHEM
Frencken
LIJMEN SINDS 1901
SAPAC
TENA CHEM
PARTNER
Rectavit
AEROTRIM
AL HUGAIRAM GROUP
IŞIK
Accumetric, LLC
9
3
2
2
2
2
2
AFFILIATE
SALES
PRODUCTION SITES

OUR VALUE CHAIN



CREATING VALUE FROM RESEARCH TO FINISHING

1. Research and Development

We invest maximum in research and development to create new products and improve existing products. This includes testing formulations and developing innovative solutions. Knowledge of local construction practice is key to being able to target the local market in a targeted manner.

2. Raw materials and Procurement

Careful selection and acquistion of a large quantity of different raw materials required for the production of adhesives, sealants, foams and other construction chemicals. We purchase both raw materials and packaging locally whenever possible to avoid unnecessary transport.

3. Production

The production process by which basic raw materials are processed into construction chemicals takes place in 29 production sites worldwide, allowing us to produce close to the market and avoid unnecessary transport.

4. Quality Control

Careful quality control of manufactured products to ensure they meet industry standards and customer specifications.

5. Distribution

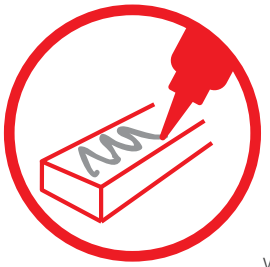
Organizing logistics, POS support to support B2B2C and B2B2B customers and the distribution of the products to various markets and customers, both nationally and internationally.

6. Customer Service

Supporting customers with technical service, training and advice on the use of Soudal products. Our finishing touch for the perfect workmanship.

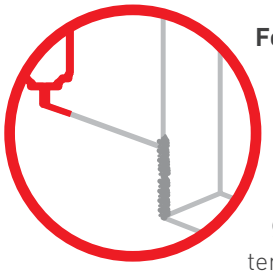
OUR PRODUCTS

Soudal serves three market segments: construction (62%), do-it-yourself (27%) and industry (11%). This involves the use of various technologies and products, which are constantly being improved and adapted to the needs of customers, the market and the spirit of the times thanks to continuous and extensive research and development. This results in reliable, high-quality products that contribute to sustainable and energy-efficient systems and structures.



Adhesives

In addition to the established values within the adhesive range, such as wood and parquet adhesives, water-based mounting adhesives, decorative adhesives and PVC adhesives, Soudal continues to work on further growing its successful polymer-based adhesive sealants, such as the Fix ALL adhesive sealants. In addition, Soudal is very strongly committed to the further expansion of its industrial adhesive range, using various 1- or 2-component-based technologies. Trends in the market, such as gluing glass into the window frame, do not go unnoticed: a special 2K silicone sealant was developed with industry partners for this emerging application.



Foams

Since decades, Soudal has been a leading manufacturer of foams and foam solutions for many applications, amongst others in construction: insulating, filling, mounting, gluing. The range has become very diverse in terms of technology, packaging and hardware. In addition to the classic 1-component foams with a variety of properties, Soudal also offers complete 2K systems for special insulation applications, such as filling window profiles. Elastic foams have a special place in the range, as they provide durable insulation and avoid thermal bridges in many building applications over long periods of time.

The Genius Gun presented a revolution in lowering the threshold for the DIY user, who can now get to work with more control and precision easily reusing the same packaging for the next job.

Soudal set new standards in foam technology with the isocyanate-free SMX®foam. With water-based foams now also available, another important step has been taken towards a more sustainable product range.

Sealants

Soudal's sealants are available for both indoor and outdoor applications. The range includes silicone sealants in various colors, for example for sanitary and glazing applications, paintable acrylic sealants, joint sealants for fire-resistant and fire-retardant applications, and polymer polyurethane sealants for various wall and floor applications.

Here, too, research and development led to innovative solutions. Our latest innovation is HMX® technology, which combines the best of both worlds: the lasting elasticity and superior adhesion of a silicone, combined with the paintability and optimal processing ability of an acrylate. Moreover, HMX® products have excellent water and weather resistance. HMX® technology has since received several sustainability and quality labels.

Soudal also supplies sealants for industrial solutions, such as sealing products for double-glazing production.

62% Construction

27% Do It Yourself

11% Industry

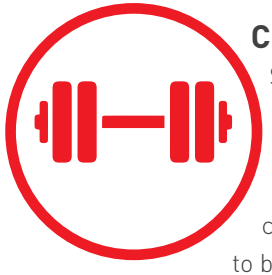
Coatings

Soudal offers coatings for all kinds of applications. Some examples are liquid membranes for air and vapour sealing surfaces, floor and wall connections, waterproof coatings for roof applications and repairs.

A good example is the Soudatight range, a series of products that contribute to achieving the target energy performance of buildings. Soudatight is extremely easy to apply (brush or spray) and ensures greatly improved airtightness of the building envelope. A passive house certificate and many other test reports provide the various stakeholders in the construction process with the necessary assurance.

Tapes and membranes

Soudal offers different types of mounting tapes, airtight sealing tapes and membranes for various applications in construction and industry. Within the context of energy performance of buildings, airtight sealing tapes were developed for sealing seams and gaps in under-roof and façade films. In addition, window films were given a permanent place in the range. In addition to the standard version of membranes based on EPDM and now-woven fleece, focus is now also on the very fast-growing self-adhesive variants of these window films. These provide an air and impact rain-tight seal between external joinery and structural shell, a very important construction node in any construction.



Chemical anchor

Soudal developed the chemical anchor to enable heavy loads in both hollow and full construction materials to be borne. Stair railings, awnings or boilers are examples of loads that can be securely fastened thanks to our ETA-certified (European Technical Assessment) chemical anchor.

The highlight of the 2023 Soudal Hospitality program in collaboration with Soudal Quick-Step was the VIP event on the Champs-Elysées during the final stage of the Tour de France. Fifty colleagues - winners of the internal Summer Promo - and other guests enjoyed the unique experience of the race from the front row.

BUILDING OUR BRAND: SPORTS SPONSORSHIP

After eight years of main sponsorship of Lotto Soudal, Soudal decided to take cycling sponsorship to an even higher and more international level in 2022. Our company became the main sponsor of the world's best team of the past 10 years. 2023 was the first year of at least five years of **main sponsorship of Soudal Quick-Step**. That first year was an immediate sporting success with 55 victories and a third place in the WorldTour ranking. With Remco Evenepoel in Liège-Bastogne-Liège, Soudal won a monument for the first time in nine years as main sponsor, one of the five most important one-day races on the cycling calendar. The sponsorship of the women's team AG Insurance Soudal Quick-Step also produced some great results. Furthermore we shifted to a higher gear in terms of activating our cycling sponsorship. Our cyclists attracted attention to our products in thousands of retail outlets worldwide through attractive POS material. Posts about the team generated extra engagement on our social media throughout the year and successful trade promotions resulted in an immediate increase in sales. With the hospitality program, no fewer than 504 Soudal customers worldwide were invited to the race for a unique once-in-a-lifetime experience which Soudal can offer them exclusively as main sponsor.

Cycling sponsorship is the international flagship of the Soudal sponsorship strategy. In addition, Soudal is also active as a sponsor in, among other things, **golf** (Soudal Open), **football** (KVC Westerlo) and **cyclocross**.

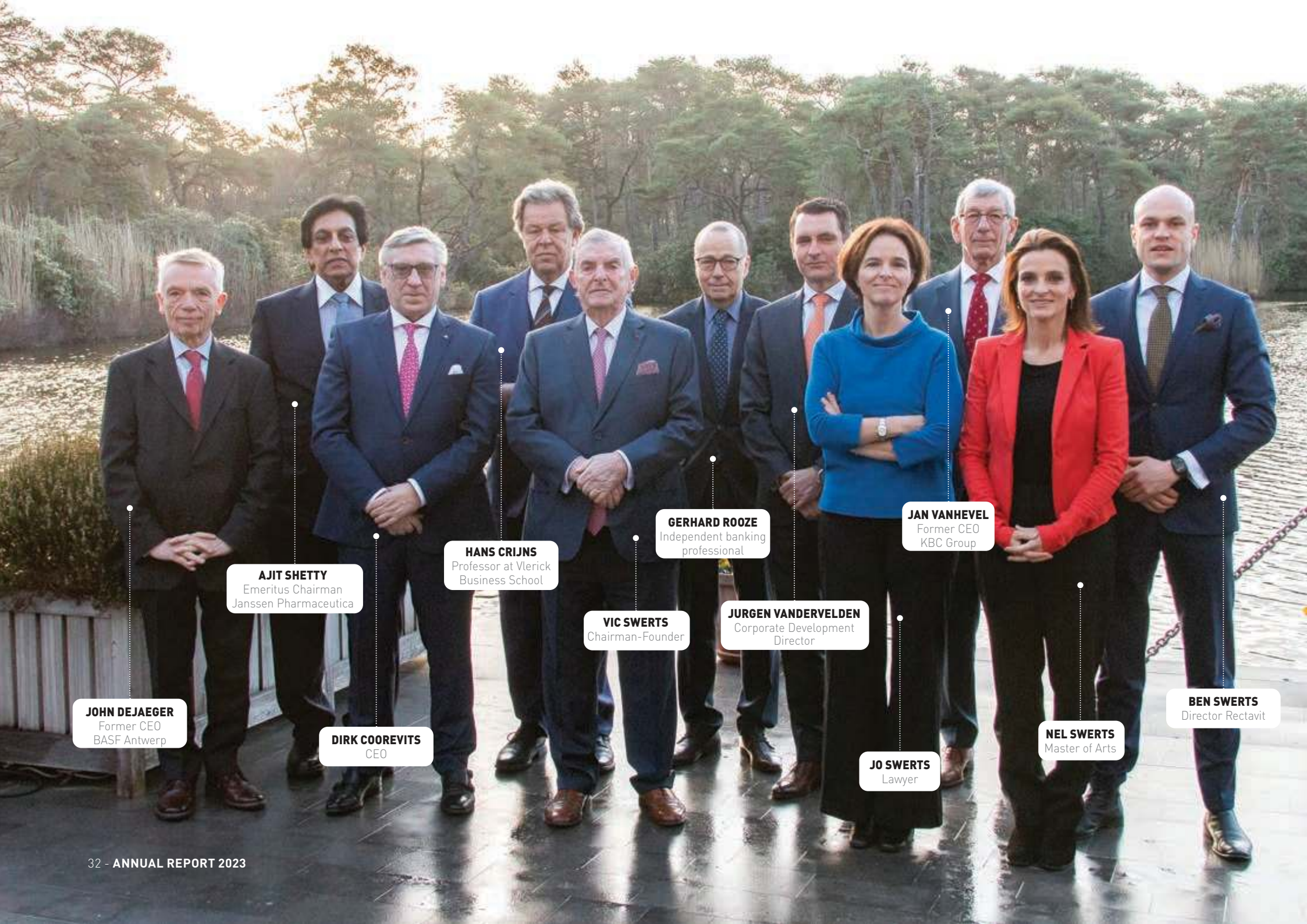
Kasper Asgreen *wins the 18th stage in the Tour de France.*

France's most popular rider ***Julian Alaphilippe*** *wins a stage in the Dauphiné.*

World champion ***Remco Evenepoel*** *wins Liège-Bastogne-Liège.*

02

MANAGEMENT


JOHN DEJAEGER
Former CEO
BASF Antwerp
AJIT SHETTY
Emeritus Chairman
Janssen Pharmaceutica
DIRK COOREVITS
CEO
HANS CRIJNS
Professor at Vlerick
Business School
VIC SWERTS
Chairman-Founder
GERHARD ROOZE
Independent banking
professional
JURGEN VANDERVELDEN
Corporate Development
Director
JO SWERTS
Lawyer
JAN VANHEVEL
Former CEO
KBC Group
NEL SWERTS
Master of Arts
BEN SWERTS
Director Rectavit

BOARD OF DIRECTORS

The Board of Directors is the highest administrative body of Soudal and meets four times a year. The main goal is to develop and maintain a sustainable industrial group. In addition, the Board of Directors supervises everything. The Board of Directors includes (former) managers of multinationals, representatives of the banking and academic sectors, and family members of Vic Swerts, the founder of Soudal.

- CEO **Dirk Coorevits** is responsible for the daily management of Soudal.
- Board members **Vic Swerts**, **Ben Swerts**, **John Dejaeger**, **Ajit Shetty** and **Jurgen Vandervelden** have decades of management experience together and understand the market inside and out.
- Financial experts **Gerhard Rooze** and **Jan Vanhevel** contribute their expertise from the banking world.
- Professor **Hans Crijns** (Senior Partner and lecturer at Vlerick Business School) has extensive management expertise and a specialization in entrepreneurship.
- Shareholders and family members **Jo Swerts** and **Nel Swerts** are actively involved in the strategic decision making process within Soudal.

The Board of Directors consists of 45% of independents.

STEVEN DE VOS
Group Operations Director
PIOTR DRZEWOWSKI
Business Director East
BART LAMBRECHTS
Business Director West
JURGEN VANDERVELDEN
Corporate Development Director
LUC THYS
Group Marketing and R&D Director
DIRK COOREVITS
CEO
BART HEYVAERT
Group HR Director
BART MOONEN
CFO

MANAGEMENT TEAM

The Management Team of Soudal Group consists of loyal and experienced employees who have supported our company values for years. The members have different professional backgrounds, from economics and civil engineering to psychology. Each member has years of experience within the company and brings his own knowledge and skills.

For several years now, Soudal has focused strongly on **sustainable entrepreneurship**. As part of our sustainability strategy, we have identified several impacts, risks and opportunities (IROs) for our business. We classify these according to 9 sustainability domains. Each domain is managed by 1 or 2 members of the Management Team, the so-called 'sponsors'. They are guided by the general main sponsor Sustainability. This division is used to develop the policy domains and define the management mandates within each impact domain. Determining objectives (targets) is a shared responsibility.

Sustainability Manager Yves De Smet coordinates the daily sustainability activities, assisted by main sponsor Luc Thys and external sustainability experts. The Sustainability Manager keeps the Management Team abreast of the latest sustainability trends and legislation.

9 SUSTAINABILITY DOMAINS

MAIN SPONSOR SUSTAINABILITY - LUC THYS

Climate Action
Steven De Vos, Bart Moonen

Protection of the environment
Steven De Vos

Circular products
Luc Thys, Dirk Coorevits

Occupational safety
Steven De Vos

Global entrepreneurship on a human scale
Bart Heyvaert

Sustainable employment
Bart Heyvaert

Economic growth
Bart Moonen, Dirk Coorevits

Corporate responsibility
Dirk Coorevits, Bart Heyvaert

Continuous product innovation
Luc Thys

SOUDAL
SOUDAL

SUSTAINABILITY MANAGEMENT

Our sustainability strategy has 9 impact domains. Each impact domain is managed by one or two 'sponsors' or responsible persons. In the coming year we will appoint a working group for each domain to develop the targets that we want to achieve in the short, medium and long term. Management is directly involved in the development of key strategic building blocks, such as setting our targets.

Sustainability Manager Yves De Smet coordinates the development and implementation of our sustainability strategy. At management level, Luc Thys, Group Director Marketing and R&D, is the main sponsor, in consultation with the CEO. Together they report on the status of the ESG process and provide feedback on important steps. The CEO also maintains contact with the Board of Directors. In the long term, sustainability reporting and financial reporting will be the responsibility of the same people, more specifically CFO Bart Moonen and Group Finance & Consolidation Manager Nick Van Eetveldt. By having both reports in one department, we ensure an integrated approach.

03

FINANCIAL REPORT

The biennial International Finance Meeting took place from August 28 to September 1 in Turnhout. • Belgium

FINANCIAL REPORT: KEY FIGURES 2023

(in € 1.000)	2023	2022	2021	2020	2019
Gross Turnover	**1.343.885**	1.311.003	1.115.260	911.082	893.136
EBITDA	**118.087**	91.897	110.627	93.481	95.142
Net Result	**50.720**	34.601	54.687	44.134	46.248
Balance Sheet Total	**827.195**	836.979	727.623	606.258	556.013
Investments	**91.800**	89.700	46.400	81.400	52.500
Workforce	**4.115**	3.964	3.886	3.654	3.242

***Yvette Peeters** • Plant 2 Belgium*

CONSOLIDATED INCOME STATEMENT

(in € 1.000)	2023	2022
OPERATING INCOME	**1.262.375**	**1.238.478**
Turnover	1.253.864	1.230.325
Other operating income	8.511	8.153
OPERATING CHARGES	**-1.184.356**	**-1.188.510**
Cost of goods sold	-734.421	-794.669
Services and other goods	-184.430	-164.022
Remuneration, social security costs and pensions	-212.320	-190.493
Depreciation tangible and intangible fixed assets	-46.746	-36.871
Variation in write-downs of stocks, WIP and trade debtors	-3.774	-295
Variation in provisions for liabilities and charges	-306	-50
Other operating charges	-2.359	-2.111
OPERATING RESULT	**78.019**	**49.968**
Financial income	4.962	14.044
Financial charges	-25.076	-17.651
RESULT OF ORDINARY ACTIVITIES BEFORE TAXATION	**57.905**	**46.361**
Extraordinary income	2.536	657
Extraordinary charges	-1.518	-665
RESULT FOR THE PERIOD BEFORE TAXATION	**58.924**	**46.353**
Income taxes	-8.203	-11.753
CONSOLIDATED RESULT	**50.720**	**34.601**
Share of third parties	447	445
Share of the group	50.273	34.156

The closing evening of the ISM (International Sales Meeting) 2023 in the Royal Museum of Fine Arts Antwerp, with a performance by Nel Swerts at the piano.
• Belgium

CONSOLIDATED BALANCE SHEET

(in € 1.000)	2023	2022
FIXED ASSETS	**383.009**	**342.046**
Formation expenses	941	368
Intangible assets	63.141	43.871
Tangible assets	313.002	292.251
Land and buildings	164.073	135.873
Plant, machinery and equipment	87.513	81.857
Furniture and vehicles	11.136	11.454
Leasing and other similar rights	1.245	1.815
Other tangible assets	1.341	1.233
Assets under construction	47.696	60.020
Financial assets	5.925	5.557
CURRENT ASSETS	**444.186**	**494.933**
Amounts receivable after one year	26.152	17.682
Stocks and contracts in progress	189.605	220.504
Trade debtors	151.693	154.819
Other amounts receivable	36.369	60.039
Investments	672	327
Cash and cash equivalents	31.008	34.164
Deferred charges and accrued income	8.687	7.399
TOTAL ASSETS	**827.195**	**836.979**

(in € 1.000)	2023	2022
EQUITY	**352.934**	**344.440**
Equity attributable to the Group	350.804	342.783
Minority Interests	2.130	1.658
NON-CURRENT LIABILITIES	**206.408**	**203.090**
Provisions for liabilities and charges	7.661	7.083
Deferred taxes	2.389	2.238
Financial debts	196.358	193.770
CURRENT LIABILITIES	**267.853**	**289.448**
Current portion of amounts payable after 1 year	45.638	42.615
Financial debts	81.057	127.581
Trade debts	87.697	73.983
Social and tax payables	39.036	33.195
Other amounts payable	3.424	3.913
Accrued charges and deferred income	11.001	8.162
TOTAL LIABILITIES	**827.195**	**836.979**

04

OUR LOOK AHEAD

DIRK COOREVITS - CEO SOUDAL

OUR LOOK AHEAD: CONTINUOUS GROWTH IN MANY AREAS

In this annual report we not only look back on 2023 with satisfaction, but you can also read how we at Soudal look ahead: optimistic, determined and ambitious. The Soudal Way: roll up your sleeves and get started.

This applies, first of all, to our steady growth trajectory. We want to continue the trend of the past close to 60 years in the future. In order to support our organic growth of ten percent per year on average, we must continuously expand our production capacities. Currently there are production sites in Belgium, China, Brazil and Slovenia. We BUILD THE FUTURE, literally.

Our strategic expansion philosophy has a clear direction. We want to expand further in the industrial adhesives market. The acquisition of Durante Adesivi in 2023 is in line with this vision. Partly with this strategic acquisition, but primarily with organic growth as the main driver, we aim for a turnover of 1.5 billion in 2024. In the slightly longer term, we are on our way to 2 billion.

But growth is so much more than purely quantitative. In recent years, our annual report has evolved significantly from purely financial to non-financial reporting. At Soudal we find people more important than mere profit figures. These are not hollow words, as the umpteenth recognition as a Top Employer in 2023 proves. It goes without saying that we want to continue to grow as a Top Employer and perpetuate that recognition in 2024 and the years to come.

We also want to continue to grow as a company that takes responsibility towards the world in which it operates. Our contribution to passive construction was already engraved in our DNA before the term passive construction came into existence. Our ambition in the field of circularity has grown exponentially in recent years. And our global construction projects not only serve to increase production and growth rates, but also our ambition to produce closer to the market and thus reduce the environmental costs of transport.

In the opening text of this annual report you can read from our Chairman-Founder Vic Swerts: “Growth remains the constant within Soudal’s journey since 1966.” We are firmly convinced that our ambition to grow to a turnover of 2 billion euros in the coming years will go hand in hand with our ambition to continue to grow as an employer and as a socially responsible expert in chemical construction specialties. This alone can substantiate our claim: BUILD THE FUTURE.

"We are firmly convinced that our ambition to grow to a turnover of 2 billion euros in the coming years will go hand in hand with our ambition to continue to grow as an employer and as a socially responsible expert in chemical construction specialties."

05

SUSTAINABILITY REPORT

"TO DELIVER ON OUR CLIMATE AMBITIONS WE MUST DEMONSTRATE DECISIVE AMBITION"

How exactly buildings will look like in 2050 nobody knows. But that many of those buildings will be built passively and modularly is almost certain. In any case, Soudal's products will continue to play a similar role in the future to enable energy-efficient construction and to – literally – connect building components. We are also thinking about our own impact. By 2050, we want to be climate neutral with Soudal worldwide.

One of the topics the European Green Deal focuses on is the renovation of buildings. The majority of buildings are not energy efficient and run on fossil fuels. Consequently, buildings are responsible for 36% of all European greenhouse gas emissions.

Energy-efficient renovation and the construction of new passive buildings are therefore a must to achieve the European climate goals. Yves De Smet, Sustainability Manager: "High-quality insulation material and (triple) double glazing are the key components of passive homes. We connect those key components and thus make it possible for a house to become airtight and energy efficient. This way we contribute to the climate goals." Luc Thys, Group Director Marketing and Research & Development: "For us, airtightness and a healthy living environment go hand in hand. Our R&D department is working on increasingly better products that lead to a healthier indoor climate, beyond what legislation demands."

CO_2 footprint

De Smet: "If we look at Soudal's own activities, we have already worked on our own CO_2 emissions in recent years by reducing the energy consumption of our processes and buildings and using solar and wind energy where possible. Our new production plant in Turnhout, which is highly automated and energy efficient, is a good example of this." What does pose quite a challenge are the scope 3 emissions. "Our products are largely based on fossil raw materials. Together with a number of players from the chemical sector, we are looking for more circular alternatives, such as biobased and recycled raw materials. That is a complex exercise because the alternatives must, for example, ensure that our products still insulate as well as the original versions."

We increasingly choose recycled and recyclable materials for our packaging. Thys: "The recycled material market is still in its infancy, but that should not stop us. We look ahead, in the spirit of ambitious bravery. We owe that to ourselves. For example, we have started a pilot project on recycling together with competitors. We are also investigating whether it is possible to make packaging from other sustainable materials. To this end, we are collaborating on several long-term projects with customers and suppliers."

Entrepreneurship on a human scale

In addition to caring for the planet, at Soudal our employees are of utmost importance to us. De Smet: "As an internationally growing company, we want to continue to cherish our family corporate culture. Our employees in domestic and foreign branches are people who think long-term, have both feet on the ground and feel at home in our family environment. These are essential values for Soudal."

Luc Thys and Yves De Smet • Belgium

In 2023, work continued all year round on Plant 5 in Turnhout, the new production plant that will be highly automated and very energy efficient.

Our sustainability strategy

As a family business, the long-term perspective has always been important to Soudal. We want to actively contribute to a sustainable world, with respect for people, the planet and future generations. We have been taking responsibility as a business in the chemical and construction sectors for many years, but as the climate crisis becomes more and more apparent, we will have to shift up a gear. We are therefore embedding our sustainable ambitions in a formal ESG strategy.

To step by step align our strategy with the European Green Deal and the Corporate Sustainability Reporting Directive (CSRD), we performed a **double materiality analysis**. We thereby determine which ESG topics are relevant to our activities and our value chain, and we ensure that our reporting is reliable and compliant.

Our dual materiality analysis

The concept of dual materiality makes it clear that an ESG topic can be relevant from two perspectives. On the one hand, there is **impact materiality**, which indicates how our company and our value chain leave their mark on people and the environment. For example, the extraction of raw materials can have a negative impact on the environment. On the other hand, there is **financial materiality**, which refers to the financial implications of sustainability risks and opportunities for our company. Examples are water and drought damage, or cost savings due to lower energy consumption.

When assessing all Soudal **impacts, risks and opportunities** (IROs), the focus was mainly on our production activities, because we have the greatest influence on them. We also took into account the rest of our value chain. To increase the reliability of our assessment, we involved as many stakeholders as possible in the exercise. We sent out online surveys and invited some stakeholders for in-depth discussions concerning their interests and views.

The dual materiality analysis was carried out in 2022 and 2023, and took place in two phases:

1. Determining material impacts (impact materiality)
2. Determining material risks and opportunities (financial materiality)

The results of the double materiality analysis form the basis for our sustainability strategy.

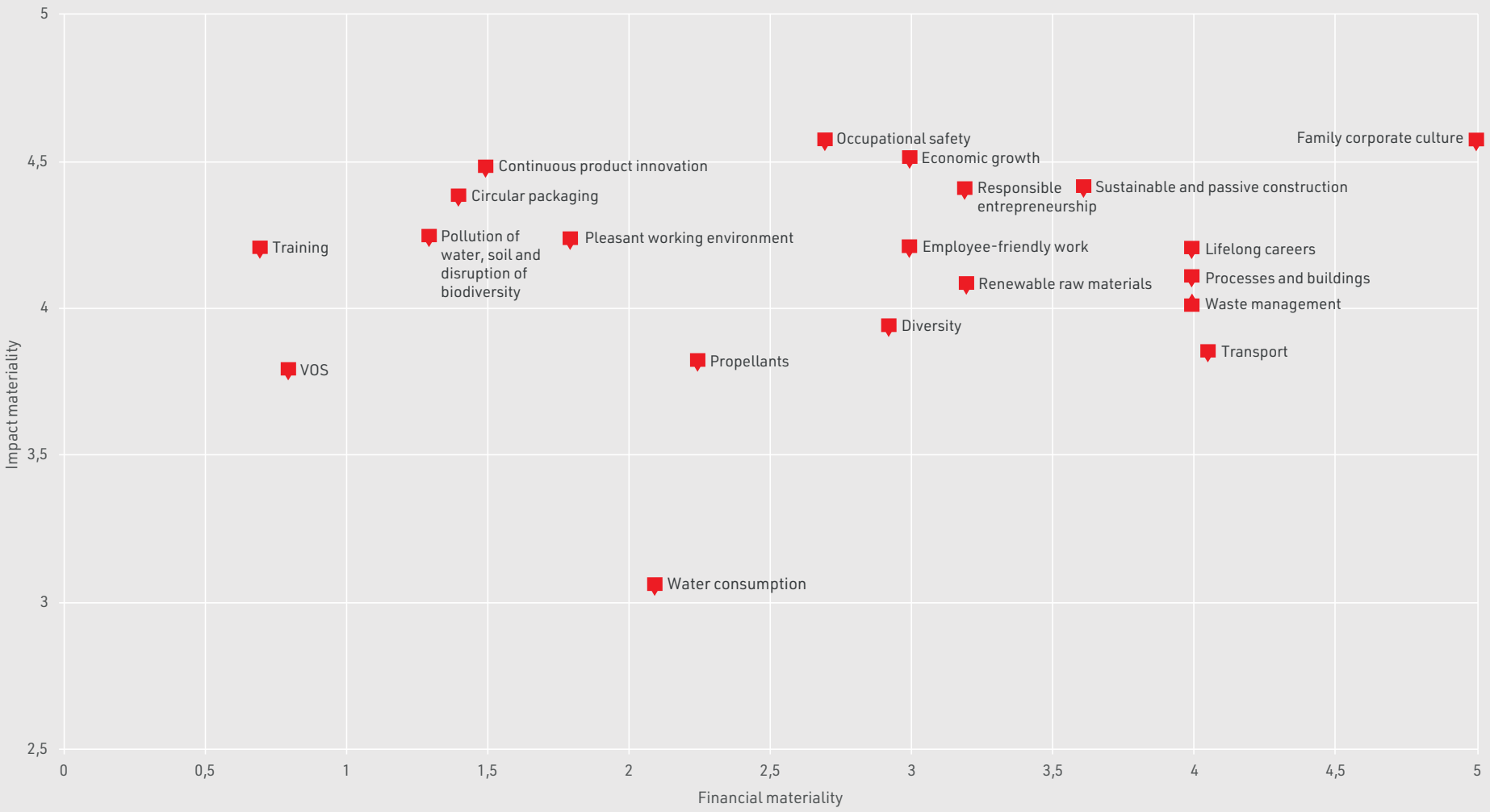
Phase 1: determine material impacts

We started a benchmark exercise in 2022 to identify our most important impacts. That analysis was based on our current policies, processes and KPIs. We looked at the same aspects among our peers. During a workshop, at which the Management Team was also present, we drew up an initial list of priority themes.

In an online survey, we submitted the list to a group of internal and external stakeholders, including customers, suppliers, employees and local residents. They gave the proposed topics a score from 'unimportant' to 'very important' and thus shared their opinion about the themes that are important to Soudal.

The stakeholders' scores were very much in line with the vision of our internal working group. Based on the results we defined our key impacts. The internal working group determined the materiality threshold, or the minimum score to qualify as a material impact. Our final list of material impacts was then validated by the Management Team during a second workshop. Based on that list, we then determined the broad outlines of our sustainability strategy.

Dual materiality



Phase 2: determining material risks and opportunities

In 2023 we performed a second analysis, this time to identify our key risks and opportunities. The analysis again started with a benchmark exercise, supplemented with data from Datamaran, a software platform for ESG risk management. We also looked at which risks and opportunities could potentially be linked to the impacts we determined in phase 1. Thus, we drew up an initial longlist of risks and opportunities. We then grouped these under the different topics of our sustainability strategy. To determine which topics on the longlist were really material, we first talked to Soudal management. They shared their opinions on the material nature of the topics, each within their own area of expertise. We then conducted in-depth interviews with 7 external stakeholders, including customers, suppliers, sector organizations and a financial institution. Based on all interviews, we drew up an initial list of material risks and opportunities, which we presented to management.

The management assessed the chosen topics on two criteria: likelihood that a risk or opportunity will occur and the extent of the possible financial consequences for Soudal. After determining the materiality threshold, the final list of material risks and opportunities was drawn up.

Result

Our sustainability strategy was developed based on the complete dual materiality analysis, with all material impacts, risks and opportunities. In the coming years we will regularly update the analysis and adjust our strategy where necessary. We will delve deeper into our entire value chain, explore our impacts, risks and opportunities, and refine the scoring thereof. The tables on pages 122-129 provide the full overview of material and non-material IROs.

Koen Anthierens • Belgium and Juris Umbraško • Tenachem

Plant visit IFM • Belgium

1. Working towards tomorrow's climate-neutral society

With our insulating building products, we are an important link in the realisation of passive buildings. At the same time, we are taking measures to reduce our own CO_2 emissions and other emissions to air, soil and water. Finally, we close as many material loops as possible: we use raw materials sparingly, use circular packaging and recycle.

Our three focus areas are:

- Climate Action
- Protection of the environment
- Circular products

Climate Action

Soudal is committed to sustainability and cared about the climate long before it became a global concern.
Our actions on climate taking place on four levels:

Our actions on climate exist on four levels:

1 We are tackling our own CO_2 emissions, primarily the direct emissions generated in our own **production processes** and **buildings**.

2 We examine how we can reduce the **emissions of propellants** inherent in some of our products, both in our factories and at the users.

3 We reduce indirect emissions generated during the **transport** of our raw materials and products.

4 With our products we are making the way people **build and live** more sustainable, worldwide. We want to further increase that positive contribution to the climate transition.

Processes and buildings

Why this is important to us

Both our production processes and our company buildings consume energy and therefore contribute to greenhouse gas emissions. To reduce our impact on the climate, we take measures to reduce our emissions. We adhere fully to the regulations of the European Green Deal, which aims to make the EU climate neutral by 2050. This legislation also poses a risk: measures like a carbon tax can lead to higher costs and - on a global level - unfair competition.

Our policies and procedures

We make maximum use of power from **renewable energy sources**. This is how we reduce our CO_2 emissions and become less dependent on fossil fuels. Many Soudal sites have already invested in solar panels in recent years. This number will increase in the future. We also invested in our own wind turbine at our site in Turnhout.

With smaller and larger measures we reduce the **energy consumption** of our buildings. Our offices and production facilities in Turnhout (Belgium), Weert (Netherlands), Pionki (Poland) and Seoul (South Korea) are equipped with LED lighting. We heat our Belgian offices with heat pumps or geothermal energy. We also reduce the energy consumption of our production processes. Our compressors generate heat during mixing processes, which is then used to heat

the production facilities. Process automation and new ICT technologies help us to work more energy efficiently.

In order to reduce our energy consumption even further and make it more sustainable, we will be developing a Climate Policy in the short term in which energy will be one of the focus points. In 2024, in addition to our direct CO_2 emissions, we will also evaluate our Scope 3 emissions. These are the greenhouse gas emissions that Soudal causes indirectly in the value chain, for example during the production of our raw materials.

Our objectives

Target: The Soudal group will be Net Zero by 2050.

KPI's:
- CO_2 footprint: Scope 1, 2 and 3
- Energy consumption
- Quantity of self -generated energy

2023 Achievements

CO_2 footprint: Scope 1, 2 and 3

Scope 1
In 2023, we calculated our CO_2 emissions for the entire Soudal group for the first time. Our Scope 1 emissions (the direct emissions caused by our own sources) amounted to more than 16,000 tonnes of CO_2 equivalents. These emissions can mainly be linked to the heating of our buildings and the emissions from our company cars. The 2023 results will form the basis for defining targeted goals and actions for the future.

Scope 2
Our Scope 2 emissions include the indirect CO_2 emissions from purchased energy, such as electricity, heating or cooling. In 2023, we also calculated the Scope 2 emissions of the entire Soudal group for the first time. In total, this amounted to arround 15,000 tons of CO_2 equivalents. Here too, the 2023 results will form the baseline for setting concrete goals for the future.

Scope 3
We have no final figures on our Scope 3 emissions (the emissions that we cause indirectly in the value chain): we will further evaluate this in the course of 2024.

Our actions

Commissioning of Plant 5
In 2023 we started operating **Plant 5** in Turnhout: a highly automated site that no longer needs fossil fuels, and where the production processes run extra energy-efficient. This 'Factory of the Future' is equipped with LED lighting, a heat pump and a geothermal system for the temperature control. We have also planned for solar panels, which we will install in 2024. Plant 5 achieved an 'outstanding' BREEAM score and is an example for all our future construction projects.

Ready to calculate Scope 3 emissions
With regard to our indirect emissions in the value chain, also

Steven De Vos • Belgium

known as the Scope 3 emissions, we jumped the last hurdle in 2023 to evaluate everything. In 2024 we will perform the full calculation for the entire Soudal group for the first time. Based on this, we will prepare a CO_2 roadmap with emission reduction targets for 2030 and 2050. We are still determining whether we can join the Science Based Targets Initiative (SBTI), so that our targets are in line with the Paris climate agreements.

Recruitment of Group Energy Manager planned

In 2023 we decided to recruit a Group Energy Manager for the entire Soudal group. He/She would have to start from 2024. The Group Energy Manager will better evaluate our energy processes and then go to multiple branches as an 'energy ambassador'. There he or she will raise awareness with our employees about energy savings and help them to take action. Other sustainability topics, such as water savings, reuse of process heat, efficient use of compressed air and the use of batteries, will also be discussed.

Outlook 2024

In the coming years we would like to focus even more on electrification to further reduce our energy consumption. In 2023 we replaced the penultimate oil-fired system in Turnhout with a heat pump. At the moment we are assessing when the last system can be replaced. We are also counting on cooperation to further reduce our energy consumption. For example, it is important that machine builders immediately integrate energy efficiency into their designs, instead of considering it as an expensive additional service.

Propellants

Why this is important to us

In the production and use of some Soudal products, harmful propellants are released. To keep our climate impact to a minimum, where possible, we replace classic propellants with sustainable alternatives. This is however often not (yet) economically feasible. The lack of sustainable and cost-effective alternatives to propellants is a real risk for our company.

Our policies and procedures

When filling our spray cans with PU foam, propellants are released to a limited extent. At our Turnhout location, we invested in incinerators to neutralize those propellants. We also make continuous efforts to optimise the **composition** of our products, whereby we systematically replace propellants with a high Global Warming Potential (GWP) with other propellants. To further reduce our impact, we will include a chapter on propellants in our climate policy in the short term.

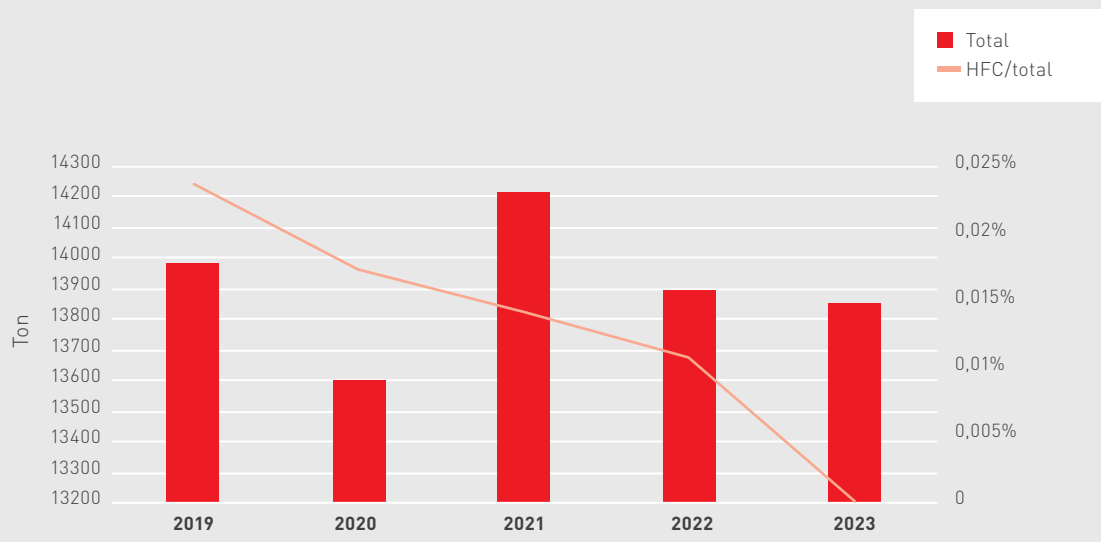
Our objectives

Target: We improve the mix of propellants in our products by eliminating the most environmentally unfriendly propellants.

KPI's:

- Total volume of propellants
- Ratio of the volume of HFC propellants to the total volume of propellants (on an annual basis) (*)
- Volume of propellants included in the European E-PRTR regulation

(*)HFC- propellants are prohibited in Belgium but are still used elsewhere.



Propellants at Soudal (Turnhout, Pionki and Slovenia).

less HFC

Total volume of propellants

in our products

2023 Achievements

Total volume of propellants
In 2023, our growth in the field of PU foams was very limited. Cause was the conflict between Russia and Ukraine, which resulted in the loss of our market in Russia. As a result, the amount of propellants in our products actually decreased in 2023 by almost 45,000 kg compared to 2022. The total volume of propellants was 13,848,271 kg.

Ratio Volume HFCs to total volume of propellants (on an annual basis)
Because certain hydrofluoro-olefines (HFOs) were not available in 2022, we temporarily switched to HFCs. We were able to reverse that trend in 2023: we succeeded in removing almost all harmful HFC propellants from our production processes and to replace them with HFOs. Compared to last year, we were able to reduce the amount of HFCs by 99.9% to 1,800 kg (instead of 150,257 kg). Meanwhile we are working on insulation products that no longer require HFOs.

Our actions

Replacing HFCs with HFOs
In recent years we have replaced propellants based on fluorine hydrogen (HFCs) as much as possible with propellants based on HFOs wherever possible. Almost all our HFCs have now been replaced by HFOs, which has significantly reduced our greenhouse gas emissions. In 2023 we eliminated the latest HFCs from our ready-to-use PU foams for individuals and small-scale professional users.

Recycling and reuse
Insulation materials have a long service life. Removed insulation products are currently being burned in a controlled manner, so that the propellants are converted into less harmful CO_2. With ready-made products, which consist of one component, we are assessing whether we can reuse the propellants from end-of-life products. For certain product types we are already using propellant recyclate and we are exploring ways to further expand this.

Outlook 2024

Since 2015, Soudal has only been developing new SPF- and 2K foams with HFOs. This has given us a competitive advantage. We are currently working on the next generation of products that no longer require HFOs. For example, we anticipate the ever-stricter regulations regarding F-gases. We are also exploring the possibilities for recycling propellants and completely eliminating these in the long term.

Transport

Why this is important to us

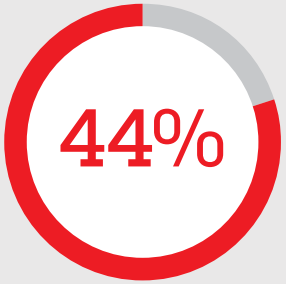
The transport of our raw materials and products has a major impact on the climate. We lower that impact by optimising our logistics network. We opt for transport by ship or train as much as possible and focus on local production chains. This way we reduce our CO_2 footprint, save on transport costs and import duties, and we make our company more resilient against disturbances.

Our policies and procedures

Whenever possible, the transport of our raw materials and finished products is done multimodal. We always investigate if transport by rail or water is an option. Our strategy to produce close to our markets ensures that our products cover fewer kilometres, thus reducing our CO_2 emissions caused by transport.

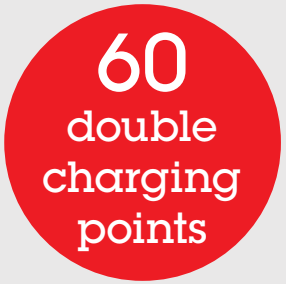
In collaboration with freight forwarders, we optimise the loading process in trucks. We are also closely monitoring the switch to electric trucks and non-fossil fuels. In terms of road mobility, we systematically switch our company fleet to more sustainable electric vehicles. To further reduce the impact of our transport, we are currently working on a chapter on transport in our Climate Policy.

Tom Vanderbeuren
• Belgium



electric company vehicles ordered compared to the total number of company vehicles ordered in Belgium

In 2023 we installed more than



in our car parks

Our objectives

Target: We reduce the CO_2 impact of our transport by choosing local production chains, multimodal transport and electric company vehicles.

KPI's:

- Emissions linked to internal transport
- % electric company vehicles compared to the total number of company vehicles

Achievements 2023

Emissions linked to internal transport

Soudal uses a lot of vehicles in its daily activities: company cars for employees, forklifts and pallet trucks in the warehouses ... In 2023 we mapped these emissions for the entire Soudal group for the first time, for the year 2022. Based on the results, we will define new actions to further reduce our emissions. In 2024 we will also calculate our Scope 3 emissions, which are linked among other things to our collaboration with external transport companies.

Electric company vehicles compared to total number of company vehicles

As far as our commercial vehicles are concerned, 44% of the cars ordered in 2023 were electric. We also installed more than 60 additional double charging stations in our car parks.

Our actions

Multimodal transport

In 2023, we again opted for multimodal freight transport, where goods are partly transported by ship and by train. This is more cost-effective and better for the climate. Especially for longer distances, from 300 kilometers, we use train transport. For example, transport between our sites in Belgium, Italy, Poland, Romania, Bulgaria and Turkey often takes place via train. In the coming years we want even more transport to take place by train, although we must take into account the maximum capacity of the existing rail infrastructure. In 2023 we also filled around 1,000 sea containers.

More sustainable road transport

For shorter distances, the truck remains the most convenient means of transport. As electric and other sustainable forms of road transport become more widely available, we will use them increasingly. In fact, our transporters are increasingly using biodiesel.

Outlook 2024

In the coming years we will certainly continue to rely on train transport. Shipping also remains an important choice of transport. As available technologies become more sustainable, we are improving the sustainability of our cargo transport.

We also installed more than 60 additional double charging stations in our car parks in 2023.

Koen Van Gasse • Belgium

Sustainable and passive construction

Why this is important to us

The climate transition is increasing the demand for sustainable renovation solutions and energy-efficient buildings. This is an important opportunity for us. With our insulation and sealing products we contribute to sustainable and passive construction and renovation. At the same time, we realise that our products also have disadvantages, such as an environmentally harmful production process and very limited recycling options. We continue to look for opportunities to reduce our impact.

Our policies and procedures

Energy-efficient construction and renovation is becoming increasingly important. In the EU, buildings account for 40 percent of the total energy consumption and 36 percent of greenhouse gas emissions. Moreover, 85 to 95 percent of the buildings that exist today are expected to still be standing in 2050.

To meet the Paris climate goals, many governments are providing financial support for **renovations and energy-saving measures**. For new buildings, 'near zero energy' construction has been mandatory across Europe since 2021. We contribute to this with our products. Our insulation products, especially polyurethane foam (PU), are used as high-quality insulation materials for roofs, basements, floors, cavity walls and

industrial buildings. They seal cracks and prevent thermal bridges or 'cold bridges'. Thus, they prevent energy losses in buildings, therefore reducing CO_2 emissions. Correctly installed PU foam also has a positive impact on acoustics and reduces the risk of condensation and mould.

Soudal has been working with the construction industry for years to develop **systems** for energy-neutral and passive construction. The objective: to improve the energy and insulation performance of the systems that Soudal products are part of. Mere product innovations gradually make way for system thinking: not only do we improve the properties of our products; we also look at, for example, the best way to install and insulate a window. Our products have been designed to continue performing for years and years. Their robustness, for instance, ensures that windows need to be repaired or replaced less often.

Our actions

Making buildings airtight

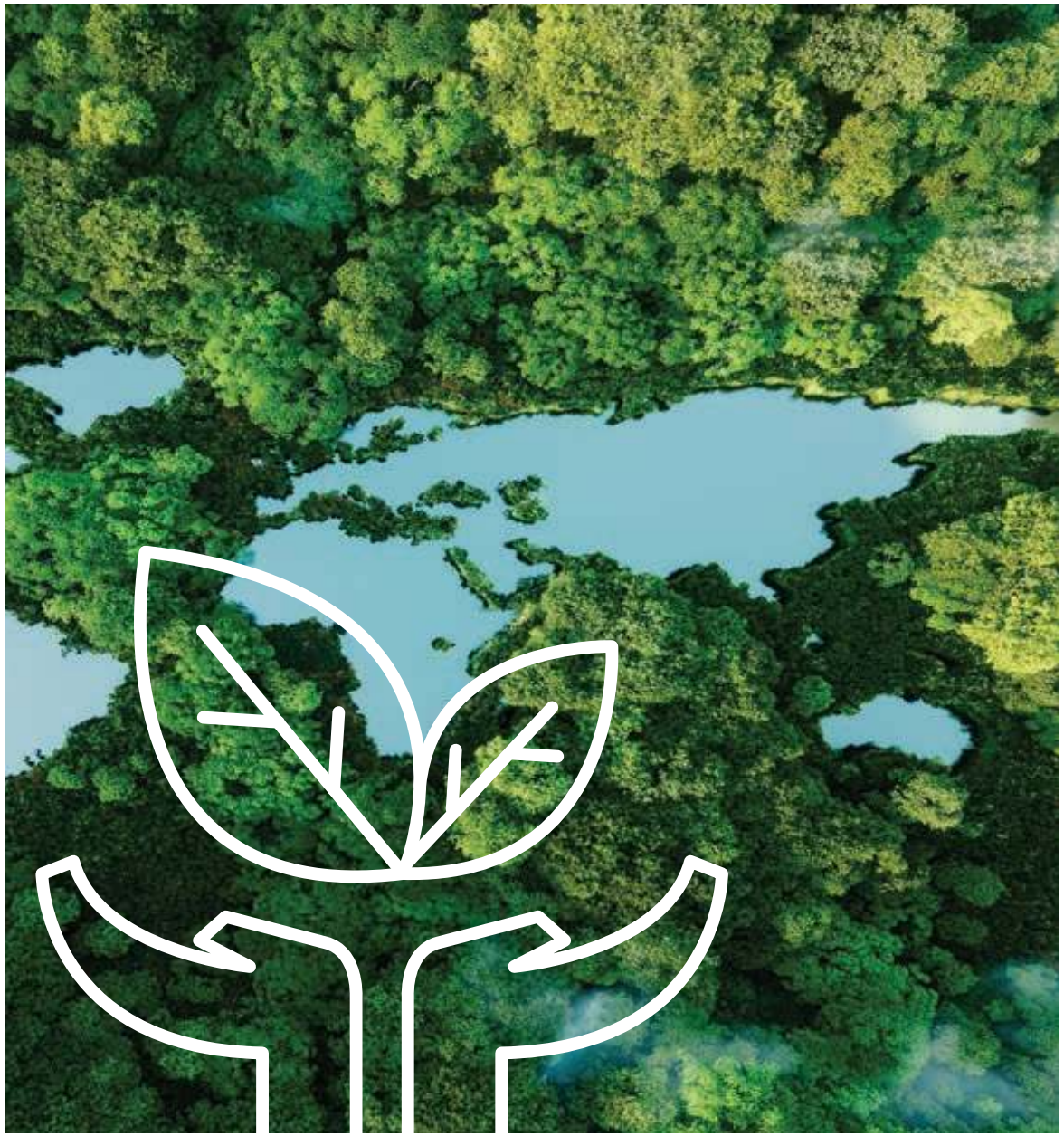
For several years, Soudal has been offering both spreadable and sprayable airtight membranes: Soudatight LQ and Soudatight SP. These are designed to make the building envelope of a passive building completely airtight. The Passive House Institute (PHI) tested both membranes for airtightness and awarded them the highest result. The PHI certificate shows that Soudal is able to guarantee a high-quality and durable airtight sealing of window joints. In 2023, Soudal was allowed to present the Soudatight membranes at the Passive House Conference in Spain.

Knowledge sharing: a must!

Soudal has been committed to passive construction for years. We have been a member of Passiefhuis-Platform vzw (Passive House Platform npo), better known now as Pixii, since 2008. In 2023, we provided training to carpenters and window fitters in the Netherlands, Germany, Spain, Hungary and Bulgaria. A correctly installed and sealed window can make a big difference in terms of energy efficiency. Our demo videos are also viewed increasingly more often every year.

In Bulgaria, where sustainable construction is still very much under development, we actively sought the limelight. For instance, we participated in the BAU Academy, where we demonstrated our products. We also organized a five-day trade fair for construction companies, the Building Week, where we promoted sustainable Soudal products and solutions. In Hungary, the Soudal Hungary's Training Center welcomed architecture students from the Technical University of Budapest.

Sustainability in construction is also an important topic for Soudal in the Netherlands. For example, we introduced the Soudafoam PURe at the International Construction Fair in Utrecht and organized training courses on working safely with diisocyanates. These are reactive chemicals used in the production of polyurethane products such as adhesives and insulation foams. Soudal Netherlands is a knowledge partner of the Construction & Infrastructure Core Group Bouw&Infra and advises large construction companies in the Netherlands on a safe handling of diisocyanates. Such training courses were also given in Norway.



Protection of the environment

Our actions to protect the environment are taking place on three levels:

1. We are **reducing** our **impact on water, soil and biodiversity**.
2. We are **reducing** our **water consumption**.
3. We are **emitting** fewer **Volatile Organic Compounds (VOCs)**.

Water, soil and biodiversity

Why this is important to us

Industrial emissions to water and soil damage the environment and biodiversity. To reduce the impact of our factories, we optimise our production processes and discharge our wastewater according to strict standards. We are also analysing how we can reduce the environmental impact resulting from the use of our products, for example by correctly collecting waste materials.

If pollution does occur, we will deal with it in the best possible way.

Our policies and procedures

Through our environmental policy we are committed, among other things, on water management, the prevention of air and soil pollution and the management of waste streams. Our production process in Turnhout holds an **ISO 14001 certificate** since 2015, an internationally recognized standard for environmental management systems. The certificate confirms that we manage and reduce the environmental risks of our operations to the best of our ability, and that we develop and implement appropriate environmental policies.

Our products can have an impact on soil, water and biodiversity if they end up in the environment after use. Certain products contain, for example, microplastics or heavy metals, which remain in the environment for a very long time. To prevent our products ending up in the environment **after use**, we are investigating how to encourage proper collection of the end product.

We always discharge wastewater in accordance with local **discharge standards and permits**. When purchasing new land, we first conduct a soil survey. If necessary, we remediate the soil before we build. Our production processes themselves have **little or no impact on soil contamination**.

Our objectives

Target: We strive for less wastewater and reduced use of SVHCs.

KPI's:
- Quantity of wastewater (tonnes)
- Quantity of SVHCs (tonnes)

Achievements 2023

Quantity of wastewater
In 2023, 881 tonnes of wastewater were discharged from Plants 1, 2 and 3 in Turnhout. This is a **decrease of 4 tonnes compared to 2022** and of 132 tonnes compared to 2021. We will start collecting the correct data at our sites in other countries in the coming years.

In 2023

881 tonnes

of wastewater were discharged from Plants 1, 2 and 3 in Turnhout

Quantity of SVHCs
The Soudal group is making efforts to reduce the amount of Substances of Very High Concern step by step.

Our actions

Reducing pollution
To further reduce the impact of our wastewater on water quality, we already made a lot of efforts. For example, we clean our mixing tanks as much as possible with solvent-free products and we strongly focus on the use of water-based products.

Microplastics
In 2023 and 2024, together with our suppliers, we will map out how many microplastics our products and raw materials contain. Such a long period is necessary because the legislation on microplastics was only published in 2023, and it is not yet entirely clear which substances are or are not included in the definition. By 2025, the exercise should be completed, and we will be able to correctly report our use of microplastics. We will then take adapted actions to reduce our usage.

Eco labels

Many Soudal products have an eco-label, which shows that they are better for the environment without compromising on quality. Our customers in Scandinavian countries, among others, attach great importance to this. Because we make great efforts to adapt the formulas of our products, we are increasingly eligible for eco labels. For example, we have already developed silicone products with lower emissions of harmful substances. Today, we offer at least one product with an eco-label in almost all product categories.

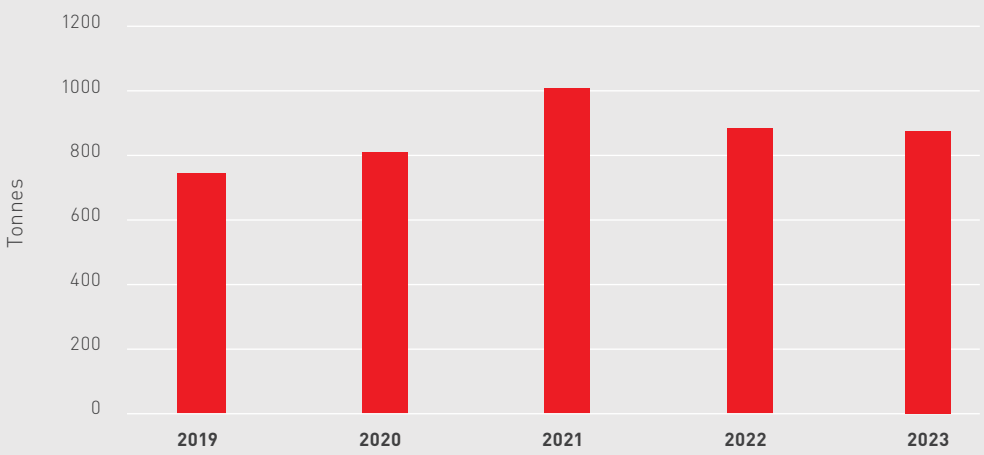
SVHC's or 'Substances of Very High Concern'

As an expert in chemical construction specialties, Soudal uses many chemical substances. We make it a priority to replace ingredients that are candidates for Substances of Very High Concern (SVHC) with less risky alternatives.

Outlook 2024

Our wastewater management is good but there is still room for improvement. Currently, some of our production water is collected and transported with tankers. We are investigating whether it is possible to purify this production water in a water treatment plant on our own site.

Quantity of wastewater



Wastewater (in tonnes) of plant 1, 2 and 3

Volatile Organic Compounds (VOCs)

Why this is important to us

The use of solvents and fuels in our production processes releases volatile organic compounds (VOCs). In large quantities, these substances can be harmful to human health and the environment. Furthermore, the (historical) use of hazardous substances such as VOCs can damage our reputation. That is why we develop as many water-based products as possible and apply solvent-free cleaning methods.

Our policies and procedures

Volatile organic compounds (VOCs) are chemicals that evaporate quickly at room temperature. Soudal uses various VOCs in its production processes, such as solvents and fuels. We look for alternatives where possible. We develop water-based products, and we look for solvent-free methods to clean our equipment / facilities.

We avoid VOCs in our production processes as much as possible. Where they are unavoidable, as there are no alternatives on the market yet, we keep the concentration as low as possible. Products with higher concentrations are intended exclusively for professional users who take the appropriate precautions, and not for private individuals. We strictly adhere to legal standards, but frequently perform better, with performance standards such as the European Emicode (EC1+), and aim to improve even more whenever possible.

Water consumption

Why this is important to us

Water plays a rather limited role in the production of our products. Yet we need certain quantities, both in our production processes and throughout the value chain. To reduce our environmental impact, we take measures to limit our water consumption and to reuse water.

Our policies and procedures

Our production processes use relatively little water. Nevertheless, we continuously review these processes to reduce our water consumption even further. By working more efficiently, we have been able to reduce our water consumption in Turnhout to approximately 10,000 m^3 per year in recent years.

We are also taking measures to produce less wastewater. Collected rainwater is partly reused as sanitary water in Turnhout. Thanks to our rainwater recovery system, we can store 300,000 liters of rainwater in underground reservoirs and let it gradually infiltrate so that it is discharged into nature at a slower pace.

Falke Vermeiren • *Belgium*

Our objectives

Target: We reduce our water consumption and focus on reuse.

KPI's:
- Total water consumption (m^3)

2023 Achievements

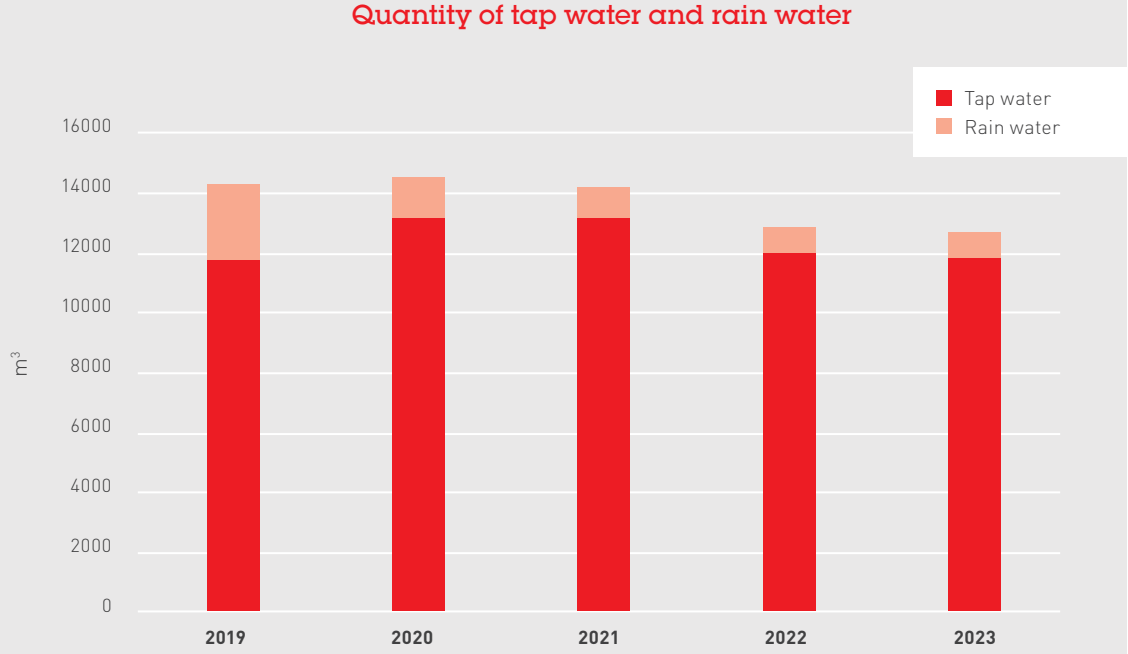
Since its start of operations in April 2023, the water consumption of plant 5 has been measured. Despite this being an additional consumer in the data, we can still record a small decrease in the total consumption of our Turnhout sites. More specifically, we used about 120 m^3 of tap water less compared to last year.

Our actions

Tracking down major consumers
To further reduce our water consumption, in 2023 we started mapping the largest water consumers in our processes and buildings. For example, this includes machines that need frequent rinsing. Based on the results, starting in 2024 we will take new measures, for example by purifying and reusing rinse water.

Outlook 2024

In the coming years, Soudal wants to continue making progress concerning the use of water. For example, we are looking at whether we can install additional meters to better monitor our water consumption.



Water consumption of Plant 1, 2, 3 and 5 divided into tap water and rain water.

Circular products

The linear economy exhausts available raw materials worldwide. It accelerates climate change and puts great pressure on the environment and biodiversity. That's why Soudal wants to switch to a circular model step by step.

Our circular actions are taking place on three levels:

1. We are making our **packaging** circular.
2. We use more sustainable **raw materials**.
3. We manage our **waste** well.

Circular packaging

Why this is important to us

Sustainable packaging plays a major role in the transition to a circular economy. The focus is, among other things, on recyclability and reducing the amount of waste. At Soudal, we work with recycled packaging materials wherever possible. These materials must be available, which is not always the case today. We also increase the recyclability of our own products and packaging.

Our policies and procedures

Soudal supplies both industrial companies and wholesalers for construction professionals and private individuals. For the latter group, everything is packaged in relatively small quantities, which means we use a lot of packaging materials. We strive to use less packaging and opt for recycled and recyclable materials as much as possible. Recycling silicone cartridges remains a challenge, because polyethylene contaminated with silicone is difficult to recycle. Nevertheless we continue to explore possible solutions.

For more than 40 years, we have been marketing so called 'sausages' containing silicone products for professional users. This saves 75% packaging waste compared to silicone cartridges. We fill our water-based products into light, thin-walled cartridges, avoiding another 285 tonnes of plastic waste every year. We use innovative stretch film to wrap pallets, and we pack our parquet adhesive in cardboard boxes instead of plastic buckets.

Our objectives

Target: We use less packaging and choose recycled and recyclable materials where possible.

KPI's:
- Total weight of packaging
- Weight of packaging made from recycled materials
- % recycled materials in cartridges for sealants
- % adhesive buckets produced with PCR

2023 Achievements

In 2023, we purchased approximately **7,200 tonnes** of plastic cartridges to package products such as silicone. The majority of this, around 6,000 tonnes, consisted of high-density polyethylene (HDPE). Recycled packaging materials (PCR) accounted for **410 tonnes**, or about 7% of the total. That is 170 tonnes more than last year. We also purchased 1,200 tonnes of polypropylene (PP) for other packaging, of which 130 tonnes

	2022	2023
HDPE PCR	134 tonnes	410 tonnes
PP PCR	106 tonnes	130 tonnes

were PCR (11%). Finally, we purchased 11 tonnes of tin plate (thin metal plates), 8 tonnes of polyethylene (plastic) and 4.5 tonnes of paper. Bio-based materials such as wood, corn or sugar cane are not suitable for our packaging for the time being.

Our actions

Recycled materials
For our silicone cartridges and DIY adhesives buckets, we opt for recycled materials whenever possible. More specifically, we use Post Consumer Recycling (PCR) plastic, originating from the recycling of household plastic waste. In 2023 we produced more than 14 million joint sealant cartridges with at least 80% PCR: that was 10 million more than the year before. In time, we want to increase this even more. To use more recycled raw materials, suppliers must be able to increase their capacity.

As the demand for recycled plastic is greater than the supply, we are working with partners to find ways to close the circle of our own plastic cartridges. For example, we are investigating the possibility of recycling our own joint sealant cartridges into new cartridges.

Yves De Smet • Belgium

Sustainable steel
Since 2023, we have been using sustainable Bluemint® steel from Thyssenkrupp with our aerosol cans for PUR foams. Up to 60% less CO_2 is released when producing Bluemint® steel. This reduces greenhouse gas emissions throughout the value chain. Thus, our own CO_2 footprint is smaller as well. The first Soudal products with a Bluemint® logo are Flexifoam, Soudafoam PURe and Soudal SMX Foam. We aim for annual sales of one to one and a half million units. Depending on availability, we will increasingly replace more classic packaging with Bluemint® cans.

Outlook 2024

Collaboration plays a major role in a sustainable, circular economy. For example, with some suppliers we are exploring whether they can offer more sustainable alternatives of our raw materials. We are also testing thinner sheets for our packaging. By combining our efforts, we can make our packaging even more sustainable.

Sustainable raw materials

Why this is important to us

Because raw materials are becoming increasingly scarce, the circular economy strives for closed material cycles. At Soudal we use the raw materials for our production processes as efficiently as possible, allowing less waste and putting less pressure on inventories.

Wherever possible we work with recycled or renewable raw materials. Due to limited availability and higher prices, the quantities in question are smaller for the time being. We are also looking at options to recycle our own products. We avoid raw materials that can be harmful to humans and the environment as much as possible.

Our policies and procedures

Recycled raw materials
We use as many recycled materials as possible in our products. For instance, we use recyclate produced by our PDR recycling plant in Germany in some adhesive products. Our T-Rex mounting adhesives consist of 80 percent recycled materials.
The recycling of our processed products poses a major challenge. Our foams and adhesives are often only present in small quantities and adhere to other materials. This makes it very difficult to recover and recycle them to new raw materials. For example, aluminium window profiles are usually recycled with the silicone still attached. Together with partners in the construction industry, we are investigating the possibilities of separating building components from each other before they are recycled.

A new way to apply sprayable contact adhesives: Click & Spray. A unique Soudal innovation.

Gerd Horemans • België

165,652 ton

purchased raw materials

Local Production
To simplify our supply chain and reduce our ecological footprint, we produce locally as much as possible, with local raw materials and people. In this way we also become more resilient to temporary closures at specific locations. At the same time, we also bring new talent and expertise on board through our international structure. Soudal currently has 29 production sites across the world. We sell our products in more than 140 countries.

Avoiding harmful raw materials
Raw materials that can be harmful to humans and the environment are avoided wherever possible. In addition, we pursue a strict reduction policy for raw materials that pose other risks, such as bioaccumulative substances, that accumulate in plants or animals.

When developing new products, our R&D department goes beyond what legislation requires. We are already taking into account the list of 'most harmful chemicals' that the European Green Deal will put forward by 2025. Wherever possible, we opt for alternative products. In recent years, we have introduced, among others, isocyanate-free foams and water-based mounting adhesives with high initial adhesion: these are less harmful to humans and the environment.

Our objectives

KPI's:
- Total weight of purchased raw materials
- % recycled raw materials

Our actions

Less harmful substances
In recent years we have removed several CMR substances from our products. In addition, we reduced it in 2023
use of some substances that recently received a higher risk profile. We closely monitor all product developments.

Outlook 2024

In 2024 we will calculate our Scope 3 emissions for the first time. This will also include the impact of our raw materials. Based on this calculation, supplemented with additional data, we will set specific targets and KPIs to reduce our indirect emissions.

Window profile with Soudal insulation foam.

Waste

Why this is important to us

We strive for responsible waste management. We form partnerships to process and/or recycle the waste produced.

While responsible waste management is essential for the environment, it also entails a risk. Because regulations on waste disposal can vary greatly around the world, costs increase in countries with strict rules and laws. This affects our economic position and creates an uneven playing field. A global regulatory alignment would be a major step forward in this regard.

Our policies and procedures

With our environmental management system, which has ISO 14001 certification, we limit our waste streams in many ways. We collect waste such as paper, plastic, wood and metal separately to ensure high-quality recycling by our partners.

In recent years, we have automated several production lines. This allows us to produce in a continuous manner and prevents material losses and waste. Thanks to automation, we also have to clean our equipment / facilities less frequently and less human interaction is required. By implementing the 'first time right' principle, fewer production errors occur and the amount of waste decreases. We try to reduce the amount of waste even further by raising awareness. The waste streams that still arise during our production processes, such as printed and unfilled sealant cartridges with production errors are recycled if possible.

Our objectives

Target: We produce as little waste as possible and have it recycled to the maximum extent possible.

KPI's:
- Amount of waste, broken down by type

Achievements 2023

In 2023, our site in Turnhout produced 4,727 tons of waste. That is 79 tons more than in 2022. This increase is the result of an increase in production volumes. We recorded a sharp decline of 34 % in hazardous waste. The amount of residual waste also decreased by 9% or approximately 25 tons.

Our actions

Global monitoring
Until 2022, Soudal only consolidated part of the data on waste production and waste management of the various sites. Since 2023, we have been working on systems to monitor this data for all our sites.

From 2024, we will also effectively collect and report data globally. By mapping and categorising all our waste streams, we want to identify and tackle our biggest sources of waste. We are looking at the three largest waste streams per department - which can vary greatly from unit to unit - and how we can reduce them.

Optimizing processes

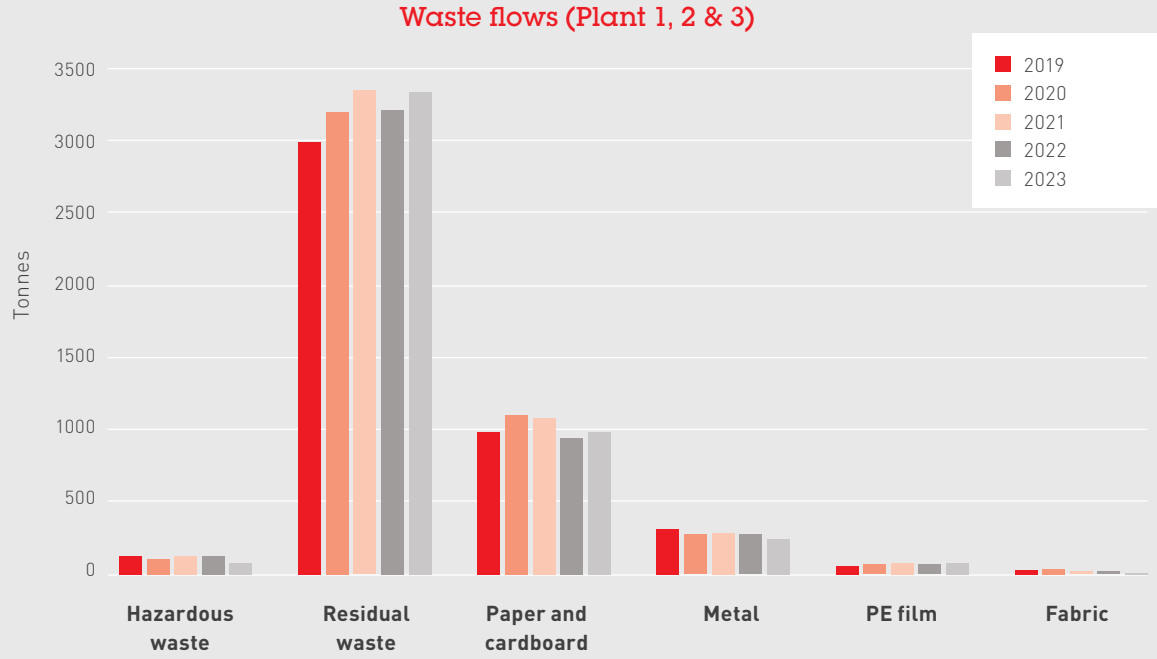
We are investigating various options to further reduce our waste volume. In 2023, we examined, among other things, how we can reduce the number of aerosol cans with production errors, so that we have to reject fewer cans.

At the same time, we explore whether recycling of discarded cans is possible. We are researching other options as well.

Outlook 2024

From 2024, we will collect data on waste production at all our sites. Based on that data, we will take measures worldwide to reduce waste. As Soudal continues to offer custom-made solutions, even in small quantities if desired, we generate more waste than competitors who only produce very large volumes in two or three colours.

After all, fewer production changes imply less mixing residues, less frequent cleaning, and a smaller chance of human error. Our personalised service is our calling card and we certainly will continue to offer it. However, we are investigating the reuse of product residues, for example by mixing them into a cheaper B-product.



Waste quantities (in tonnes) of our main waste streams, for our sites in Turnhout

Francis Essel Ampah and Waqar Satar • Dubai

2. Providing the best workplace for our people

Only the best is good enough for our employees. We want to offer them a safe, healthy and pleasant working environment, where everyone can develop their talents and be themselves. Our positive, family-oriented corporate culture makes people enjoy working with us and feel good about our company.

Our three focus areas are:

- Working safely and healthy
- Global business on a human scale
- Sustainable employment

Constant Coppens, Mimoun Hadouchi • The Netherlands

Working safely and healthy

Why this is important to us

Offering a safe workplace to our employees is a top priority for Soudal. We create safe and healthy working conditions with a number of measures. Our processes meet all legal safety standards, in our production processes we use as many safe raw materials as possible and we pay attention to ergonomic working. We also take advantage of the opportunities that automation and digitalisation offer us: By reducing the number of physical activities, the risk of dangerous situations decreases.

Our activities do not allow us to to prevent all risks for the time being. We invest heavily in safely dealing with these risks.

Due to Soudal's rapid growth, we must pay particular attention to ensure a safety culture at all our locations. We continue to invest in basic safety and training in all our factories.

Our policies and procedures

Soudal monitors the safety and health of employees, external employees and local residents. We commit to inform all our stakeholders in an understandable manner about any risks and measures. At the same time, we expect our employees to correctly follow our health and safety regulations. In order to fully internalise safe behaviour and create a real safety culture, we are currently working on a **Safe Place to Work Policy**.

We want to avoid accidents as much as possible. Therefore we developed the **Soudal Safety Building program** for our site in Turnhout, which has three dimensions:

1. **A solid foundation** of safety standards, well-defined procedures, daily consultation, order and cleanliness, all kinds of safety measures (such as personal protective equipment) and process safety.

2. **Support consisting** of safety training, awareness-raising actions, safety campaigns and continuous monitoring via reporting, audits and accident analyses.

3. **Good leadership**, with leaders who promote the Soudal vision at every level and who coach and monitor their teams intensively.

We can summarise the basis of our safety policy in two aspects: safety in the processes and an appropriate work attitude.

Safety in the processes

Safe processes rely on both machine safety and the safe use of chemicals. With regard to machine safety, we have been carrying out risk analyses at our site in Turnhout in recent years. This way we identified almost all potential safety problems. Existing machines and production processes were ajusted, we invested in the construction of new facilities / units and we ensured further automation of our production lines.

We have a Safety Data Sheet (SDS) for every chemical we use: a structured document with information about the risks and recommendations for safe use. High-risk substances are used as much as possible in closed systems, such as in the mixing department, to limit exposure. We avoid very harmful CMR substances, which are, for example, carcinogenic, where possible. Through measurements and simulation models we investigate to what extent our employees are exposed to chemical substances. All production employees who work with chemicals undergo annual medical check-ups.

Adjusted working posture

Human behaviour is a critical factor in safety. Training, awareness and learning correct work attitudes therefore receive a lot of attention at Soudal. All our employees follow safety training and take safety tests. Our managers coach their team members by appreciating safe behaviour, showing commitment and making safety a topic of discussion. This way, safety becomes self-evident.

A safe working environment starts with order and cleanliness on the work floor. That is why we have been using the Japanese 5S method since 2020, which stands for Sort, Arrange, Clean,

Mauricio Gadea • Slovenia

Standardise and Sustain. That approach swiftly led to a change in mentality in our production environment: order and cleanliness have become evident for our workers.
We regularly launch thematic safety campaigns and actively monitor them over a certain period of time. Only when all employees take the correct actions will we launch the next campaign on a different topic.

As soon as the 'Soudal Safety Building' programme is fully operational in Turnhout, we will roll it out to our sites worldwide. We start with a thorough safety analysis at every site. In 2023, we defined two concrete goals, relating to the severity and frequency of occupational accidents. With a step-by-step plan for each site, we bring safety everywhere to the same level as our parent company.

CAMPAIGNS AROUND WORKING AT HEIGHTS AND PERSONAL PROTECTIVE EQUIPMENT

Our first safety campaigns, in 2021 and 2022, focused on eye and hearing protection and on moving equipment. In 2023 we launched campaigns around working at heights and personal protective equipment (PPE). PPE such as face masks, safety helmets, sturdy work clothing or fall protection can make a crucial difference in terms of safety.

Our objectives

To monitor whether we are effectively achieving our goals regarding safe and healthy working, we have set specific targets and KPIs.

Target: we want to avoid accidents as good as possible. That is why we aim for a frequency rate of less than 5 (number of occupational accidents per million hours worked) by 2030, measured across all our locations. The severity rate of occupational accidents should be a maximum of 0.2 by 2030.

KPI's:
- Frequency rate of accidents
- Severity rate of the accidents

WORKING ERGONOMICALLY

In the production departments we focus on back friendly work. At our Turnhout site, for example, we have introduced tub manipulators, eliminating the need for operators to push the tubs manually. Furthermore this prevents accidents. We also introduced lift tables, so our employees have to lift fewer things themselves. We encourage our employees to submit suggestions for further improvements to ergonomic work and aids.

Train the trainer: the lifting coach
In each production department, several operators are being trained as 'lifting coaches'. They teach colleagues why it is important to spare your back, and what you can actually do to put less strain on your back. In each team, the 'lifting coach' organises coaching sessions to inform the team members and raise awareness.

2023 Achievements

Since 2023, we have consistently collected safety data from the entire Soudal group. That is why we will take the 2023 results as a baseline to define new actions. This way we can improve safety even further.

Frequency rate of occupational accidents
From 2020 to 2022, an average of 58 occupational accidents occurred annually at our Turnhout site. Our safety actions allowed us to reduce that number to 36 in 2023. At the same time, we saw a small decrease in the frequency rate (the total number of accidents compared to the number of hours worked): from 29.5 in 2022 to 22.6 in 2023. For the entire group we recorded a frequency rate of 15.4 in 2023. The development is evaluated and discussed monthly. That way, we assess which technical improvements or behavioural changes are needed. By 2030 we want to reduce the frequency rate to 5 or less.

Severity rate of the accidents
The severity rate of our industrial accidents was also measured worldwide for the first time. In 2023 this was 0.26 for the entire Soudal group. Usually, these were minor accidents, such as cuts or dust in the eye. To prevent cuts even further, we have prepared a new safety theme with associated toolboxes in recent months. We also encourage our employees to report all injuries, no matter how minor, and have them treated.

2023		
Frequency rate	Turnhout	22,58
	Group	15,41
Severity rate	Turnhout	0,39
	Group	0,26

Our actions

Soudal's Safety Leadership Team determines and prioritises action areas and translates our targets into concrete actions on the work floor. In 2023 these included:

Toolbox meetings regarding safety

In the past years we have developed a toolbox including four safety topics. A short information session in which a team member discusses specific safety aspects. In the coming years we want to develop additional toolboxes and introduce the existing toolboxes in other countries. In 2023, we introduced a fifth topic, 'Personal Protective Equipment', and started preparing topic no. six: 'Preventing cuts'. Because providing toolboxes requires continuous attention, we also invited a new group of employees for the training 'How do I provide a toolbox?'.

Accident reporting and analysis

We encourage our operators to report accidents. This is particularly important in case of minor accidents and 'near misses': these reports help us learn from our mistakes and avoid similar situations in the future. If an accident does happen, we discuss it with the whole team. We teach our supervisors to analyse incidents correctly, identify the cause and take appropriate action. In 2023, we improved the procedure and form to analyse accidents and determine the cause. The new approach was explained in the 'Analysis of incidents' training. We expect our foreign sites to report every occupational accident resulting in lost time to Turnhout. This way we can take targeted measures to improve safety in all our locations.

"Do what we say we are going to do."

We closely monitor whether we do carry out our planned actions. We track whether incident analyses are carried out and registered in a timely and correct manner (target = 90%). We check whether toolboxes are organised according to the agreed schedule, and we register any feedback.

Soudal Safety Tour

From operator to manager: every Soudal employee is responsible for safety. Our team leaders and supervisors are responsible for daily follow-up and coaching their teams on safe behaviour. In 2023, we also offered our production employees an interactive training program on identifying risks and providing feedback. We created safety cards for each group with specific focus points. These are discussed weekly as a team. We want to create a corporate culture in which our employees dare and are allowed to speak to each other about unsafe behaviour.

Outlook 2024

We want to further strengthen the safety culture at Soudal in the coming years. In 2024, we plan, among other things, the 'Awareness of tasks and responsibilities' training for our managers: they must ensure that everyone contributes to safety. Based on the safety data from 2023, which have been measured extensively and consistently for the first time, we will set up new measures.

Jasmin Mujić • Slovenia

Global business on a human scale

Soudal stands for interaction: not only between products, but also between people. As an ambitious and fast-growing company, we have developed into a global player with more than 4,000 employees over the last few decades. With our unique family culture, we take care of the most important asset of our company: our people.

Our actions for our employees are taking place on three levels:

1 We maintain the values of our **family corporate culture**, despite growth.

2 We are committed to offer a **pleasant working environment** and mental well-being.

3 We create a **diverse working environment** where everyone can be themselves.

Family corporate culture

Why this is important to us

Soudal is a multinational family business. Our family corporate culture contributes to growth and progress and makes us more efficient as a company. At the same time, that growth is our greatest challenge. We try to maintain our family atmosphere and promote our standards and values at our new locations, with maximum respect for local cultures. We are strengthening the ties between our sites and our headquarter to ensure that we live the same vision.

Our policies and procedures

Despite geopolitical and other crises, Soudal has continued to grow in recent years. Our workforce continues to increase as well: we now employ more than 4,000 people. But even as a multinational company, we want to continue to maintain our family corporate culture. That is why we want our employees to share our most important values: integrity, solidarity and entrepreneurship. We choose people who think long-term, have both feet on the ground and feel at home in our family environment.

Promoting our corporate culture mainly takes place implicitly, during our daily activities. However, given our strong growth and the importance of a positive working atmosphere, our corporate culture is also explicitly communicated, so that all our employees are aware of our values.

Our actions

New Employer branding

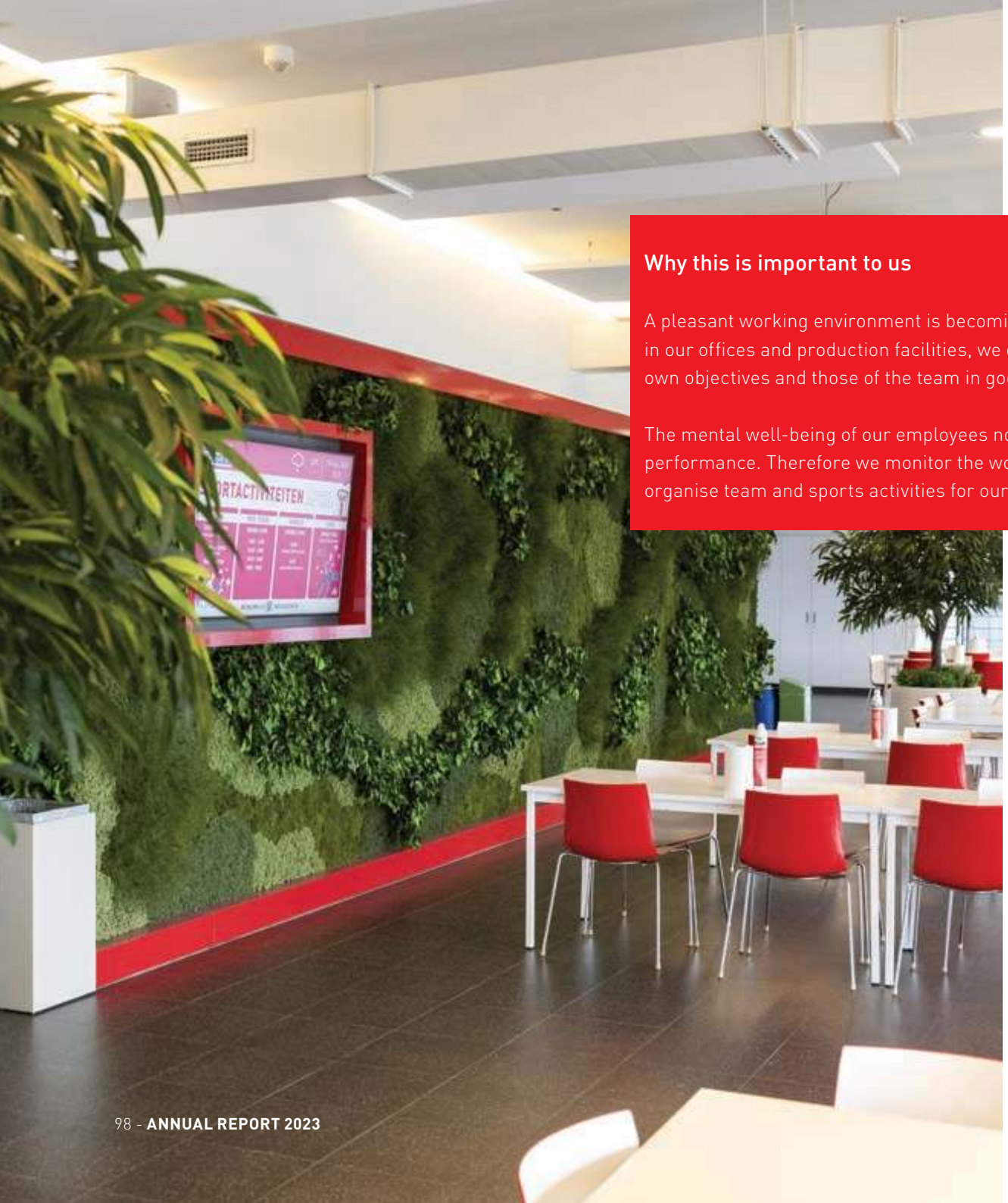
Soudal's continued growth makes it more difficult to communicate our values and culture to all employees. That is why, in collaboration with an external partner, we created a new employer branding: '(You) Build the Future'. Our new manifesto focuses on three core values: *uncomplicated sincerity, ambitious bravery* and *shared loyalty.* In 2023, that manifesto was distributed worldwide, including via a video. The video shows the growth development of a young girl into an adult woman and conveys Soudal's values in a personal and compelling way.

In addition to the employer branding video, we created numerous other assets, such as a web page, posters, gadgets, internal news reports, social media messages, etc. The internal employer branding campaign was well received and will continue to be used in the coming years.

Promoting our corporate culture

In Turnhout, new employees are invited to a Know Soudal Day, a welcome day on which they get to know our company in detail. We also involve our foreign branches in our family corporate culture. The shared culture creates a winning mood that is palpable throughout the entire company. Together we make sure that Soudal maintains its high-value performance.

Know Soudal Day 2023. • *Belgium*



Pleasant working environment

Why this is important to us

A pleasant working environment is becoming increasingly important to attract and retain talent. By investing in our offices and production facilities, we enable employees to optimally execute their jobs and achieve their own objectives and those of the team in good working conditions.

The mental well-being of our employees not only depends on their professional opportunities and performance. Therefore we monitor the work-life balance, take measures to reduce the workload, and organise team and sports activities for our people.

Our policies and procedures

Our people are our most important asset. To attract and retain talent, we invest in an attractive and pleasant working environment. We offer valuable jobs, good working conditions and with a proper remuneration. We also take care of the physical and mental well-being of our people: we make room for sport and relaxation and keep an eye on the workload. This is also a plus for us: happy employees perform better, are more creative, and feel more involved in the company. As a healthy company, we reconcile profitability with proper compensation and a pleasant working environment. We respect the labour, employment and immigration rules of each country in which we operate. At all our sites we offer at least locally customary benefits, such as healthcare or pension savings. By reducing stress and offering people a challenging and meaningful job, we reduce the risk of absenteeism.

Our objectives

Every two years we conduct a satisfaction survey with our staff in Turnhout. This allows us to measure the well-being and satisfaction of our employees and obtain insight into our working points.

Achievements 2023

Average score in satisfaction survey
Through our satisfaction survey in 2023, we established that our employees are overall satisfied and that there is a strong loyalty towards the company. We also observed low turnover intention and high scores on social energy sources such as collegiality, team atmosphere and connectedness. Our employees reported feeling appreciated, receiving support and feeling psychologically safe. The satisfaction survey also revealed some working points. For instance, various employees experienced a high workload. They also reported difficulty in concentrating for long periods because of too much noise in our offices. Our employees previously experienced limited learning and development opportunities and received insufficient feedback on their performance. Based on these results, we formulate actions such as determining career paths, lunch & learns and development meetings to improve well-being and satisfaction.

Our actions

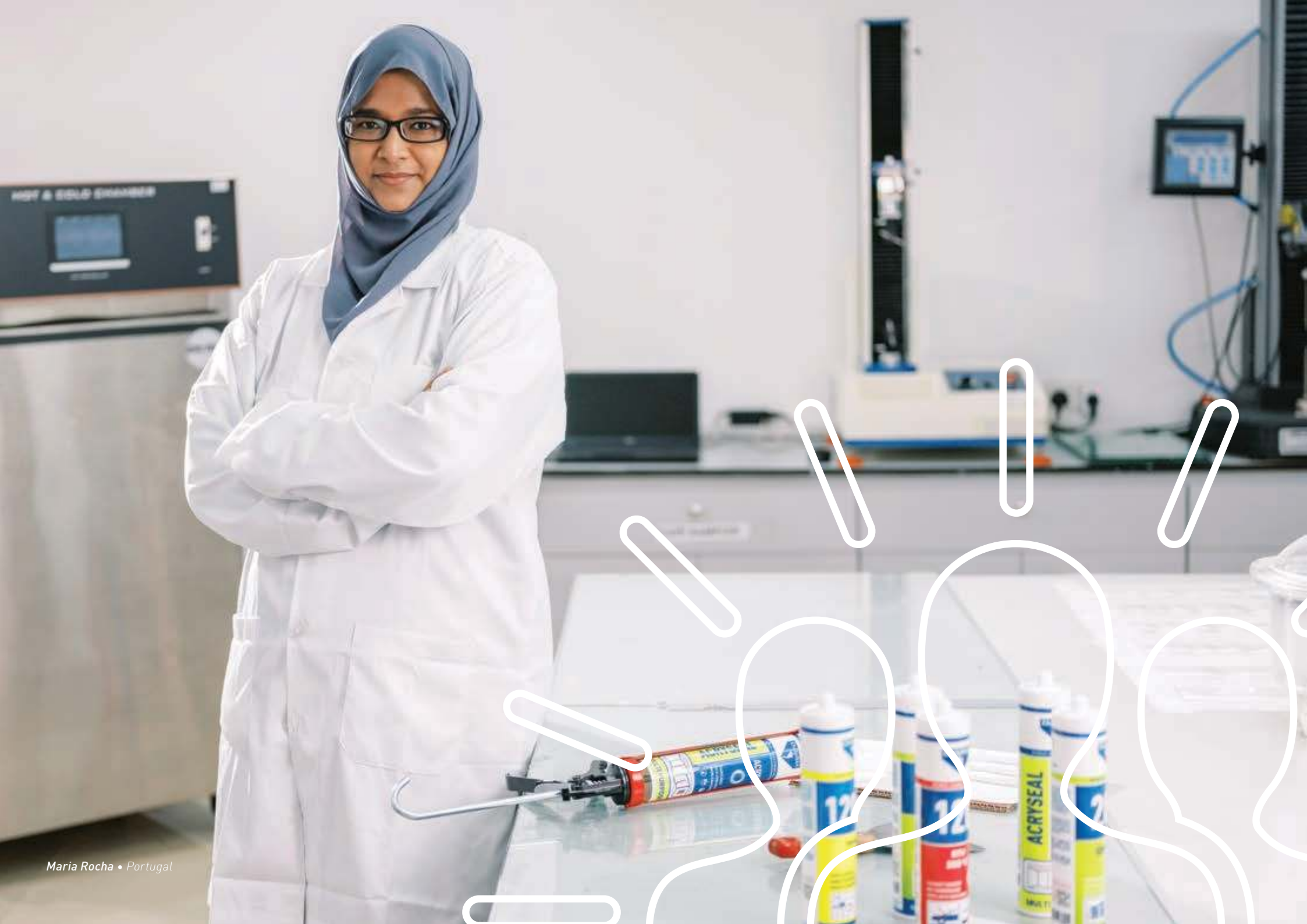
Code of Conduct and Ethics
In 2022, we established an international 'Code of Conduct and Ethics'. The guidelines in that code aim to ensure that all Soudal employees act with integrity, in accordance with all laws, regulations and policies that apply to our company. In 2023, we communicated the code to all our employees, amongst others through targeted training.

Pleasant workplace
We ensure a pleasant workplace by focusing on healthy air, a pleasant temperature and adequate lighting. In 2023, we set up a creative space with a plant wall in our head office. We also offer healthy meals and snacks.

Athletic challenge
To contribute to the mental well-being of our people and to connect them even more, we offer nice extras. Our sports teams, such as the SoudaRunners and SoudaRiders and our tennis and paddle teams, are a prime example. With the SoudaSport platform, our people can motivate and encourage each other.

ACTIONS FOR LOCAL COMMUNITIES

As a family business, we see it as our duty to give something back to society. At various subsidiaries our employees dedicate themselves to the local community. Every year Soudal also supports the **'Moved to Help'** benefit, where Soudal colleagues compete against each other during various sporting activities. The proceeds from the event go to charities that are committed to the fight against poverty. An enthusiastic group of volunteers also organises an annual quiz, the proceeds of which go to a charity such as **'Kom Op Tegen Kanker'** (Stand Up Against Cancer). Another social project that we support is **'ON-TRACK'**. In collaboration with Studio 100, we aim to establish a choir for young asylum seekers staying in a reception center. The artistic coach of the project is Nel Swerts, member of Soudal's Board of Directors.



***Maria Rocha** • Portugal*

Diversity

Why this is important to us

At Soudal we want our workplace to be a reflection of society. Both employees and customers must be able to recognize themselves in our organization. That is why we strive for a diverse workforce in which everyone can be themselves, regardless of race, age, ethnicity, religion, gender, cultural background or stage of life.

In addition to benefits, such as more creativity, diverse teams also bring challenges. For example, the language barrier can hinder the smooth exchange of ideas. Creating a good mix of ages is also sometimes difficult, due to the aging of society and the loyalty of our employees. We look for a balance between protecting experienced forces and attracting younger profiles.

Besides origin, age is also increasingly playing a role in the workplace. The younger generation has different expectations around mobility, work-life balance and flexible working hours and demands sufficient attention to sustainability. At the other end of the spectrum, aging leads to more absenteeism. In Asia and Europe in particular, the exit of the Baby Boomer generation is leading to shortages on the labour market.

In our 'Code of Conduct and Ethics' we describe our guidelines regarding diversity and inclusion. Everyone must be treated with respect, and we do not tolerate actions that create a negative work environment, such as bullying, harassment or hate speech. We strive for equal employment opportunities, without any discrimination, and follow all applicable regulations in this regard. The code should also protect employees from harassment by business partners, customers or other third parties.

Our policies and procedures

Society is becoming more diverse, and this is reflected in Soudal's workforce. We pursue an inclusive policy and offer everyone the same opportunities, regardless of gender, origin or cultural background. Competence and performance are more important than age or origin. By leaving room for cultural differences, we incorporate diversity into our operations in a positive way. Having a diverse workforce also makes us a more attractive employer.

Our objectives

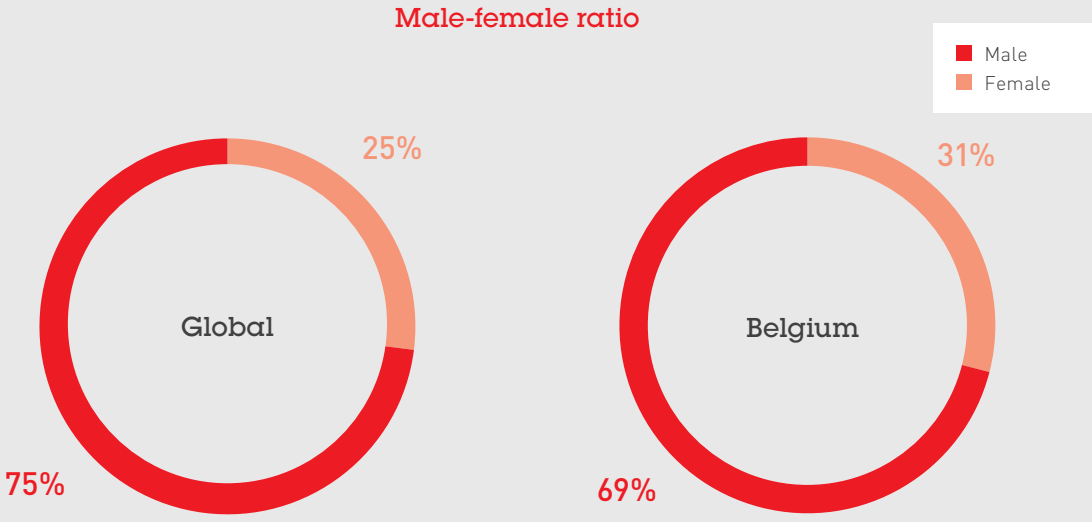
KPI's:

- Age categories
- Ratio of men and women (general)

Achievements 2023

Age categories
Both in Belgium and globally, we have a good distribution of our employees in the different age groups. 17% of our employees are younger than 30 years old, 59% are between 30 and 50 years old, and 24% are older than 50 years.

Ratio of men and women (general)
We are employing more and more women, especially at higher levels. At our Turnhout sites, the male/female ratio within management is 11%. In total, we employ 331 women in Belgium, or 31% of the total workforce. At our sites worldwide, this percentage is slightly lower, around 25%.



Percentage of men and women employed worldwide and in Belgium

Our actions

Campaign 'Thanks for Being (You)'
To communicate the Soudal values to all our employees, we launched the 'Thanks for Being (You)' campaign at all our sites in 2023. This was part of our new employer branding story, '(You) Build the Future'. Everyone could visit the campaign page online using a QR code printed on a Soudal (You) cartridge. On that page the key focus was on our identity: what does our company stand for? How do we want to behave? What makes Soudal Soudal? Our core values – integrity, entrepreneurship and loyalty – played a leading role in the campaign.

'Intercultural Awareness' training
In 2023, Soudal again organised the training course 'Intercultural Awareness' at our facility in Turnhout. The aim: to increase understanding of intercultural differences, and to show leaders how their teams can bridge and even benefit from those differences. In this way, cultural diversity can lead to more dynamic and creative collaboration. We also organised a workshop on diversity and inclusion.

Recruitment policy
When recruiting new employees, we do not look at quotas, but at the right qualifications for the position. The right skills are more important than race, gender or origin. At our headquarters in Turnhout we offer free language lessons to prevent non-Dutch speaking colleagues from feeling isolated. At the same time, we are strengthening our communication in other languages, especially English. With more and more operators having foreign roots, this is becoming a must to keep our plants running sustainably and safely.

To contribute to the mental well-being of our people and to connect them even more, we offer nice extras. Such as the Turnhout Half Marathon.

Pressetage Soudal Germany in Turnhout.

Sustainable employment

Sustainable employment is becoming increasingly important. Due to an aging population, the share of working people in the population is decreasing, while work continues to increase and society keeps demanding more and more from us. That is why it is important for Soudal to have employees who are strong, have relevant knowledge, are fit and happy and have the motivation to learn and grow within our company.

Our actions regarding sustainable employment are taking place on three levels:

1 We create **lifelong careers** by investing in job and career opportunities. This also allows us to attract and keep talent.

2 We invest in automation and **workable work**.

3 We give everyone the opportunity to take **training courses**.

Lifelong careers

Why this is important to us

Soudal invests in the careers of its people. Personal growth and sustainable employability play an important role. We align the needs of our people and our business so that we can grow together.

Although staff turnover at Soudal is low, our rapid growth makes it difficult to recruit sufficient new talent. In smaller affiliates, a lack of career opportunities is another barrier. To prevent the war for talent from hindering our further growth, we are even more committed to a pleasant working environment. We also invest in automation, so that the need for new employees decreases.

Our policies and procedures

Soudal is committed to a **sustainable human resources policy**. All Soudal employees are given opportunities to grow into new roles internally, both in terms of expertise and leadership. New vacancies are always posted internally first. We strongly encourage entrepreneurship. Anyone who shows initiative has a lot of freedom to start new projects or go in new directions within our company. To better organise our rapidly growing company and enable the different affiliates to collaborate more efficiently, Soudal is currently going through several **internal transformative processes**. For example, we are working on an overarching training platform for all our countries and affiliates.

Our objectives

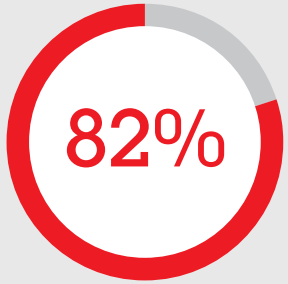
Target: We monitor employee turnover across all our entities and reduce it by 15% by 2030. We also monitor how many employees participate in annual performance and development reviews: by 2030 this should be 100%.

KPI's:
- % employee turnover (per site)
- % of employees who participate in performance and development reviews

Achievements 2023

% staff turnover (per site)
At Soudal's Belgian site, staff turnover is very low. We do see a difference between white-collar and blue-collar workers. In 2023, their turnover rates were 4.9% and 12.7% respectively. So our blue-collar workers take the step to leave a little faster.

In our non-Belgian subsidiaries, a lifelong career at Soudal is somewhat less evident for the time being. Nevertheless, we have already been able to reduce staff turnover at various sites. Acquisitions are also made in a sustainable way.



of employees in BE participated in performance and development reviews

Employee rotation was

among white-collar workers in Belgium

% of employees who participate in performance and development reviews

In 2023, we offered all our employees in Turnhout a performance and/or development interview. 82% of employees actually participated in such an interview. We will roll out the system in all our locations in 2024 and take measures to ensure maximum participation by our employees.

Anita Zagożdżon • Poland

Our actions

Internal transformation
To facilitate collaboration between our subsidiaries, Soudal is currently going through various internal transformative processes. A key part was the implementation of our new recruitment system HR Technologies. We also launched our new training platform Flowsparks, with which we will offer standardised training in all our affiliates in the coming years.

Development discussions
During a development interview, we ask our employees about their well-being, needs and wishes, and we look at how they see themselves growing. We then work out a career path in consultation with the employee. We will roll out the system in all our affiliates in 2024.

Job profiles
A year ago, we drew up a list of job profiles for different positions at our head office. We determined which competencies we expect and which skills or training are needed to be able to grow. Based on this competency framework, we examine the growth and training options of existing employees and analyse the potential of new colleagues. In 2023, we will gradually roll out this system throughout our other sites.

Workable work

Why this is important to us

Now that an increasing number of people are working longer, the importance of workable work is increasing. At Soudal we ensure that our employees can do their jobs in a healthy and balanced way, with a good work-life-balance. We avoid unnecessary work stress and offer sufficient learning opportunities.

We make jobs more comfortable through ergonomic improvements. The automation of certain tasks also contributes to making jobs less stressful. This increases well-being and reduces the risk of health problems.

Our policies and procedures

At Soudal, we invest in meaningful jobs. By automating tasks and paying attention to ergonomics, we make our jobs more pleasant and comfortable. Digitalisation is also claiming an increasing place in our operations. This ensures that we can offer more jobs of higher quality that are less repetitive or require heavy physical effort. On the other hand, such functions also require higher-qualified employees. By offering training to our employees, they can grow with the digital transformation.

Our objectives

Target: By 2026, we will introduce an annual satisfaction survey in our largest affiliates (with >100 employees). By 2030 we will also organise this in our smaller branches.

KPI's:
- % of affiliates that organise an annual satisfaction survey

Achievements 2023

% of branches that organize an annual satisfaction survey

In 2023, we started preparations for an annual digital satisfaction survey among our employees. We will gradually introduce this in all our affiliates from 2024.

Our actions

Education
In 2023, we offered our employees in Turnhout new training courses in ergonomics, automation and safe working. We are now further rolling out the most important toolboxes to other affiliates. In addition, we are strongly committed to digitalization worldwide to reduce the administrative workload.

New ergonomic tools
In addition to workshops on ergonomic working, we also continuously invest in new, ergonomic tools and machines such as forklifts. In this way, we ensure the safety and health of our employees.

Training & education

Why this is important to us

Soudal wants to make optimal use of the talents and potential of its employees. By offering our people training and education opportunities, we take their knowledge and skills to a higher level. This way we can respond more easily to change and become more future-proof. Especially now that we are strongly committed to automation, the right training is important. This way, our employees can work smoothly and safely with all kinds of industrial automation tools.

Our policies and procedures

To give our employees the opportunity to develop their talents and potential to the fullest, we invest heavily in training. Through a wide range of training courses, our employees acquire new skills and qualifications, such as digital skills, and develop their existing competences. Some courses are voluntary, others mandatory. Our more experienced employees regularly receive training at the Soudal Academy.

We place strong emphasis on **coaching leadership** to ensure commitment, openness and understanding. To do this, we provide specific training for managers. Soudal also focuses strongly on the **onboarding** of new employees. Our newcomers are always assigned a buddy to whom they can turn. We make sure they are well supported and incorporate an initial feedback moment after only a few weeks.

Our objectives

Target: By 2025, we will map out the annual number of training hours per employee. By 2030, this should be 24 hours (or 3 full working days) for every employee, at every level and in all affiliates.

KPI's:

- Number of hours of training per employee per year

2023 Achievements

Number of hours of training per employee per year

In 2023, all our Belgian employees together completed 11,000 hours of training. That's an average of 10 hours per employee per year. Compared to 2022, we have recorded an increase of 60%.

Our actions

Digital training platform Flowsparks

In 2023, we launched a brand new digital training platform for our employees. To achieve this, we teamed up with Flowsparks®, an authoring tool with didactically based templates that allows you to quickly and easily develop e-learning courses. The new platform allows us to train our people much more efficiently, both in terms of technical content and with regard to our policies and values. In this way, we completely replace our classroom approach with a form of blended learning.

The new platform was eagerly used right from the start. For example, all employees in our Belgian branch followed training on our new Code of Conduct in 2023. The training focused, among other things, on our values, the importance of integrity, how to deal with customers, etc. Afterwards, all participants took a test to obtain a certificate. The workers in Turnhout could count on various new safety training courses in 2023. They will also start working with the Code of Conduct in 2024. We also pay a lot of attention to proper onboarding, both for blue-collar and white-collar workers. In the coming years, we will focus even more on soft skills through targeted e-learning. We will also offer the new training courses in our other branches, as soon as possible.

Coaching leadership

Soudal again paid a lot of attention to strong and people-oriented leadership in 2023. For example, a large group of employees at our Turnhout branch followed an 'Insights' training course, in which everyone's personality profile was determined. The managers received additional training in coaching leadership.

IFT 2023 • Belgium

IFM 2023 • Belgium

3. Growing better through corporate responsibility

For Soudal, economic growth is inextricably linked to ethical entrepreneurship. We want to do things right, with care for people and the planet. Careful entrepreneurship also manifests itself in the continuous improvement and sustainability of our products.

Our three focus areas are:

- Economic growth
- Corporate responsibility
- Continuous product innovation

Economic growth

Why this is important to us

Economic growth is an important barometer for Soudal. Our growth strength makes us stronger: the scale of our production gives us a competitive advantage, while our geographical spread allows us to be close to our raw materials and sales markets. We continue our geographical expansion through acquisitions. As Soudal continues to grow, we also create jobs and have a positive impact on economic prosperity. Our reputation as a strong and healthy company is an asset to attract new employees.

Our growth strategy also brings certain challenges. Complex geopolitical situations can complicate growth in certain regions. Our continuous expansion also makes it more difficult to monitor our corporate culture and safety standards. An increasing demand for raw materials also requires extra efforts in times of scarcity. Finally, any damage to the company's image poses an increasing financial risk.

That is why we work on policies and invest in good communication, so that all stakeholders are 'on board' with our message.

Our policies and procedures

Continuing to grow is the way forward for Soudal, but that growth must take place in a healthy and responsible manner. We plan our investments carefully and in the long term. Our growth strategy focuses on two pillars: expanding market share by country and opening up new markets through acquisitions.

With our 29 production sites spread across five continents, we can optimally respond to the needs of different regions and cultures. Our strategy of producing close to our markets also ensures that we significantly reduce our CO_2 emissions from transport. We are also always looking for raw material suppliers close to our production sites. At the same time, we ensure a secure supply by diversifying our sources.

Our objectives

Target: Soudal strives for structural and sustainable business growth. We achieve this through both organic growth and strategic acquisitions.

KPI's:

- Number of employees
- Turnover growth
- Sales volume (units sold)

Achievements 2023

Number of employees
In 2023, our global workforce grew from 3,964 to 4,115 people. This was partly organic growth, due to our increasing sales volumes, and partly due to employees who joined the Soudal group via an acquisition.

Turnover growth
The scarcity and price fluctuations that already had a major impact on the market in 2022 continued for a long time in 2023. To cover our own increasing costs, we also maintained a higher price level. At the same time our sales volumes also increased slightly. As a result, our turnover increased from 1.31 billion euros in 2022 to 1.34 in 2023. Our EBITDA amounted to 118 million euros, compared to 92 million euros in 2022.

Sales volume
After several turbulent years, in which our sales volumes remained rather stable, we were once again able to present slight growth figures in 2023. Between 2022 and 2023 our total sales volume increased by 7%. In the coming years we will once again strive for stronger growth in our sales volumes.

IFT 2023 • Belgium

Bau 2023 • Germany

Our actions

In 2023, our activities focused on three areas: acquisitions, organic growth and standardizing our processes.

Acquisition of Tramico
In France we acquired our sector colleague Tramico, a market leader in waterproof joint sealing and acoustic insulation. The acquisition was a strategic decision to increase our market share in pre-compressed joint tapes.

Pre-compressed joint tapes are more user-friendly than traditional solutions such as silicone. They are also better for the environment: because the joint tapes are easier to remove, they fit better into the circular economy. The acquisition of Tramico was strictly controlled (audits, environmental reports, due diligence, etc.) to ensure that Soudal's sustainable objectives are not impaired.

Starting operation of Plant 5
A new, ultra-modern production facility of 20,000 m^2 was built in recent years at the Soudal site in Turnhout. This increases our capacity and allows us to meet the growing demand for our products. There will also be a positive impact on employment at the Turnhout Soudal sites, which currently already exceeds 1,100 employees. By 2023 the construction works on plant 5 were almost complete.

Since then, we have been producing large quantities of adhesives and sealants in Plant 5, to support our ambitions in the field of silicones, adhesives and PU foams. The plant makes maximum use of environmentally friendly techniques processes and technologies, and was therefore awarded the BREEAM label 'Outstanding'.

Outlook 2024

In January 2024, Soudal made its biggest acquisition ever: that of the Italian adhesive manufacturer Durante Adesivi. This acquisition should enable us to give a strong boost to our international ambitions in the field of adhesives and industrial applications. In terms of group turnover, we are aiming for a total of 1.5 billion euros for 2024.

In terms of group turnover, we aim for a total amount of 1.5 billion euros by 2024.

Corporate responsibility

Why this is important to us

At Soudal, corporate responsibility is key. We pursue a sustainable purchasing policy that meets or exceeds all legal requirements. We identify our business risks and transparently communicate about our activities. Bribery, corruption and human rights violations are not tolerated: we provide tools to prevent corruption and integrity violations, and we closely monitor working conditions in our value chain. We expect this attitude not only from our own people, at all our affiliates, but also from the partners we work with.

Corporate responsibility requires continuous efforts. Transparency and traceability are no easy goals in a complex world. The limited availability of sustainable raw materials further hinders sustainable choices. By investing in long-term relationships and a resilient supply chain, we safeguard our sustainable approach.

Our policies and procedures

Ethical conduct and corporate responsibility are fundamental to Soudal's business operations. We do not tolerate bribery or corruption, and in no affiliate should human rights be violated. In our Code of Conduct and Ethics we describe how our employees can perform their duties in a correct and ethical manner. In addition, we communicate honestly and transparently about our sustainable efforts. We set ambitious goals and report our progress, under the Corporate Sustainability Reporting Directive (CSRD).

We prefer to maintain **long-term relationships** with our suppliers. This is how we build trust and increase delivery security. To ensure that our suppliers set the (sustainable) bar as high as we do, we are currently developing a Supplier Code of Conduct. From 2024, we will also use the Sedex tool to screen the ethical nature of our suppliers.

Every year we draw up a **list** of the most risky materials that we purchase. The suppliers of these materials must at least have a certificate stating that they act in a correct manner. Some circumstances are difficult to verify, but if there are reasonable doubts about the sustainable nature of a supplier, we take measures.

Our objectives

Target: Soudal invests in long-term relationships: we take care of our customers and suppliers, and expect them to do the same for others.

KPI's:

- % suppliers that have signed the Supplier Code of Conduct
- Number of convictions (and amount of fines) for violating anti-corruption and anti-bribery laws
- Number of ongoing legal proceedings due to overdue payment

Achievements 2023

% suppliers that have signed the Supplier Code of Conduct
We are currently in the midst of developing a Supplier Code of Conduct. Going forward, we aim to ensure that all our suppliers sign this document, and more importantly, that their performance is in line with the expectations associated with it.

Number of convictions for violating anti-corruption and anti-bribery laws
Soudal attaches great importance to correct and ethical conduct. Since 1966, we have never incurred a conviction for corruption or bribery.

Number of ongoing legal proceedings due to overdue payment
Soudal is strongly committed to long-term relationships with suppliers. To promote trust, we strive to pay all our invoices on time. In 2023, there were no legal proceedings against us for payment arrears.

Ângela Cunha, Miguel Quaresma • *Portugal*

Our actions

Code of Conduct and Ethics
In 2022, we bundled our standards and values in an international Code of Conduct and Ethics. This determines our rules and must ensure that every Soudal employee follows the rules and laws and acts with integrity. In 2023, we roled out the Code in all our branches. We organized training courses to show our employees how to recognize and prevent corrupt acts. Open and transparent communication was also discussed. In terms of content, we continue to evaluate and adjust the Code so that the document reflects our values and standards 100%.

Collaboration with Sedex
Since 2022, we have partnered with Supplier Ethical Data Exchange (Sedex), a non-profit organisation that supports the development of responsible and ethical business practices in the supply chain. The Sedex tool allows us to screen suppliers

***Blaž Trebše** • Slovenia*

in terms of ethical conduct. In this way we aim to quickly detect suppliers who pose a risk. In 2023 we entered as much relevant data as possible into the Sedex system: about our suppliers, our industries, our product categories, etc. This way we can start using the tool effectively from 2024.

Outlook 2024

Once the content of our Supplier Code of Conduct has been defined, we will ask our suppliers to sign it. By carrying out audits we aim to ensure that the values and activities of our suppliers are in line with our expectations.

Continuous product innovation

Why this is important to us

Innovation is at the core of Soudal. It is important to keep our finger on the pulse and reduce the impact of our products. By focusing on innovation and R&D, we can offer a state-of-the-art product range. We increase safety for the end user, and we carry out life cycle analyses (LCAs) to develop products with a lower environmental and climate impact. Moreover, innovation is a strong driver for product and market diversification.

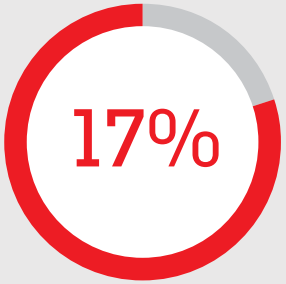
Consumers are increasingly opting for sustainable solutions, and expect us to offer them. This evolution also entails risks: as the product range is becoming increasingly complex, innovation is slower and more complicated. In addition, circular construction leads to a declining use of adhesives and silicones. Therefore, we have to keep reinventing ourselves to stay relevant.

Our policies and procedures

Soudal is constantly looking for high-quality solutions and ecological improvements. Our product innovations are part of our actions for climate, environment, safety and circular construction. They are driven by the needs of the end user, the price and availability of raw materials, and the applicable regulatory standards. In recent years, we have developed various solvent-free, plasticiser-free products and water-based mounting adhesives and joint sealants. Our most environmentally friendly Soudal products can be recognized by the eco-label. This label guarantees that emissions of harmful substances during use of the product are reduced to a minimum. Many of our products now have a European EMICODE® certificate, including Flexifoam, our new HMX technology, as well as various hybrid adhesive sealants, parquet adhesives and silicones. Depending on the country in which the product is sold, we also use other labels, such as M1 (Finland), Blauer Engel (Germany) or the A+¬label (France).

Proactive action is the common thread running through our R&D. We do not wait for legislation to change but give priority to developing products with a lower impact on the environment and health. We create products that are safe for the end user, and we closely monitor consumer trends so that we can quickly respond to new market demands.

Moreover, we continuously strive for an optimal balance between lifespan and environmental impact. After all, a product with a higher environmental impact can have a significantly longer lifespan and therefore be more sustainable. Using life cycle analyses, such as the Environmental Product Declarations (EPD), we map the total environmental impact of our products in detail.



of our product innovation has a sustainable purpose

In 2023, Soudal had

with a sustainable objective

Our objectives

Target: per product group, we always work on at least 1 priority project with a clear sustainable objective.

KPI's:
- Number of priority projects per product group

2023 Achievements

Number of 'green' priority products per product group
In 2023, Soudal had 32 priority projects with a clear sustainable objective, such as a greater share of bio-based ingredients, or replacing a harmful substance with a more sustainable alternative.

In total, this concerned about 17% of our product innovation. The sustainable objectives are usually in the areas of climate, environment, safety or circular construction. In this way, product innovation contributes to achieving our other sustainable objectives.

Our actions

Healthy House product range
Sustainability is becoming increasingly important in our society. With the Healthy House products, Soudal wants to make it easier for consumers to build or renovate sustainably. In each product category we offer at least one product that a) contributes to good air quality in the home, and b) has a lower impact on the environment and climate. In the long term, we want to continue to expand our sustainable product range. This way we meet the needs of our customers and remain a leader in the field.

HMX technology
In 2023, Soudal launched two new, water-based joint sealants based on Hydro Modified X-linked (HMX) technology. This is a high-quality sealing technology that offers just as good results as silicone, and is also more durable. HMX contains no hazardous substances, solvents or isocyanates. In addition, the technology has already obtained an EMICODE EC1^{PLUS}-label, which guarantees optimal indoor air quality, and the BASTA label. Soudal's HMX products are part of our innovative Healthy House range.

Building the future together

HEALTHY HOUSE

MATERIAL IROS

ESRS Topic	Topic	Name	Impact / Risk / Opportunity	Own operations / Upstream value chain / Downstream value chain	Description
ESRS E1 Climate change	Processes and buildings	Climate and energy	Impact	Own operations	Impact of company buildings and (production) processes on energy and climate.
		Stricter climate legislation	Risk	Own operations	Own operations Risk of the stricter (European) climate legislation
ESRS E1 Climate change	Propellants	Climate impact	Impact	Own operations	Impact of propellants on the climate with use and production of PU foams.
ESRS E1 Climate change	Transport	Local production chains	Impact	Own operations	Impact by focusing on local production chains.
		Transport	Impact	Downstream value chain	Impact of the transport of our goods.
		Local Production	Opportunity	Own operations	Opportunity for lower transport costs and less traffic congestion thanks to local production.
ESRS E1 Climate change	Sustainable and passive construction	Sustainable and passive construction	Impact	Downstream value chain	Impact of our insulation and sealing products on sustainable and passive construction.
		Renovation trend	Opportunity	Downstream value chain	Opportunity linked to the current renovation trend and need for energy-efficient buildings and the increased demand for insulating materials as a result.

ESRS E2 Contamination	VOS	Air quality	Impact	Own operations	Impact on the environment due to the use of solvents.
ESRS E5 Circular economy	Circular packaging	Circular packaging	Impact	Own operations	Impact on the recyclability and use of recycled material in packaging.
ESRS E5 Circular economy	Renewable raw materials	Renewable raw materials	Impact	Upstream value chain	Impact on less taxing raw materials and less waste.
ESRS E5 Circular economy	Waste management	Waste	Impact	Own operations	Impact on waste in the production process.
		Uneven playing field due to different legislation	Risk	Own operations	Risk of an uneven playing field regarding waste.
ESRS E1 Own employees	Occupational safety	Health and safety of our own employees	Impact	Own operations	Impact on the health and safety of our employees.
ESRS E1 Own employees	Family corporate culture	Family corporate culture	Impact	Own operations	Impact on maintaining the family corporate culture.
		Values and standards	Impact	Own operations	Impact through our values and standards throughout all branches.
		Entrepreneurial culture	Opportunity	Own operations	Opportunity for growth and progress thanks to the prevailing entrepreneurial culture.
ESRS E1 Own employees	Pleasant working environment	Pleasant working environment and mental well-being	Impact	Own operations	Impact on our employees by organizing work-life balance, and team and sports activities.
ESRS E1 Own employees	Diversity	Diversity and inclusion in the workplace	Impact	Own operations	Impact by giving opportunities to people regardless of their cultural background, nationality, gender, age and stage of life.

ESRS E1 Own employees	Lifelong careers	Sustainable careers	Impact	Own operations	Impact on sustainable careers by creating job and growth opportunities.
		War for talent	Risk	Own operations	Risk linked to the recruitment of new, qualified workers due to a lack of such profiles.
		Automation	Opportunity	Own operations	Opportunity for automation, resulting in a lower need for additional employees.
ESRS S1 Own employees	Workable work	Workable work	Impact	Own operations	Impact on ergonomics and comfortable jobs, partly due to automation.
ESRS S1 Own employees	Training	Training	Impact	Own operations	Impact on the talent and potential of our employees thanks to training.
N/A	Economic growth	Economic prosperity	Impact	Own operations	Impact on the economic prosperity.
		Job creation	Impact	Own operations	Impact on job creation.
		Acquisitions	Impact	Own operations	Impact through Soudal's geographical expansion through acquisitions.
ESRS G1 Business conduct	Corporate responsibility	Purchasing policy	Impact	Own operations	Impact on a sustainable purchasing policy.
		Working conditions and human rights	Impact	Upstream value chain	Impact on working conditions and human rights in all our branches and at our suppliers.
		Partnerships for sustainable business	Impact	Own operations	Impact through partnerships for sustainable entrepreneurship.
		Risk management	Impact	Own operations	Impact by evaluating business risks.
		Ethical conduct and combating corruption	Impact	Own operations	Impact on ethical conduct and the fight against corruption.

		Transparency and open communication	Impact	Own operations	Impact on transparant communication.
N/A	Continuous product innovation	Innovation and R&D	Impact	Own operations	Impact by focusing on innovation and R&D to offer state-of-the-art products.
		Life cycle analyses and eco-design	Impact	Own operations	Impact through the performance of life cycle analyzes and the development of products with minimal environmental and climate impact
		Product safety	Impact	Own operations	Impact on product safety.
		Product and market diversification	Opportunity	Own operations	Opportunity for product and market diversification.

Also in 2023, 50 Soudal employees from all over the world were invited to Paris on the occasion of the finish of the Tour de France.

NON-MATERIAL IROS

** Non-material IROs are also important for Soudal, but are currently less of a priority than material IROs, partly due to the specificities of our business operations and our place in the value chain. However, their materiality is reassessed on a regular basis.*

ESRS Topic	Topic	Name	Impact / Risk / Opportunity	Own operations / Upstream value chain / Downstream value chain	Description
ESRS E1 Climate change	Propellants	Sustainable alternatives	Risk	Own operations	Risk of more sustainable alternatives to current propellants that are not economically feasible.
ESRS E2 Pollution ESRS E3 Biodiversity and Ecosystems	Pollution of water, soil and disruption of biodiversity	Protection of water, soil and biodiversity PFAS Contamination during acquisitions	Impact	Upstream value chain	Impact on discharges and impact of our products after use.
		PFAS	Risk	Own operations	Risk linked to the use of PFAS and its remediation costs.
		Contamination during takeovers	Risk	Own operations	Risk of takeover of companies with contaminated sites.
ESRS E2 Contamination	VOC	Damage to reputation using VOC	Risk	Own operations	Risk of reputational damage as a result of the (historical) use of hazardous substances such as VOCs.
ESRS E3 Water and marine resources	Water consumption	Water consumption	Impact	Own operations	Impact on water consumption in our production processes and throughout the value chain.
		Efficient and circular water consumption	Opportunity	Own operations	Opportunity for cost savings thanks to lower and circular water consumption.

ESRS E5 Circular economy	Circular packaging	Shortage of recycled material	Risk	Upstream value chain	Risk of a shortage of recycled packaging for tubes and cans on the market.
ESRS E5 Circular economy	Renewable raw materials	Limited availability of sustainable raw materials	Risk	Upstream value chain	Risk of a lack of availability of sustainable raw materials.
		Cost of sustainable raw materials	Risk	Upstream value chain	Risk of a higher cost price of sustainable raw materials.
		Local and circular purchasing	Opportunity	Own operations	Opportunity for cost savings and higher availability of raw materials through local and circular purchasing.
ESRS E5 Circular economy	Waste management	New business models and partnerships	Opportunity	Own operations	Opportunity to develop new business models and enter into new partnerships for waste processing towards a circular model.
ESRS S1 Own employees	Occupational safety	Use of hazardous substances	Risk	Own operations	Risk from the use of hazardous materials (such as PFAS) for the employee.
		Safety culture with acquisitions	Risk	Own operations	Risk of a lack of safety culture at newly acquired companies.
		Automation and digitilization	Opportunity	Own operations	Opportunity for less dangerous and physical actions thanks to the automation and digitalization of our processes.
ESRS S1 Own employees	Pleasant working environment	Attractive workplace	Opportunity	Own operations	Opportunity to recruit and retain employees by offering an attractive workplace.
ESRS S1 Own employees	Diversity	Diversity	Risk	Own operations	Risk linked to, among other things, the increased language barrier.

		Diversity	Opportunity	Own operations	Opportunity for new ideas thanks to multiculturalism.
ESRS S1 Own employees	Lifelong careers	Growth opportunities in small branches	Risk	Own operations	Risk of a lack of career opportunities in small branches.
ESRS S1 Own employees	Workable work	Automation	Opportunity	Own operations	Opportunity for more workable jobs thanks to automation.
ESRS S1 Own employees	Training	Automation	Risk	Own operations	Risk of the need for more training through automation.
N/A	Economic growth	Geopolitical situations	Risk	Own operations	Risk of limited growth due to certain geopolitical situations (such as war).
		Reputation damage	Risk	Own operations	Risk of reputation damage.
ESRS G1 Business conduct	Corporate responsibility	More complex value chain	Risk	Upstream value chain	Risk of a lack of transparency and traceability due to an increasingly complex value chain.
		Lack of supply chain resilience	Risk	Upstream value chain	Risk due to a lack of supply chain resilience
N/A	Continuous product innovation	Complexity of offer	Risk	Own operations	Risk of slower innovation and progress due to the complexity of the Soudal product offering.
		Circular construction	Risk	Own operations	Risk of a shift towards circular construction, resulting in a reduced use of silicones and adhesives.

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The Soudal team wins the Move(d) to Help Challenge 2023, a project from which the proceeds go to charities.

Dieter Smolders, Kim Suetens, Dries Anthonis, Kato Provost • Belgium

Another social project we support is ON-TRACK. The goal is to establish a choir for young asylum seekers staying in a reception center in collaboration with Studio 100. The artistic coach of the project is Nel Swerts, member of the Soudal Board of Directors.

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One of the many charities that Soudal supported this year was Follow The Coast in aid of the Olivia Fund, which is committed to the fight against childhood cancer. For the project, Rectavit director and member of the Soudal Board of Directors Ben Swerts walked 100 kilometers along the rugged Portuguese coastline in one day.

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Ally Wollaston wins for our AG Insurance Soudal team in Santos Tour Down Under • Australia

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