

The Verosol Sustainability Commitment

Shaped by our history as an organisation that was established to 'Create a Better Environment' – and informed by our well-documented efforts in terms of Corporate Social Responsibility – Verosol's commitment to sustainability is comprehensive.

It extends beyond the energy saving capacities of our key products, to the manufacturing processes we employ, the relationships we enter into, our philanthropic efforts – and importantly – to our understanding of Good Product Stewardship.

Verosol





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Foreword

In July 2022, shortly after the Federal election, the Government released the *2021 State of the Environment Report*. Without going into the politics surrounding its release, the document reads as a wake-up call – not just for government but for industry and the broader Australian community.

Among its many pages were the sobering findings that the overall state of Australia's environment is poor and continues to deteriorate; that over the last two centuries, Australia has lost more mammal species than any other continent; and that, right now, 19 of our ecosystems are either showing signs of or are near collapse.¹

Combined with the threat of climate change, and the associated global need to reduce greenhouse emissions to net zero by 2050, the 2021 State of the Environment report effectively draws a line in the sand. It provides Australian businesses with two clear choices – they can carry on in a 'business as usual' way, or they can examine their own operations and assess whether they, themselves, are part of the problem.

Verosol, a company founded with a commitment to sustainability and ethical governance, has already chosen the latter. As this document attests, we acknowledge the need to be environmentally accountable and accept the challenge posed by the notion of Product Stewardship.

Viewed alongside pre-existing documents that detail our efforts in terms of Corporate Social Responsibility, and in particular carbon reduction and climate change, we hope that this document accurately represents our efforts to help address Australia's environmental challenges; and that it will be received as evidence of our determination to be part of a sustainable future.

Jules Di Bartolomeo, Managing Director, Verosol Australia



What is Product Stewardship?

As the Australian Department of Agriculture, Water and the Environment notes: “When people recycle packaging and products, or when companies design their product to limit the amount of materials and resources required for manufacture, or limit the amount of hazardous materials those products contain, they are being good product stewards.”ⁱⁱ

In other words, according to this definition, whoever designs, produces, sells, or uses a product takes responsibility for minimizing the product’s environmental impact throughout all stages of the products’ life cycle, including end of life management.

However, given the broad scope of this definition, product stewardship is the responsibility of not just those who produce and distribute products, but those who use and dispose of them – in short, it is the responsibility of all of us.ⁱⁱⁱ

Product Stewardship and the Critical Role of Producers

That said, it is important to note that a disproportionate degree of responsibility does lie with manufacturers and suppliers. After all, calls for consumers to ‘reduce, re-use, recycle’ start to become irrelevant in cases where products are made from materials that can’t be recycled or in instances where the methods used to produce them are environmentally problematic.

The responsibilities of producers are many. Beyond the need to incorporate the principle of Product Stewardship into the way they source raw materials, design products, and address lifecycle impacts, they also have implications for the governance of their organisations.

These include the need to set goals and performance standards following consultation with stakeholders and to ensure that all programs within a product category are accountable to the same goals and performance standards. And they also include the need to finance their stewardship programs as a general cost of doing business, either through cost internalization or by recovering costs through arrangements with their distributors and retailers.

Producers that acknowledge and address these responsibilities are those that can correctly be called good product stewards. Those who don’t meet them, and yet continue to claim their green credentials, are most likely involved in little more than green-washing.



PRINCIPLES FOR PRODUCT STEWARDSHIP POLICY

The following principles are referred to guide the development of product stewardship policies and legislation.

1. Producer Responsibility

- 1.1 All producers selling a PSP covered product are responsible for designing, managing, and financing a stewardship program that addresses the lifecycle impacts of their products including end-of-life management.
- 1.2 Producers have flexibility to meet these responsibilities by offering their own plan or participating in a plan with others.
- 1.3 In addressing end-of-life management, all stewardship programs must finance the collection, transportation, and responsible reuse, recycling or disposition of covered products. Stewardship programs must:
 - Cover the costs of new, historic and orphan covered products.
 - Provide convenient collection for consumers throughout the State.
- 1.4 Costs for product waste management are shifted from taxpayers and ratepayers to producers and users.
- 1.5 Programs are operated by producers with minimum government involvement.

2. Shared Responsibilities

- 2.1 Retailers only sell PSP covered products from producers who are in compliance with stewardship requirements.
- 2.2 State and local governments work with producers and retailers on educating the public about the stewardship programs.
- 2.3 Consumers are responsible for using return systems set up by producers or their agents.

3. Governance

- 3.1 Government sets goals and performance standards following consultation with stakeholders. All programs within a product category are accountable to the same goals and performance standards.
- 3.2 Government allows producers the flexibility to determine the most cost-effective means of achieving the goals and performance standards.
- 3.3 Government is responsible for ensuring a level playing field by enforcing requirements that all producers in a product category participate in a stewardship program as a condition for selling their product in the jurisdiction.
- 3.4 Product categories required to have stewardship programs are selected using the process and priorities set out in framework legislation.
- 3.5 Government is responsible for ensuring transparency and accountability of stewardship programs. Producers are accountable to both government and consumers for disclosing environmental outcomes.

4. Financing

- 4.1 Producers finance their stewardship programs as a general cost of doing business, through cost internalization or by recovering costs through arrangements with their distributors and retailers. End of life fees are not allowed.

5. Environmental Protection

- 5.1 Framework legislation should address environmental product design, including source reduction, recyclability and reducing toxicity of covered products.
- 5.2 Framework legislation requires that stewardship programs ensure that all products covered by the stewardship program are managed in an environmentally sound manner.
- 5.3 Stewardship programs must be consistent with other State sustainability legislation, including those that address greenhouse gas reduction and the waste management hierarchy.
- 5.4 Stewardship programs include reporting on the final disposition, (i.e., reuse, recycling, disposal) of products handled by the stewardship program, including any products or materials exported for processing.

Our Story



Headquartered in the Netherlands, Verosol's global presence is supported by facilities in the Netherlands, Australia and Spain, as well as a worldwide licensee network for global distribution.



WHO IS VEROSOL?

In 1963, Dutch shipbuilder Cornelis Verolme sailed into New York for the first time. Struck – as so many before and since have been – by the sheer scale of the city, its buildings and its skyline, Verolme also noticed the number of windows included in the skyscrapers.

With all that glass, he wondered, how was it possible to keep all those millions of New Yorkers; those offices and apartments warm in winter and cool in summer?

Fast forward a couple of years, to 1965, and the Verolme Vacuum Metallising Company was born. Still energised by his first sight of the famous city, Verolme established the company and with it a process of applying a microscopic layer of aluminium to textile to create fabrics capable of reflecting solar radiation more effectively than anything else.

Known by the name SilverScreen, these fabrics are still available today. Indeed, they make up Verosol's signature product range. When incorporated into our extensive range of window furnishings – which includes roller blinds, pleated blinds, panel blinds, curtains and more – SilverScreen fabrics can significantly cut HVAC costs, energy use, and associated CO₂ emissions.

To quantify this, when used in residential applications, Verosol blinds and window coverings that feature SilverScreen reflect up to 85% of solar radiation. In air-conditioned buildings they can cut energy consumption by 20%, while in buildings without air-conditioning they cut consumption by approximately 10%. These levels of effectiveness are unknown in any comparable products.

As history shows, the Verolme Vacuum Metallising Company went on to be known as Verosol (a name that combines the first four letters of Cornelis' surname 'VERO' and 'SOL', a word meaning sun).

Apart from SilverScreen metalised fabrics, we are also responsible for the invention of pleated blinds.


Headquartered in the Netherlands, Verosol's global presence is supported by facilities in the Netherlands, Australia and Spain, as well as a worldwide licensee network for global distribution. Backed by this comprehensive infrastructure, we are well placed to develop and deliver the best-performing sun and daylight control products on the market.

Verosol's manufacturing facility in the Netherlands stands at the forefront of sustainability. Our FR and Polyester fabrics meet stringent European standards, in terms of the colouring of fabrics without the use of dye baths.

And, at the same time, we use few toxic or non-degradable materials in the production of our fabrics; we use non-toxic chemicals to produce our flame-retardant fabrics; and we use no lead or heavy metals in any of our manufacturing processes.

Verosol's savings calculator demonstrates how the use of Verosol metal backed fabrics can prevent thousands of kilograms of CO₂ being produced in air-conditioning running cost savings alone.

Viewed alongside our various other innovations, we believe it marks our organisation as a global leader in the promotion of thermal efficiency and the sustainability of the construction sector.



Kvadrat's environmental approach involves the following areas of focus, which themselves have been conceived upon the foundations of three guiding pillars – Regenerate, Together, and Transparency.

VEROSOL & KVADRAT GROUP

All our product stewardship initiatives align closely with those of our parent company, Kvadrat Group. A Denmark-based manufacturer and supplier of upholstery, curtains, rugs, accessories, bedwear, roller blinds, and tabletops, Kvadrat's environmental approach involves the following areas of focus, which themselves have been conceived upon the foundations of three guiding pillars – Regenerate, Together, and Transparency.

Decarbonisation – Kvadrat Group's long-term goal is to achieve net zero carbon by 2040. To do this it is aiming to reach 50% carbon reduction in scope 1-2 by 2025, reaching 100% by 2030 to become net zero in scope 1-3 by 2040 (baseline 2019).

Conscious Design – Guiding the design direction for all the company's brands, among other things, this commitment involves reducing its dependence on virgin materials and resources.

Successful Partnerships – Apart from itself adhering to the United Nations Global Compact, Kvadrat Group is also committed to ensuring its collaborators do the same. To this end, it is working towards achieving complete value chain transparency by 2025.

Equal Opportunities – Kvadrat Group is committed to having 50% women in leadership positions by 2025; and offering a minimum of eight weeks paid parental leave for all parents by 2024.

Sustainability Advocacy – In a gesture pointing to the important role of knowledge sharing, the organisation plans to empower four global Kvadrat Change Maker Networks by 2023 with the task of promoting sustainability within and beyond the company.

OUR PRODUCTS

At Verosol, our products centre around our core range of blinds, which incorporate unique metallised fabrics. Value added through a process of aluminium vacuum bonding to create window furnishings with industry-leading reflective properties, these fabrics can be relied upon to significantly improve all aspects of solar control (including heat, light and fading).

Considering these solar optic benefits, the installation of Verosol metallised fabric blinds represents a reliable means to not only reduce energy consumption, but also significantly cut carbon emissions; all while minimising unwanted glare and helping create comfortable environments in which to live and work.

Beyond our core high performance fabrics, we also offer a number of additional products. Together, they further strengthen our standing as a supplier of premium quality window furnishings. Our full range includes:

- Roller blinds
- Pleated blinds
- Venetian blinds
- External blinds
- Curtains
- Curtain Tracks
- Shutters
- Roman blinds
- Panel glide blinds
- Timber blinds



THE VEROSOL APPROACH TO PRODUCT STEWARDSHIP

Verosol's approach to Product Stewardship is comprehensive. It includes minimising the carbon footprints of all our offices and manufacturing facilities; the development of a Product Take Back Program; a Waste to Energy Program; Waste Recycling Programs at our facilities in the Netherlands and Australia; regulatory compliance in all countries in which we operate; responsible sourcing of materials; and concerted efforts in terms of Material Re-Use and Product Conversion.

i) Carbon Footprint Reduction

Acknowledging the significant contribution that poor manufacturing practices can make to greenhouse emissions, we make every effort to ensure our manufacturing facilities in Australia and the Netherlands are as efficient as possible. Our efforts to reduce operational carbon include the installation of rooftop solar cells at our plants in Sydney and The Netherlands, and the installation of LED lighting in our Sydney plant and office.

Our Australian production facility in 2023, has moved beyond climate neutral goals becoming carbon positive with the expansion of the existing solar panel system. The facility now produces a large surplus of renewable energy, offsetting more energy than the site consumes.





ii) Take Back Program

Now in the development stage, this program is planned to involve the return of old (and no longer used) Verosol products via a rebate system. As the name of the program suggests, at the time new Verosol products are purchased (and the old blinds or curtains are returned), a payment will be made.

Once these products, along with the relevant documentation, are returned in this way our production staff will set about breaking them down to their raw constituent materials. Considering that fabric and aluminium accounts for 98% of these materials, after the products are disassembled, their materials will then be sorted into relevant skip bins for waste management.

A key to the success of the program is expected to be the fact that we are equipped with storage facilities in all states and, with the assistance of our freight and logistics partners, are capable of effectively managing return freight on the scale required. On top of that, some forms of return can also leverage Verosol’s returnable fibreglass packaging, which will reduce the need for packaging materials in the returns process.



iii) Waste to Energy

While we make every effort to optimise production and keep scrap materials to a minimum, we acknowledge that, as it stands, reducing this waste to zero is not possible. To help handle this unavoidable waste, we have enlisted the services of two waste management specialists, Lombos Exports and ResourceCo.

All waste materials generated at our Sydney manufacturing facility are accounted for using our ERP system. Scrap fabric material, including polyester and PVC content, are sorted into dedicated hook bins and sent to ResourceCo's Processed Engineered Fuel (PEF) plant for conversion into a ready-to-use alternative fuel.

Considering its low emissions profile and low price point, the production of this fuel serves dual purposes. It represents an effective means to deal with our waste, while at the same time, displacing fossil fuel consumption and abating hundreds of thousands of tonnes of CO₂ emissions.



iv) Waste Recycling

At Verosol, we also work to manage other types of waste, which aren't suitable for inclusion in our Waste to Energy program. With a view to minimising the amount of material we send to landfill, we currently recycle aluminium, cardboard, and fabric. As part of this process, all aluminium off-cuts are reduced in width for scrap metal recycling and all fabrics are placed in a single, dedicated hook bin ready for sending to the appropriate contractors.



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v) Material Re-Use

As standard procedure, we re-harvest larger pieces of fabric to fuel our **Sampling Program**. Larger pieces are cut into long strips and stored for conversion to A4 sampling via a dedicated pinking press. All sampling is available in an A4 cut format to assist our sales team (with website requests, customer and architect inquiries, etc.) and also to re-fill our Verosol Customer Collection Binders.

Along similar lines, we have initiated a **Conversion** Pilot Program, which involves transforming offcuts from returned fabrics into re-useable tote bags. Right now, we are testing various designs to find out which is the best and most cost-effective to produce.



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PRODUCT STEWARDSHIP ACT

Here in Australia, in 2011, the Federal Government introduced the *Product Stewardship Act*. This initiative is similar – in terms of motivation and ambition – to the United Nations Global Compact, a corporate sustainability initiative which is recognised as the largest of its type in the world. As such, according to the Government, the Act “paves the way for any number of product stewardship activities and schemes to be set up, as well as for existing schemes and projects to be accredited”.^{iv}

Rather than attempting to impose some sort of blanket approach on all industries and products, it recognises that each of these is unique and therefore takes a flexible approach to product stewardship. In this way, voluntary activities are encouraged and various products and materials are covered by legislation as the need arises.

While our industry and products are not currently covered by the *Product Stewardship Act*, Verosol has undertaken to align our efforts in this space with the spirit of that legislation. We acknowledge the importance of collective, nationwide action of this kind and, as a company, we stand ready to achieve accreditation if and when that becomes an option.



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Transparency, Certification & Collective Action



At Verosol, as is the case with all aspects of our operations, we are keenly aware of the need to conduct these Product Stewardship initiatives in a manner that is both transparent and in line with relevant collective initiatives (both global and local). In this case, considering the amount of disinformation and green washing associated with environmental causes and the issue of sustainability, adherence is particularly important.

We ensure that all our transactions are recorded accurately, and transparently – in accordance with best practice accounting standards, as well as local laws. In terms of sourcing of materials, we insist that those organisations around the globe with which we partner aim to meet the same Product Stewardship standards as us. To this end, we choose to limit the number of such partnerships we enter into. In this way, by building close business relationships, we are better able to assess the performance of these businesses, collaborate with them on relevant action plans, involve them in educational activities, and more.

In terms of performance measurement, we are committed to achieving universally recognized Environmental Certification for all our products. While this is an ongoing process, to date these certifications

include Environmental Product Declarations (EPD) third party certifications for several of our fabrics, GREENGUARD Gold certifications and Health Product Declarations (HPD) to support with credits within green building schemes such as Greenstar, LEED, WELL and BREEAM. In addition to EPD's, we have achieved Global Green Tag Certifications GreenRate, and Best Environmental Practice PVC, for 202 and 205 SilverScreen Performance fabrics.

Meanwhile, for its part, since 2013 Kvadrat Group has been part of the above-mentioned United Nations Global Compact. As such, the company aligns all its operations with all ten principles of the UN Compact, which focus on Human Rights, Labour, Environment, and Anti-Corruption.



Corporate Social Responsibility

While Verosol was founded with the intention of ‘Creating a better environment’, as a company we have always combined this vision with a clear understanding of corporate social responsibility.

Importantly, for us, this notion does not begin and end with the environmental credentials of our products. By necessity, it extends far beyond this to economic and ethical responsibility, regulatory compliance, community engagement, and more.

Respect for the individual & workplace relations

We are committed to providing a safe, attractive working environment to all employees. We comply with all relevant Occupational Health & Safety regulations; we recruit, select, and promote employees according to objective and non-discriminatory criteria; and we have zero tolerance for harassment or discrimination (based, for example, on ethnicity, gender, sexuality, or religion).

All employees are remunerated in line with local regulations, concerning working hours, minimum wages, overtime hours and legally mandated benefits.

We acknowledge the right of our employees to join a representative organisation (such as a trade union) if they so choose; we adhere to the International Labor Organization’s Convention 138 (and do not employ any person under the age of 16); and we have no tolerance for forced labour.

Regulatory compliance and business ethics

We insist on integrity and fairness in all aspects of our business operations. When choosing suppliers, we strive to build long-term relationships that are rooted in a shared commitment to enhancing quality, reducing environmental impact, and social responsibility.

We support the principles of free enterprise and fair competition, and conduct business in accordance with applicable anti-trust and anti-competition laws; and will neither enter, nor tolerate, any arrangement that facilitates any acquisition, retention, use, or control of any property or money intended to disguise the proceeds of crime.

Community Engagement

Committed to broader forms of community engagement, we choose to focus our philanthropic energies on those areas in which we have expertise, namely the architectural and construction sectors. To date, these efforts have included educating both industry and the broader community on paths to sustainability, participation in research projects, and charitable works.

They typify our concerted efforts to maintain our standing within our own industry. And, in a broader sense, they reflect our determination to continue on our current path of ongoing improvement, corporate social responsibility, and good product stewardship.



- i. Australian Government, "State of the Environment, 2021".
https://www.dcceew.gov.au/sites/default/files/documents/0.%20DCCEEW-SOE_factsheet_Overview.pdf
- ii. Australian Government - Department of Sustainability, Environment, Water, Population and Communities, "Product Stewardship Act 2011".
<https://www.agriculture.gov.au/sites/default/files/documents/fs-product-stewardship-act.doc>
- iii. Australian Government - Department of Sustainability, Environment, Water, Population and Communities, "Product stewardship in Australia".
<https://www.dcceew.gov.au/environment/protection/waste/product-stewardship>
- iv. Australian Government - Department of Sustainability, Environment, Water, Population and Communities, "Product Stewardship Act 2011".
<https://www.agriculture.gov.au/sites/default/files/documents/fs-product-stewardship-act.doc>

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