modulyss®

Sustainability Report 2016

modu lyss®

bound to be modular

To be the smart choice in modular flooring, we create an environment of comfort and well-being with maximum respect for our planet and our people.

We are bound to take a step further with every carpet tile we make.

01 preface

Be the smart choice 7

02 about modulyss

Our corporate DNA 10

Our products through the years 12

modulyss around the world 14

Our customers 16

Our memberships 16

modulyss in numbers 17

Our value chain 19

03 modulyss. bound to be modular.

modulyss. bound to be modular. 24

We build our business on need 26
Ease of installation, maintenance and replacement 27
Improved indoor air quality 27
Challenging ourselves for the better 29
Case study: dBack 30
Case study: LRV 32
Safe, high-quality products 29

We are proud of our approach to the environment 34
Life Cycle Analysis 35
Raw materials 37
Case study: from fishing nets to tiles 40
Energy efficiency & CO_2 emissions 42
Health & safety 46

We are always in pursuit of excellence 48
First-time-right 49
Waste management 49
We CARE 50
Buddy Programme 51
Talent management 51
A diverse and dedicated team 52

We always deliver on our promises 54
Certified quality 55
Quality and performance 55
No harmful substances or emissions 55
Setting the standard 56
Sustainable Data Sheets 57
Ethics & Integrity 57
Customer satisfaction 58
Knowledge management 59

We set trends and redefine expectations 60
Sustainable innovation 61
Sustainable functionality 63
Case study: Pure Air100 66
Innovative product development 68
Case study: Handcraft Collection 70
Stakeholder engagement 73

04 about this report

Scope 78

Reporting period 78

GRI guidelines, Sustainable Development Goals and ISO 26000 78

GRI content index 80

GRI & SDG

We have drawn up our report in accordance with the guidelines of the Global Reporting Initiative (GRI), the international standard for sustainability reporting, and the UN's Sustainable Development Goals (SDGs). The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets.

01

preface

> **Sustainable development is not just the right way. It's the only way.**
>
> **Tom Debusschere, CEO @ Balta Group**

> The industry needs a common denominator for best practices in sustainable performance. A set of measurable criteria to translate our objectives into concrete actions.
>
> **Jan Derie, COO @ Balta Carpets**

> I am delighted that sustainability is a key cornerstone in Balta's strategy. Being a firm believer, I will actively contribute to take sustainability within our company to even higher levels.
>
> **Lieven Vandendriessche, General Manager @ Balta Carpets**

> Today's customers demand more added value. And it is our responsibility – and main objective – to provide that.
>
> **Yves Bonne, Business Unit Manager @ modulyss**

Be the smart choice

In compiling this report, our team shared a common approach: **keep it simple**. We wanted to tell a sustainability story that is accessible and above all: credible. Sustainability is integral to our business. It's a journey we as executives make together with every single modulyss employee and our stakeholders. With this second report we hope to lift our sustainability efforts to a higher level. From 'ticking the boxes' to developing a long-term strategy to embed sustainability in our company culture.

Underscored by Balta Group's philosophy of 'always better', we continually strive to improve our products and services. Our customers have a choice and we are bound to be **the smart choice**. Each day, we work hard to reach that goal, but it isn't always easy to determine whether our efforts meet the current sustainability standards. The GRI guidelines and SDGs used throughout this report help us to set goals, translate them into concrete actions and measure our added value.

Although we have come a long way since our first report in 2012, we know we have many **challenges ahead**. To name but a few:

- To further improve the environmental performance of our carpet tiles, we invest in the re-engineering of our products and the development of new end-of-life solutions.
- We are committed to moving from a reactive to a proactive communication strategy, when it comes to sharing our knowledge and expertise.
- By further embedding modulyss in the Balta Group, we plan to make full use of the synergy advantages of being part of a large vertically integrated soft flooring multinational.

We hope you enjoy reading about our progress and as always, welcome any suggestions you may have.

02

about modulyss

OUR CORPORATE DNA

G4-17

modulyss designs, manufactures and sells carpet tiles for the international commercial market from our site in Zele, Belgium. Our dedicated team and global network allow us to work in an efficient and open manner. The result? A sustainable, reliable and flexible service.

modulyss is present in 95 countries, through its own sales force, distributors and agents. By reinforcing our team with our own local sales forces in the UK, Asia and the US, we acquired an even stronger market position. Our global reach and local flexibility allow us to respond quickly to world-wide customer and business demands.

Since 2010, modulyss is a proud subsidiary of the Balta Group, whose headquarters is located at Sint-Baafs-Vijve in Belgium. Balta Group boasts an integrated production from yarn to carpet (tiles) and employs approximately 3,420 people. This allows modulyss to benefit from the synergy advantages of a large group.

1 GROUP	4 DIVISIONS	6 BRANDS	
balta INSPIRING FLOORS **CENTRAL SERVICES** HR Finance ICT Procurement Operational Excellence HSE	**BALTA RUGS**	balta BALTA RUGS Woven Area Rugs	
	RESIDENTIAL CARPET	balta BROADLOOM Tufted & Woven Broadloom Carpet (PP-Wool) Residential Carpet Tiles	itc carpets master of comfort Tufted Broadloom Carpet (PA-PTT)
	COMMERCIAL CARPET	arc edition performance flooring by Balta Commercial Broadloom Carpet	modulyss Commercial Carpet Tiles
	TECHNICAL NON WOVENS	CAPTIQS DYNAMIC NONWOVENS Technical Non-wovens Needle Felt	

OUR PRODUCTS THROUGH THE YEARS

Design collections: impactful designs, colours, patterns and textures

First Blocks

Metallic

Cambridge

First

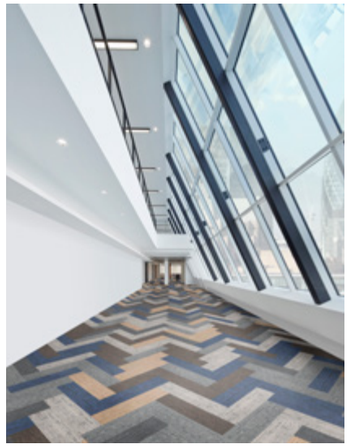
Evergreen collections: the most trusted and beautiful basics

In-Groove

In-groove (2010) and Pure Air100 (2015), carpet tiles for a healthy indoor air quality

Pure Air100

New shapes



New shapes to create limitless flooring layouts (2014)

White&Black

Pattern

Concept collections (2016): easily combinable collections

Willow, Leaf - Handcraft

modulyss
AROUND THE WORLD

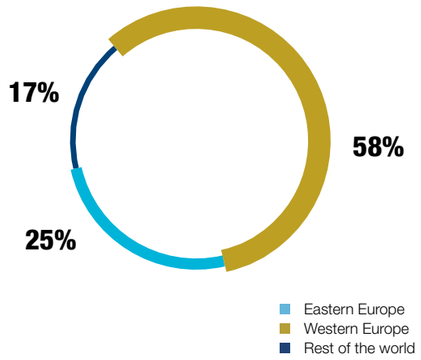
GREAT BRITAIN - FRANCE - NETHERLANDS - POLAND - BELGIUM - GERMANY - CZECH - REPUBLIC - INDIA - SPAIN - PORTUGAL - TURKEY - ROMANIA - RUSSIAN FED. - USA - SUBCONTRACTING - IRELAND - ARGENTINA - BULGARIA - HUNGARY - AUSTRIA - ITALY - SOUTH AFRICA - SWITZERLAND - HONG KONG - SWEDEN - UKRAINE - LITHUANIA - LUXEMBOURG - SLOVAKIA - DENMARK - FINLAND - AUSTRALIA - SAUDI - ARABIA - COLOMBIA - UNITED - ARAB - EMIRATES - NEW - ZEALAND - NORWAY - CROATIA - BRASIL - CHILE - MEXICO - MAURITIUS - BOSNIA-HERZEGOVINA - CYPRUS - QATAR - ESTONIA - SERBIA - KAZAKHSTAN - KUWAIT - SOUTHKOREA - ALGERIA - ISRAEL - SLOVENIA - GREECE - BOLIVIA - LATVIA - PANAMA - KENYA - FILIPIJNEN - GEORGIA - TUNISIA - LAOS - MACEDONIA - SINGAPORE - JAPAN - ALBANIA - LIBYA - MOLDAVIA - GUATEMALA - ICELAND - BELARUS - EGYPT - PUERTORICO - MALTA - CANADA - ECUADOR - MONTENEGRO - KIRGHISTAN - VENEZUELA - PERU - TANZANIA - URUGUAY - TAIWAN - BRUNEI - CHANNELISLANDS - AZERBAIJAN - MOROCCO - LIECHTENSTEIN - ARMENIA - KOSOVO - SURINAME - VIETNAM - SENEGAL - NICARAGUA - GIBRALTAR - NIGERIA

OUR CUSTOMERS

With a strong focus on carpet tiles for the commercial market, modulyss is geared towards architects, designers and decision makers in commercial projects looking for high-quality and on-trend carpet tiles.

Western Europe remains our largest market. In 2015, we continued on a strong growth path in Eastern Europe and outside Europe.

Geographical market share
of carpet tiles



OUR MEMBERSHIPS

modulyss IN NUMBERS

+ 35%
m² residential and commercial tiles
compared to 2011

+ 15%
more productive in net sales/employee
compared to 2011

100%
green electricity

122
FTE blue-collar workers
+ 31% compared to 2011

72
FTE white-collar workers
+ 89% compared to 2011

12% carbon footprint/ m^2 reduction

10
ecological carpet tile collections

SUBSTANTIAL INCREASE IN HEALTH & SAFETY PERFORMANCE

FREQUENCY RATE
64 → 12
2011 2015

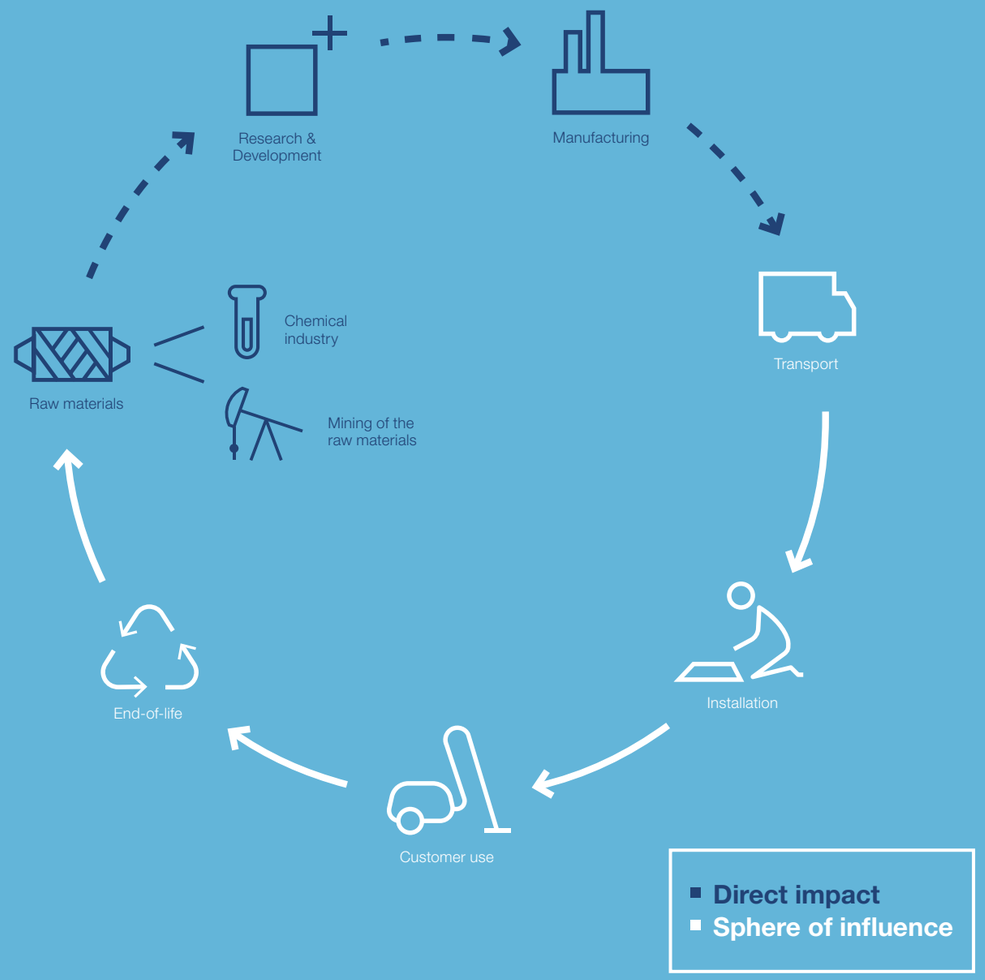
(the number of lost time injuries occurring in a workplace, multiplied by 1 million and divided by the man-hours worked)

SEVERITY RATE
2.42 → 0.32
2011 2015

(the number of lost work days experienced, multiplied by 1,000 and divided by the man-hours worked)

€62
million revenues

FROM YARNS TO TILES



OUR VALUE CHAIN

G4-19, G4-20, G4-21

modulyss runs an integrated production chain. From tufting to the packaging of the finished tile: we promote sustainable development at every step of our value chain.

Raw materials

Chemical industry

Mining of the raw materials

- We constantly strive to reduce the environmental impact of mining raw materials.
- We are committed to using alternative raw materials, especially recycled or recyclable materials.

Research & Development

- We use the BRE Life Cycle Analysis as a guiding principle for monitoring our environmental impact.
- We systematically work to achieve sustainable functionality.
- We continue to invest in sustainable and innovative product development.
- We are always looking for new ways to reconnect with the natural world.
- We strive to involve our stakeholders in our sustainability improvements.

Manufacturing

- We consider the health and safety of our employees top priorities.
- We work hard to further improve our energy efficiency and reduce our CO_2-emissions.
- We deliver quality according to the first-time-right principle
- We are committed to retaining and developing in-house talent.
- We have built a diverse and dedicated team of skilled professionals
- We believe in the importance of certifications to give our consumers the utmost confidence in our products and our company.
- We promote a working environment and culture, which supports, challenges and develops our people.

Transport

- We aim to limit the environmental impact of transport by centralising our activities.

Installation

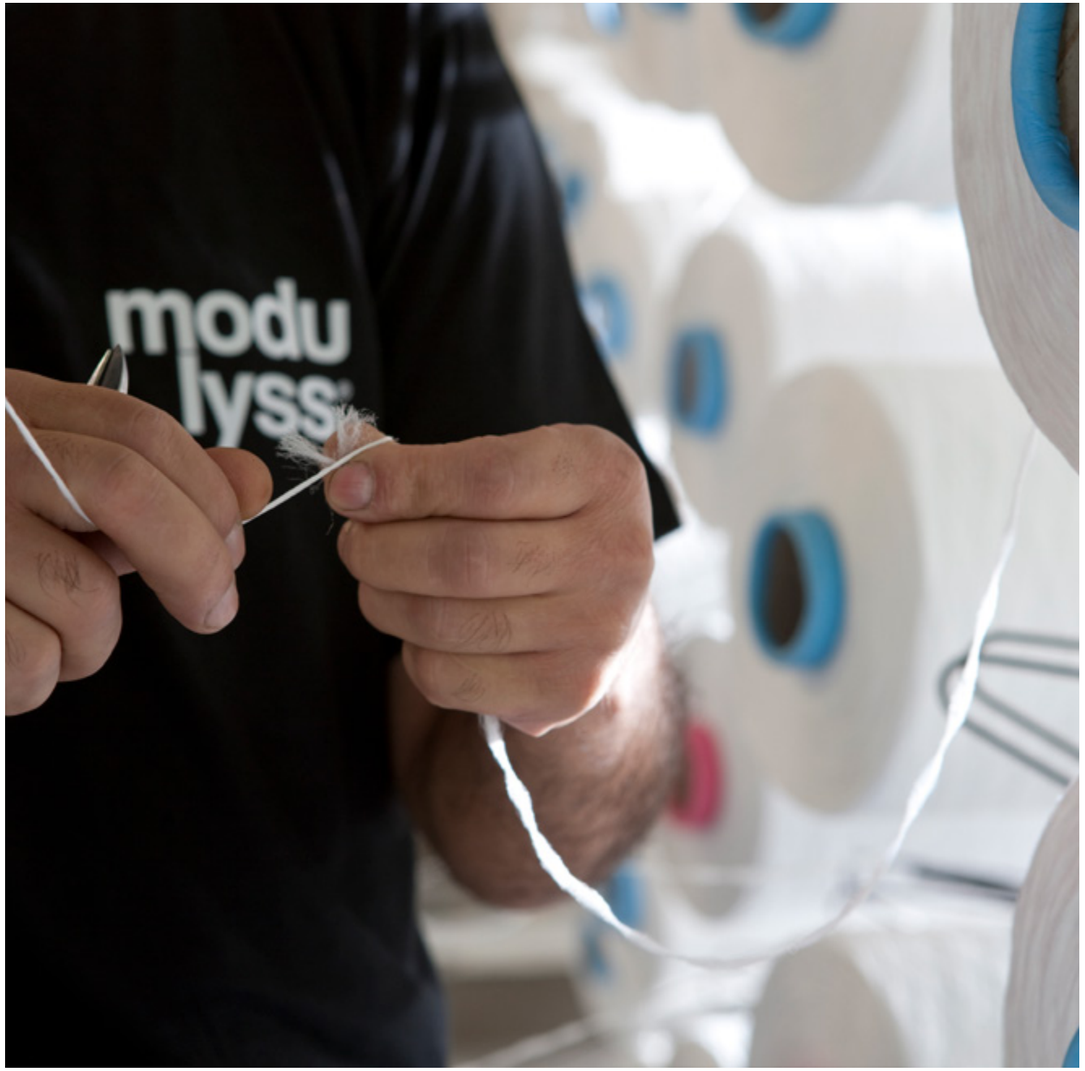
- We pride ourselves in our product's ease of installation, resulting in reduced installation waste.

Customer use

- We strongly value customer feedback as a source of inspiration.
- We produce carpet tiles that have a positive impact on indoor air quality.
- We continually strive to achieve the highest product classifications.
- We are 100% at our customers' service.
- We encourage our employees to share and transfer knowledge and insights.

End-of-life

- We invest in sustainable solutions for used carpets.



03

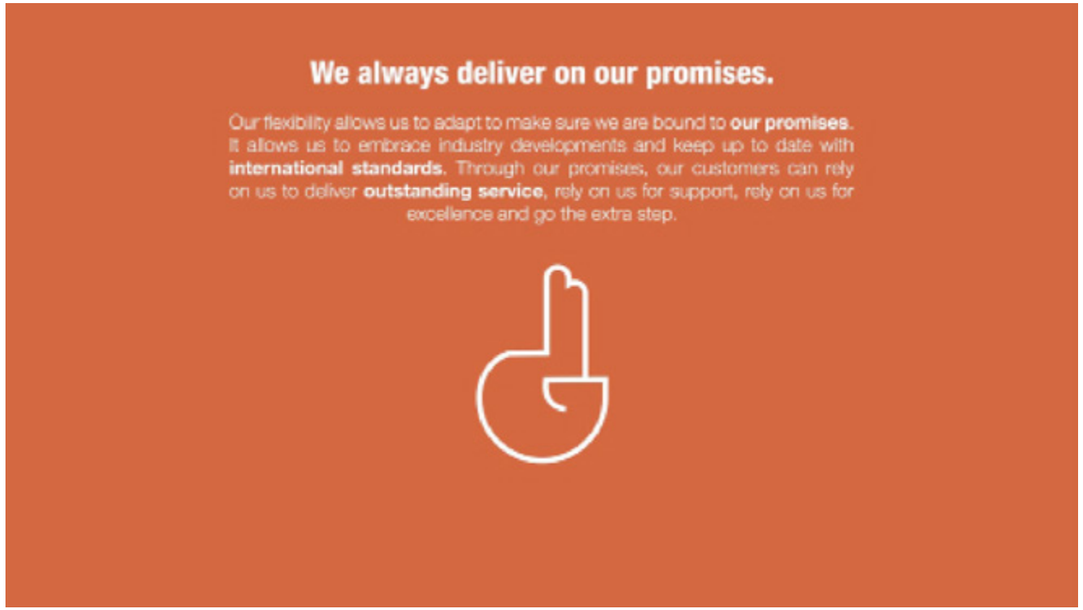
modulyss. bound to be modular.

modulyss.
BOUND TO BE MODULAR.

modulyss designs, manufactures and supplies unique carpet tiles for the international commercial market that challenge perceptions and surpass expectations, all while following ethical and environmental practices.

modulyss believes that producing quality carpet tiles with processes which uphold our strong values creates added value for our clients, the company and our employees.

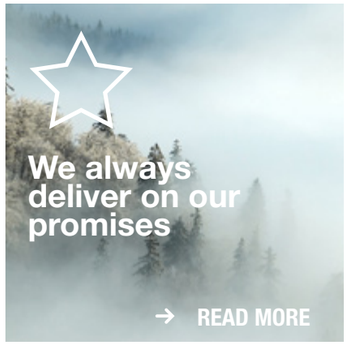
Creating added value



Our values

As a pioneer in the carpet tile business, quality is what we are known for, innovation is how we stay on top.

With these new company values as our guidelines, we raised the bar even higher!



← OUR VALUES

We are bound to be flexible so that we meet the needs and expectations of our customers. Simultaneously we respond to a changing market landscape and push to innovate and improve our products.

Ease of installation, maintenance and replacement

SDG9*

Carpet tiles not only allow you to be more creative in design than regular broadloom carpeting, they also significantly reduce installation and replacement waste.

carpet tile installation waste**
3-4%

VS

broadloom installation waste
10%

(*) Sustainable Development Goals, see page 78.
(**) In a rectangular building, installed before walls, using our installation guidelines.

Easy to place, easy to replace: carpet tiles provide a durable flooring solution.

- Smaller cutting loss
- No permanent gluing needed
- Phased installation possible

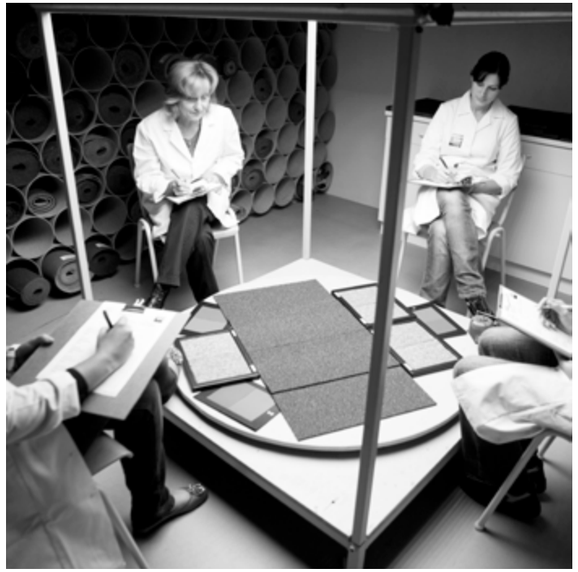
Our carpet tiles not only guarantee a long performance life, but also ensure easy maintenance. To help our customers save on cleaning costs and to assure them of optimal colour & appearance retention of our carpet tiles, we compiled our own Cleaning Recommendations. Regular maintenance removes up to 80% of the dirt and helps carpet tiles retain their dust-capturing ability.

Improved indoor air quality

SDG3

Indoor air quality is a major concern to businesses, building managers, tenants and employees because it can impact the health, comfort, well-being and productivity of building occupants. All in all, we spend more than 85% of our time indoors. Inside, however, the air quality is five to ten times worse than it is outside, showing an exponential increase in the levels of air pollutants and allergens. Why? More hustle and bustle, less square footage and ventilation.

Our carpet tiles meet the most important and internationally recognised requirements on harmful substances and emissions.
modulyss contributes to improved indoor air quality with high-quality dust-capturing carpet tiles.
The **Pure Air100 Collection** is perfectly suited to places that are highly vulnerable or sensitive to the negative effects of particulate pollution.



Quality check - Vetterman

Quality test - Lisson

Quality test - Antistatic

Quality test - Castor chair

Challenging ourselves for the better

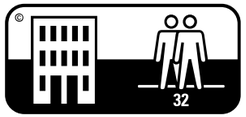
We set great store by customer feedback during our product development and innovation process. On a daily basis, we challenge ourselves to raise our work to the next level.

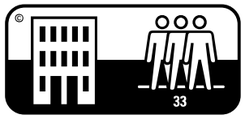
→ **Case study**: dBack
→ **Case study**: light-reflecting carpet tiles

Safe, high-quality products

We strive to attain the highest classifications for every single one of our products. From colour to structure, texture and modularity: every aspect is taken into account to achieve the best results. All our products are tested by independent laboratories in accordance with the European EN 1307 standard. Durable and suitable for heavy contract use, they achieve the highest classifications (Class 32 or 33) for wear resistance in textile floor coverings.

To guarantee the safety of our products, we pursue and fulfill a B_{fl}1-s1 classification (EN 13501-1) for fire resistance on all carpet tiles. With a value equal to or less than 2 kV, all of our carpet tiles are permanently antistatic, in accordance with the ISO 6356 standard. The dimensional stability of our carpet tiles is less than 0.2%, tested in accordance with the European EN 986 standard.



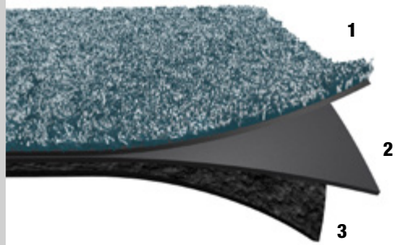


CASE STUDY

dBack, ecological acoustic backing

SDG3

Sound is part of the everyday working environment, but noise affects productivity and well-being. When sound turns into disturbing background noise, acoustics of the working environment become important. As a textile, carpet is a natural sound absorber and works to improve impact noise. With dBack, we wanted to find a sustainable solution to those issues. Compared with our 100% bitumen Back2Back, dBack provides a minimum improvement of 50% in sound absorption (EN ISO 354) and an average improvement of 15% in impact noise rating (EN ISO 10140). dBack is made from 70% post-customer polyester (PET-bottles). In short: a durable solution for buildings with additional acoustic requirements.



1 Pile material + primary backing + precoat (latex)
2 back2back (10% recycled content)
3 dBack (70% recycled PET)

Noise coming from adjacent spaces

The ability of the flooring surface to absorb noise from adjacent spaces is known as the impact noise rating and is given as ΔL^{w}.

Noise from within the space itself

The ability of the flooring surface to absorb noise from within the space itself is known as the sound absorption rating and is a given as α_{w}.

Metallic + dBack, Silver Tower, Germany

CASE STUDY

Light-reflecting carpet tiles

SDG13

A large proportion of electricity consumption in buildings is accounted for by artificial lighting. This is directly reflected in the running costs of many buildings. **Light Reflectance Value (LRV)** is the total quantity of visible and usable light that is reflected or absorbed by a surface (e.g. flooring, walls, furniture, ...) in all directions and at all wavelengths when illuminated by a light source. Additional to the colour of the surface, structure and gloss are factors that influence the light reflectance value. Depending on the colour, structure and brilliance of the carpet, the floor reflects or absorbs light. **The higher the value, the more light is reflected and the lower the energy consumption in an office environment.** Since lighter colours reflect more light than dark colours, modulyss extended the carpet tile collection with high light reflection which responds to this demand.

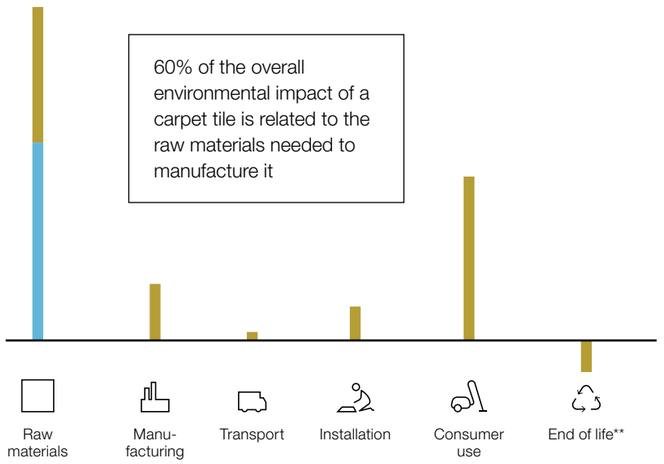
First Blocks 912, Johnson & Johnson, Turkey
LRV 35 L 66

Moss 130 + Leaf 130 + Willow 130
LRV 38 L 68

← OUR VALUES

We are bound to care and be inventive, innovative and creative in finding better environmental solutions for the carpet tiles we produce. Highly selective in the materials we use and committed to safeguarding the well-being of what surrounds us, we are bound to create a better environment.

Impact (Global Warming Potential (GWP) over 10 years*) of carpet tiles with virgin PA 6 in the different life stages



(*) Total GWP impact cradle to grave over 10 years is assumed 100%. Global Warming Potential is a term used to describe the measure of the total energy that a gas absorbs over a particular period of time, compared to carbon dioxide. (Source: epa.gov)
(**) Based on energetic valorisation

- Yarn
- Other raw materials

Life Cycle Analysis

SDG12

To monitor and further lower the environmental impact of our products, we conduct a thorough life cycle analysis for every carpet tile we produce. Additionally, we are in the process of developing Environmental Product Declarations (EPD), based on EN 15804 and independently verified by a third party. We offer EPDs for a number of our collections and strive to draw up declarations for each and every one of our products.

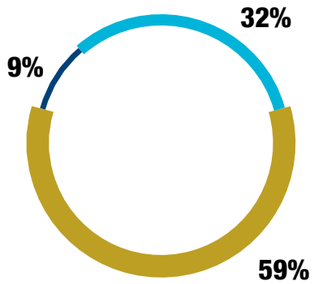
Back2Back process

Raw materials

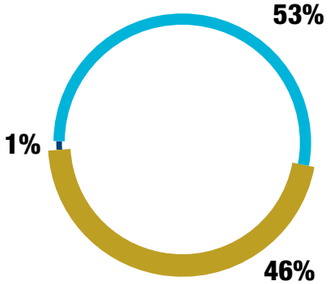
SDG12

In our efforts to reduce the environmental impact of our carpet tiles, we are always looking for new and alternative raw materials. Today, our eco-range consists of **100% regenerated PA 6** and we hope one day to offer a sustainable solution for all our collections.

Use of recycled materials
Eco-collections



Use of recycled materials
Non-eco-collections



Primary raw materials
Post-industrial waste
Post-consumer waste

TIMELINE SUSTAINABLE RAW MATERIALS

2007

Back2Back bitumen backing contains up to **10% carpet tile waste**, thanks to our unique backing process (extrusion)

2008

modulyss became the first European manufacturer to bring an ecological carpet tile to the market with a minimum of **70% recycled yarn**

2009

Introduction of primary backing, produced from locally sourced **100% post-consumer recycled polyester** (PET-bottles)

2010

2011

All modulyss eco-collections use ECONYL®. The regenerated yarn has been increased **from 70% to 100% recycled content**. This expanded the modulyss eco-collections' colour palette, allowing for more creativity and mix&match possibilities

2012

2013

The acoustic secondary backing **dBack** is made from **70% post-consumer recycled polyester (PET-bottles)**

The Back2Back filler is **100% post-industrial recycled chalk**

2014

2015

Partnership with **Healthy Seas®**

2016

FUTURE

A further reduction in the environmental impact of yarns can be achieved by seeking effective impact-reducing alternative raw materials and end-of-life solutions

CASE STUDY

From fishing nets to carpet tiles

SDG14

As part of our sustainable mission to reduce the Life Cycle Impact of each product, modulyss decided to join Healthy Seas® as an associate partner member. Healthy Seas® was set up to protect our seas by diving for abandoned fishing nets that remain in the sea for centuries continuing to catch or injure marine life such as fish, dolphins, turtles and marine birds. Healthy Seas® not only recovers the fishing nets but makes sure that they get recycled and regenerated into ECONYL® yarn by Aquafil, Europe's premier manufacturer of PA 6 carpet fibre.

By joining Healthy Seas®, modulyss works on raising public awareness and supports initiatives to clean the oceans and seas of marine litter. With every new product we produce, we reduce the waste in our seas.

Joining Healthy Seas® as an associate partner member was a natural decision for modulyss

Post consumer waste - fishing nets

FACTS & FIGURES 2015

644,183 sqm
of modulyss eco-collections produced with ECONYL® yarn =

4,187,189 km
of ECONYL® yarn

More than
108 tons
of recovered fishing nets

ECONYL® reduces the environmental impact of a carpet tile by

20%

= yearly energy demand of **1,827 households**

= **2,398,841 kg** CO_2 emissions

= a car circumnavigating the equator more than **490 times**

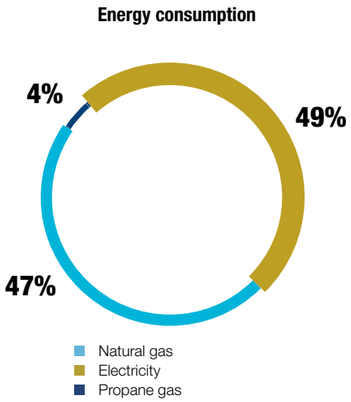
(Source: Aquafil)

Energy efficiency & CO_2 emissions

SDG12

Reducing energy consumption and CO_2 emissions is a key priority in our environmental strategy. The energy audit Centexbel conducted in 2008, provided us with a helpful overview of best practices in energy efficiency. In 2014, we implemented a fully digital energy log, which allows us to monitor our energy consumption and develop a long-term energy strategy. Compared to 2011, this resulted in a **12% drop of our CO_2 emissions/m²** and we plan to keep up the good work.

Between 2011 and 2015, our total carpet tile production rose by 35%. By charting an energy consumption road map, we plan to determine areas of improvement, assess the entire process and evaluate our progress and initiatives.



	2011	2012	2013	2014	2015
CO_2 emissions/m² compared to 2011	100	101	102	97	88

The modulyss production site in Zele

Installation of new solar panels in 2010

TIMELINE ENERGY EFFICIENCY & CO_2 EMISSIONS

2007

Implementation Back2Back recycling unit (extrusion)

2008

Optimisation of our production process: drastic reduction of our water and energy consumption and our waste production

2009

Sourcing of 100% green electricity

Start CARE recycling programme, together with Vanheede Environment Group

Environmental ISO14001 certificate

Between 2009 and 2011

- 46% reduction of water consumption per m^2
- 100% recycling of yarn waste and leftovers
- 17% electricity savings per m^2
- 24% less gas consumption per m^2
- 23% steam limitation per m^2
- 100% recycled packaging

2010

CSR Analysis ISO26000

New solar panels put into operation capacity = 467,500 kWh, comprising 10% of our total electricity consumption

2011

2012

Publication 1st Sustainability Report

2013

2014

Digital energy consumption logging site Zele

2015

CSR Analysis ISO26000

2016

Publication 2nd Sustainability Report

Health & safety

SDG3

modulyss is committed to providing a safe and healthy working environment for all its employees. In our monthly 'Well-being and Environment' campaign, we address a new HSE-topic each edition. These campaigns are translated into toolbox meetings, informal group talks that are intended to facilitate on-site HSE discussions.

For each department within modulyss, clear KPIs and goals are defined on a monthly basis. The results are updated every week.

- Number of accident-free days
- Days with/without lost-time accidents
- Days with/without need for care
- Number of reports on unsafe situations

> "Safety is deeply embedded in our company's culture and business processes. We realise that the key to safety success is employee engagement. That's why we ask each employee to evaluate and report at least 4 possibly unsafe and unhealthy workplace conditions a year.
>
> **Dieter Viaene, Environmental Coordinator @ modulyss**

To fully engage our employees in our HSE strategy, the modulyss management provides its people with specific safety performance feedback.
The managerial staff observes safety behaviour on the floor during a targeted 'OOG campaign' (Safety Observation Campaign) and monthly management walkabouts. Unsafe situations reported by our employees are discussed in our daily production meetings.
This approach is based on the Bird's triangle, which shows that a larger number of reports leads to a smaller number of accidents.

	2011	2012	2013	2014	2015
Frequency rate work accidents	64.03	32.72	50.05	36.53	12.21
Severity rate	2.42	1.34	0.75	6.75	0.32

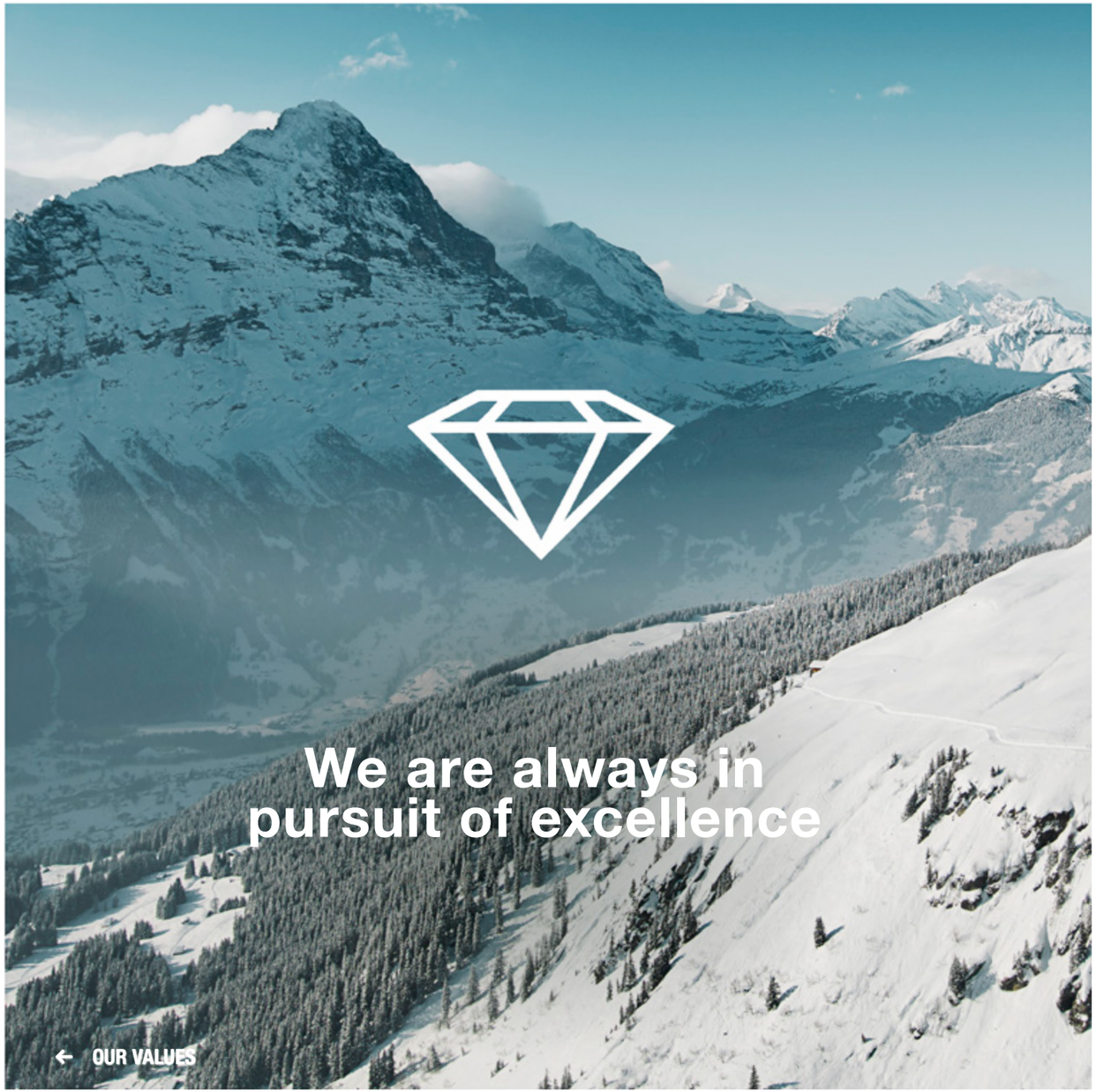
Balta Safety Day

2015 marked the first edition of Balta Safety Day. A Group event organised to strengthen HSE awareness. During this one-day initiative, we highlight and discuss safety improvements to be put into practice every day, both at work and in private life. Employees are included in the entire safety process and are strongly encouraged to bring in topics and suggestions.

> "Safety is a team effort. I was delighted to see 105 enthusiastic modulyss employees take part in the 2015 Balta Safety Day. It's a privilege to work with such engaged people.
>
> **Wim Denecker, HSE Coordinator @ Balta Group**

Balta Safety Day @ modulyss

Balta Safety Day @ modulyss



Based on our ambition, we are bound to deliver excellence throughout our practices. We have the professionalism, dedication and drive to achieve excellence today and redefine it tomorrow.

First-time-right

SDG12

Together with the 35% increase in production, our workforce grew with **31% for blue-collar workers** and a staggering **89% for white-collar workers** since 2011. This significant rise in personnel increased the need for adequate training and follow-up.

Part of our strategy to improve our operations in terms of efficiency is the first-time-right principle. Making sure we perform our actions right the first time, saves waste, costs and time.

End of 2015, we were **halfway in achieving our target to double our first-time-right performance** of 2011. Our combined efforts resulted in 15% more productivity in net sales per employee compared to 2011.

Waste management

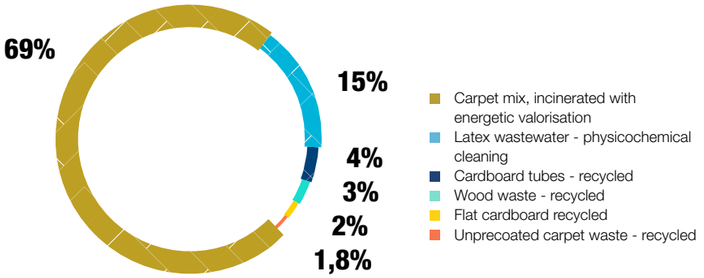
At modulyss, we are economical with our raw materials and committed to reduce waste. All remainder and waste yarns collected during production are completely recycled into new yarns. Industrial waste is recycled or energetically valorised. We never send production waste to landfill.

We continuously invest in new manufacturing technology. End of 2016, a new state-of-the art ultrasonic cutting machine will be fully operational, further reducing our waste streams.

35%
increase in production

15%
more productivity in net sales per employee

Waste management 2015



We CARE

SDG12

Every year in Europe, more than 20 million m² of post-consumer carpet tiles are disposed of as building waste. Processing at the end of the lifecycle is of crucial importance to ensure that the valuable materials that went into making carpets can be re-used. Instead of landfilling or simply incinerating this carpet waste, we launched a pioneering service through the 'REsponse to used CArpet tiles' (CARE) programme in January 2009, along with the Vanheede Environment Group.

Life-expired polyamide carpet tiles are sustainably recycled into regenerated materials and secondary fuel. This is the most feasible treatment option, given the current financial and logistic constraints. The minerals are extracted from the carpet tiles and recycled into raw material for the cement production industry, which results in **50% recycling of our carpet tiles**. The rest is converted into pellets for industrial furnaces This means that much less fossil fuel is used.

> I am more than proud of the symbiotic relationship Vanheede Environment Group has with modulyss. We share the same no-nonsense approach and open communication strategy, which allowed us to successfully set up the innovative CARE project.

Nico Kimpe, Manager Carpet & Polymer Recycling @ Vanheede Environment Group

Buddy Programme

On their first day, new employees are assigned a buddy. This employee partner programme, matches new employees with experienced colleagues for their first months of employment. Together they follow a training plan, which they discuss with their direct supervisor on a weekly basis.

> It's the development of our people that drives our company's growth. By investing in training, we want to show our employees how valuable they are for our business.

Frederik Ampe, HR Director @ Balta Group

Talent management

Mentoring is an essential part of talent management. At least once a year, every employee meets with their supervisor to evaluate their performance and define targets for the coming year. This meet-up allows employees to think and talk about their ambitions and training needs. Using SMART targets, we encourage employees to reach their personal goals.

We believe in creating new opportunities for our people. The HR department supports internal mobility by offering a wide range of training courses and publicly posts vacancies. This way, interested employees get the first chance to apply for a job before the search for external candidates begins.

> Throughout my time at Balta and modulyss, I was given the opportunity to attend various trainings and courses in logistics and management. This allowed me to acquire valuable skills that I still use every day. Thanks to the close follow-up of the HR Department and my supervisors, I was able to move up from Transport Officer at Balta to Logistics Manager at modulyss.

Timothy Kindt, Logistics Manager @ modulyss

The training needs for blue- and white-collar workers are identified by the department heads on an annual basis and are included in a training plan that is submitted to the works council.

A diverse and dedicated team

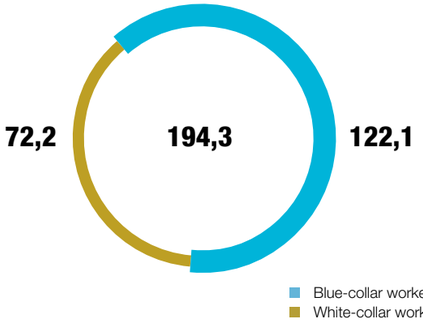
modulyss provides permanent contracts for permanent personnel, with clear information on pay, job requirements, working conditions and contractual terms. We take on staff solely on the basis of competence, without any form of discrimination and value a good working relationship with our employees. To achieve this, we regularly consult and exchange information with representatives of our workforce at all levels.

> I am extremely proud of our team's in-house knowledge and technological expertise. It's their talent and dedication that allows us to react quickly and flexibly to our customers' every need.

Yves Bonne, Business Unit Manager @ modulyss

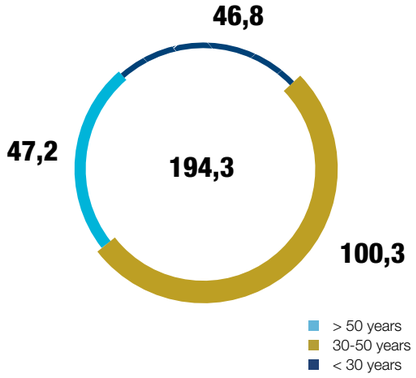
Key figures 2015

Total number of staff*

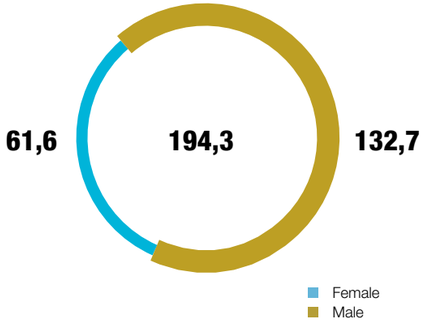


* 86% payroll - 14 % non-payroll

Age of staff



Male/Female ratio



Ekiden Run 2015

Together Everyone Achieves More

Every year a number of team building events are organised by modulyss employees. Relaxed and care-free activities that boost the team spirit and allow our people to get to know each other outside the office. All activities build on the strength of the team, not the individual. In 2015, modulyss took part in the Ekiden Gent Run and the Balta cycling event 'Baltees on the road'.

> The team building activities such as the Ekiden Run really boost the team's creativity and collegial spirit. Afterwards, I always feel re-energised and motivated. And that's what being part of a team is all about, isn't it?

Justine Huysman, Designer @ modulyss

We always deliver on our promises

← OUR VALUES

Our flexibility allows us to adapt to make sure we are bound to our promises. It allows us to embrace industry developments and keep up to date with international standards. Through our promises, our customers can rely on us to deliver outstanding service, rely on us for support, rely on us for excellence and to go the extra step.

Certified quality

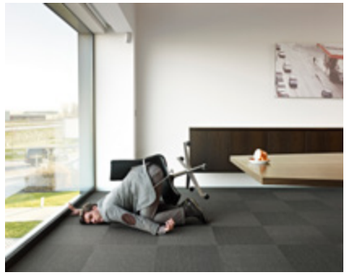
Our certification programme is our promise that your flooring is safe and sustainable. Third-party certification bodies assess all of our products. This allows us to guarantee our customers nothing less than top-quality carpet tiles.

Quality and performance

For modulyss, quality is a top priority. Our production site is **ISO 9001 certified** since 2000. We are particularly proud of the quality and sustainability of our modulyss carpet tiles and back up that promise with a **15-year guarantee** on the market.

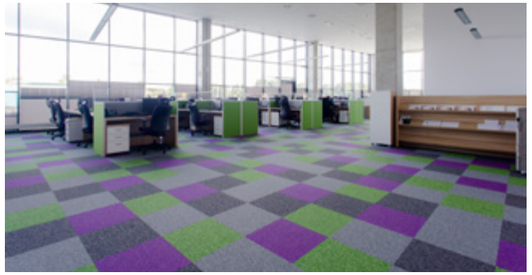
No harmful substances or emissions

- Green Label Plus (Carpet & Rug Institute) ensures that our customers are purchasing the very lowest emitting products on the market;
- The specialised and independent GUT institute (Gemeinschaft Umwelfreundlicher Teppichboden) certifies that none of our products contain harmful substances or give off emissions or odours;
- The standards of the Deutsches Institut für Bautechnik (DIBt) makes them suitable for use in the German market and compliant with the stringent German transposition of the EU Construction Products Regulation (EU 2011/305) (CPR).
- The strict European REACH standards ensure the safe use of chemical substances throughout the entire industrial chain.



Converse100 920

Reverse100 95U



Millenium100 807, 817 + Xtra Step 60F

Setting the standard

All our products for the contract market are certified by **BRE global** (Building Research Establishment), responsible for the internationally renowned BREEAM assessment of the environmental performance of buildings. Scored according the Environmental Profile Certification Scheme, each product is awarded an eco-point score and an environmental profile. Customers can objectively compare our products' scores with those of other brands via www.greenbooklive.co.uk.

LEED-projects for commercial interiors can earn credits by using modulyss carpet tiles that make a positive contribution. LEED (Leadership in Energy and Environmental Design) certification is the American standard for 'Green Building Design'.

The modulyss PA 6 SDN products obtained the **ECNZ** (Environmental Choice of New Zealand) certificate. The ECNZ Labeling Programme encourages sustainable processes, products and supply chains.

All modulyss PA 6 SDN products are certified according to **GECA** (Good Environmental Choice Australia), Australia's only independent, not-for-profit, multi-sector ecolabelling programme. The certification programme assesses and certifies products and services that have a lower impact on the environment and human health and address important social considerations.

Sustainable Data Sheets

To meet the increasing demand for product-specific data on ecological and health-related criteria, we provide a Sustainable Data Sheet for every modulyss product. These data sheets were developed in-house and are made available through our company website and app.

> "We put great effort in finding new ways to support customers in their sustainable purchasing decisions. Our Sustainable Data Sheets underscore our commitment to transparent communication about our products and actions.

Katrien De Cooman, Sustainability Manager @ modulyss

Ethics & Integrity

The Balta Code of Conduct is the foundation of our corporate culture. It is a central guide and reference to be used in day-to-day decision making.

Balta expects all its business to be conducted in compliance with high ethical and legal standards of practice and applies this commitment to all dealings with employees, customers, suppliers and other stakeholders. If an employee has knowledge of or a concern of illegal or dishonest fraudulent activity, the employee is to contact his/her immediate supervisor.

Customer satisfaction

modulyss aims to provide its customers and partners with a flexible and conscientious service. Thanks to the results of our two-yearly customer survey, we know what our customers are most satisfied about. And more importantly, what our areas for improvement are.

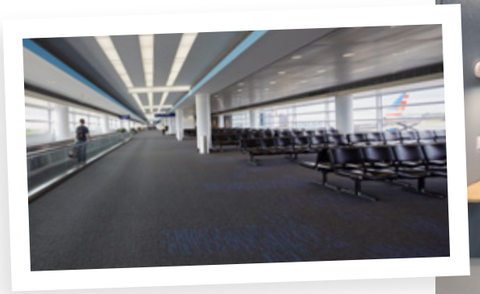
The key results of the 2014 Customer Survey:

- In general, respondents were satisfied to very satisfied with our sales team.
- Especially the minimum response time and complaint resolution policy scored high points.
- Respondents claimed to be satisfied to very satisfied with our prompt and accurate complaint handling.

> “ I would recommend modulyss for its timely deliveries and high-quality products any day. But the main reason I love working with them is because they practice what they preach. Their products meet the most important sustainability criteria and are made from recycled materials. Excellent products with an honest story: that's a win-win for me.
>
> **Vladimír Běhůnek, owner @ RANDOM s.r.o.**

Aspects most appreciated by respondents:

1. Number of products
2. Data transparency
3. Quality of the product



Pure Air100 504, + In-Groove 019, Chicago O'Hare International Airport, United States

DSGN Cloud 912 + Alpha 942, Paulig, Lithuania

modulyss @ Stockholm Furniture Fair 2015, Sweden

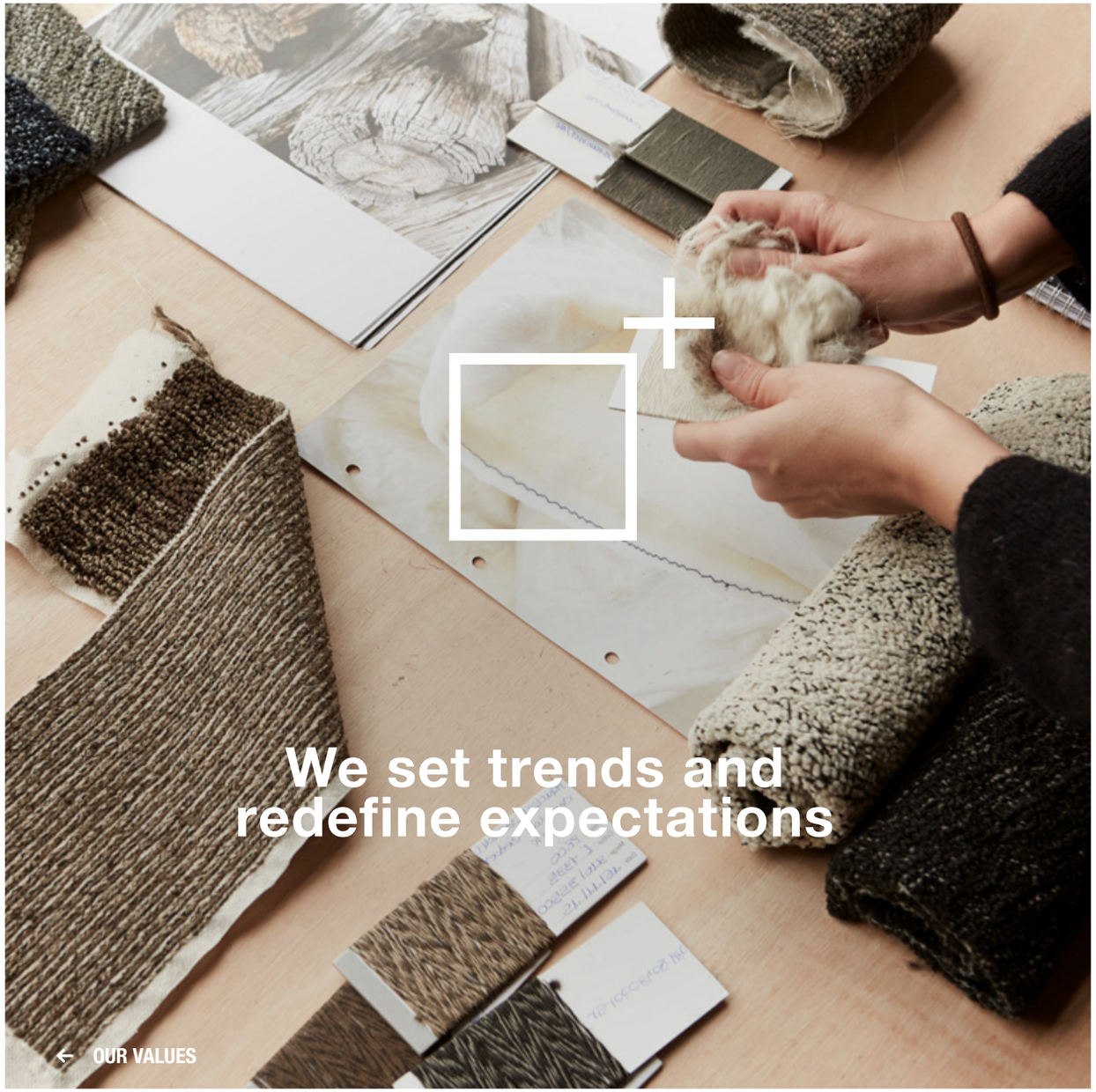
Event @ the Belgian Embassy in Bucharest, Romania

modulyss @ Domotex 2016, Hannover, Germany

Knowledge management

modulyss promotes the development and dissemination of insights and environmentally sound technologies for a better society. We believe that sharing our knowledge and – in all openness and confidence – discussing challenges and opportunities with architects, interior designers, building owners, suppliers and many other interest groups is key to co-create a better world and more specifically greener and healthier buildings.

> “ Value is not just created by product development. For me, modulyss' green and healthy building know-how is the greatest added value. As Sales Manager, I'm proud of our teams' deep knowledge of materials and happy that I can always rely on their vast expertise.
>
> **Ronny Veracx, Sales Manager BeLux @modulyss**



We set trends and redefine expectations

← OUR VALUES

Our innovative and creative approach does not just end with our carpet tiles, it impacts and challenges our own standards and drives change to improve the industry. With better carpet tiles, greater environmental care and superior practices we are bound to take a step further with every carpet tile we make.

Sustainable innovation

At modulyss, we innovate every day. We are justifiably proud of our market-oriented selection of products, which is the result of constant innovation and product development.

Our extended and specialised R&D team is dedicated to innovation and fully explores the synergies and knowledge within the Balta Group. From sustainability through acoustics and fibre technology to design with new shapes, our innovation comes in all sorts of guises.

Our strong focus on innovation helps us to create carpet tiles that give customers a solution to the specific needs of their project. Whether that's acoustic performance or light reflection, a carpet that works as a giant air filter, a carpet that delivers a unique design or a combination of all three, our carpet tiles work towards the unique individual requirements of each project.

Patchwork 592 + Cambridge 963

> "As product developers, we are constantly balancing design, functionality, performance and sustainability. And trying to put our products in the market at a competitive price. modulyss has become a challenger to the established giants, with innovative solutions and a clear sense of identity.
>
> **Vanessa Van Overmeeren,**
> **Head of Product Development @ modulyss**

Sustainable functionality

Ever since modulyss' inception, the people, the processes and the products themselves have been screened for their environmental impact. This has allowed modulyss to develop a sustainable workflow over the years, delivering goods that are ecologically viable. Already in 2007, we started processing our cutting waste in our Back2Back backing. A year later, we were the first European carpet tile manufacturer to use recycled content carpet fibres: ECONYL®70. In 2011, Aquafil launched the 100% regenerated ECONYL® yarn range, which now forms the basis for 10 sustainable modulyss carpet tile collections.

modulyss has always been strongly committed to producing eco-friendly products. Throughout the years, we have developed numerous ecological collections with Aquafil's help. First, with 70% ecological yarn and later, with 100% regenerated yarns. What makes these collections unique? They combine various environmental aspects into one efficient, ecological carpet tile.

"With an annual turnover of more than €10 million, modulyss is one of Aquafil's largest customers for the contract segment. The partnership between Aquafil and modulyss started many years ago, and together we have always aimed to develop innovative products based on intense R&D activities. In 2008, when Aquafil developed its first recycled product, modulyss was the first European carpet tile manufacturer who embraced the idea of producing carpet made of recycled yarn.

Aquafil's commitment towards full sustainability and a circular economy are key points of our business strategy. We try to involve as many stakeholders of the supply chain in our activities as possible, welcoming modulyss as one of the partners of the Healthy Seas® initiative, that was launched by Aquafil and a European NGO to recover ghost fishing nets, transforming them together with other waste into ECONYL® yarn while freeing our seas and oceans from harmful material.

Giulio Bonazzi, Chairman & CEO
@ Aquafil Group

TIMELINE ECO-COLLECTION

2008

modulyss is the first European manufacturer to bring an eco-logical carpet tile to the market with min. 70% recycled yarns *Minimum70**

2009

*Reverse70**

2010

Eco70C - Eco70L* - Resist70**

2011

modulyss increased the regenerated yarn from 70% to 100% waste content, turning collections such as Eco70 C and Reverse70 into **Eco100 C** and **Reverse100**.

2012

Converse100 - **Alternative100**

2013

Millennium, our most successful carpet tile, switched to 100% regenerated yarns
Millennium100

dBack is made from 70% post-consumer recycled polyester (PET-bottles)

2014

Pure Air100

2015

2016

Grind, Leaf, Moss, Willow

(*) No longer available

CASE STUDY

Pure Air100, the ecological carpet tile that captures dust

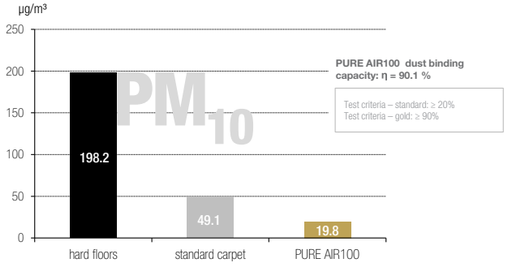
SDG3, SDG12

Particulate matter comes to us through friction, combustion, emission, evaporation, and molecular migration. When fine dust infiltrates the air, it creates pollution. To protect our indoor environment against these airborne hazards, modulyss created an innovative and eco-friendly range of carpet tiles that contribute to a purer interior air in work and living environments.
Pure Air 100 combines a special blend of high-grade ECONYL® yarns, made from 100% regenerated yarns that have been extracted from pre- and post-consumer waste streams with an excellent fine dust capturing and retaining ability.

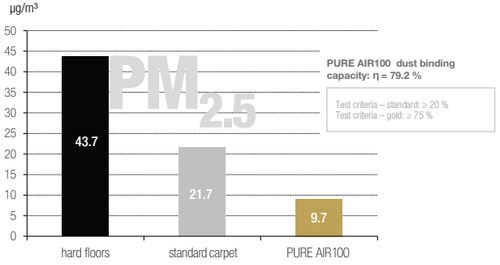
Pure Air100 609 + 900

Pure Air100. Carpet tiles for healthy indoors

Pure Air100 carpet tiles are up to **10 times more effective** in capturing and retaining fine dust than hard floors (PM_{10}).



Pure Air100 carpet tiles are up to **4 times more effective** in capturing and retaining fine dust than hard floors ($PM_{2.5}$).



Innovative product development

Our compact size allows us to innovate at pace, to dream and develop instead of analysing and theorising. We can concentrate on what makes us better and focus on making innovative carpet tiles.

Our Pixel, Pattern, Patchwork Collection uses a high-resolution print technology, allowing unlimited design possibilities. Moreover, this innovative technique considerably reduces water consumption. A premium example of how we fully explore the technological opportunities and synergies within the Balta Group.

> “The recently launched Vintage carpet tile collection, including Pixel, Patchwork and Pattern, is a prime example of the valuable synergies within The Balta Group. Utilising in-house high-resolution print technology onto engineered yarn, modulyss has created three revolutionary all-over designs that are not only trend-led, but that are also built to perform, and have excellent logistic performance.

Carl Wyseur, R&D Manager PA/PES @ Balta Carpets

Pixel 957 + Pattern 957

Patchwork 351 + Cambridge 346

CASE STUDY

Handcraft Collection

The Handcraft Collection invites the outside in with four designs inspired by nature and craftsmanship: Moss, Leaf, Willow and Grind. The Handcraft collection creates unique spaces that celebrate nature. Sparked by the tranquillity of the outdoors, this collection aims to contribute to healthy indoor environments. Instead of using wool, which has a considerable environmental impact, we chose to work with ECONYL®-yarn. To achieve the same natural look, peculiar to wool, the ECONYL® yarn was processed in a specific manner. A stylish and sustainable result.

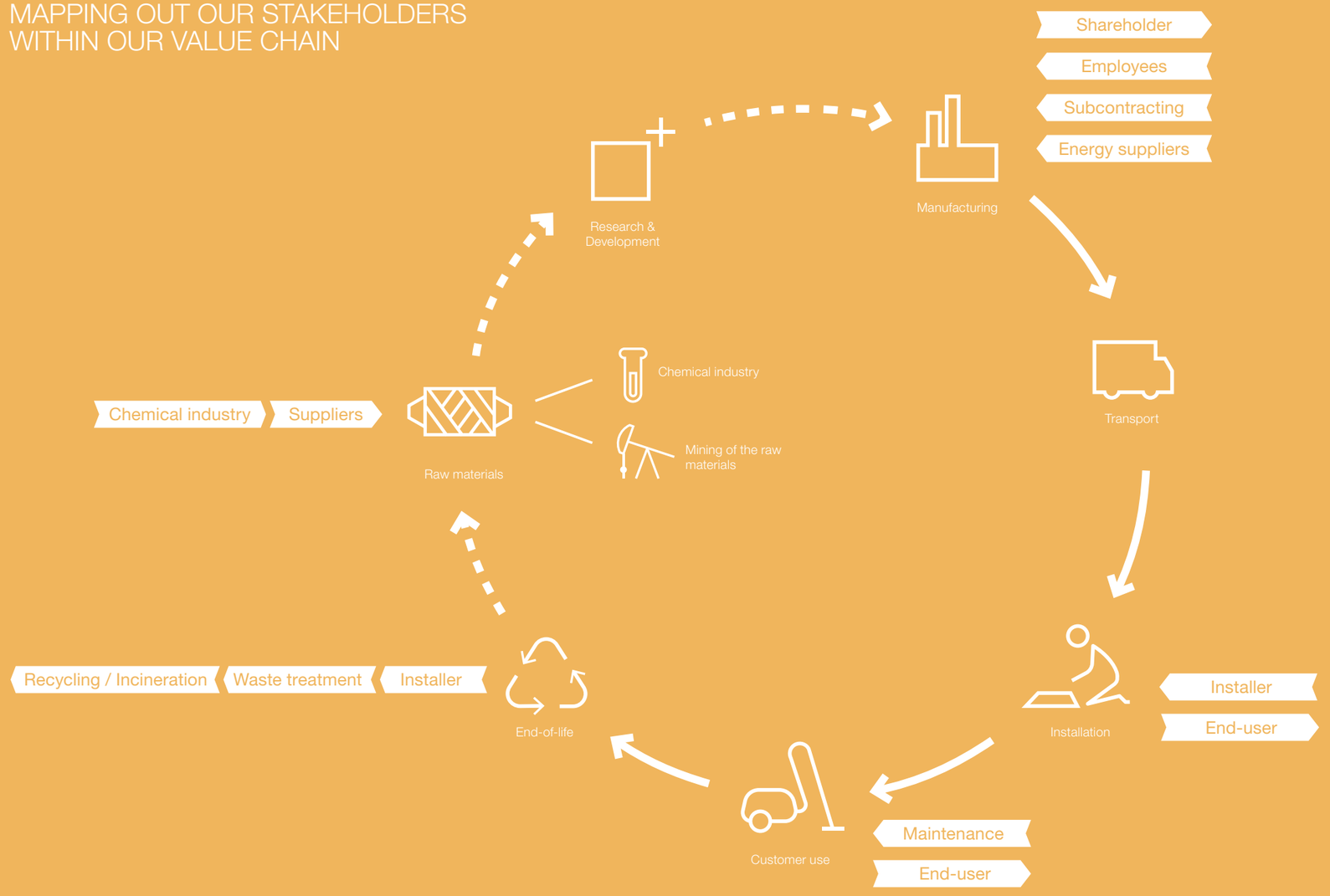
The Collection combines:

1. high-grade ECONYL® yarn derived from recovered fishing nets and other waste materials that are regenerated through the ECONYL® Regeneration System and;
2. new state-of-the-art tufting technology, resulting in a more optimal use of the yarns, more flexibility to mix & match (all products and styles can be inter-combined) and reducing the SKUs.

Grind 961

Leaf 961

MAPPING OUT OUR STAKEHOLDERS WITHIN OUR VALUE CHAIN



Stakeholder engagement

G4-24, G4-25, G4-26, G4-27

modulyss cooperates with customers and suppliers, research centres, carpet producers, waste treatment facilities and governmental authorities.
We create our collections for and are geared directly to architects, designers and project partners who find in modulyss a partner who actively thinks along with them and proactively capitalises on opportunities. As a progressive and innovative carpet tile manufacturer, we set great store by stakeholder engagement.

Since 2012, we have developed a communication strategy towards our stakeholder groups. For this second Sustainability Report we mapped out our stakeholders and their roles.

Influencers:
- Governmental authorities
- Institutionalized laboratories
- Research centers
- Certification bodies
- Federations

Stakeholder group	Main stakeholders	Communication method	Communication frequency	Concerns
Shareholders	Private equity firm	▪ Board meetings ▪ One-to-one (CEO)	Monthly	▪ **Energy-efficiency and CO_2 emissions** ▪ **First-time-right** ▪ **Talent management** ▪ **A diverse and dedicated team** ▪ **Ethics and integrity**
Employees	Union	▪ Committee ▪ Board of Directors ▪ Intranet + memo boards blue-collar workers	▪ Monthly ▪ Monthly ▪ Weekly	▪ **Health & Safety** ▪ **Talent management** ▪ **A diverse and dedicated team**
Suppliers	Raw material suppliers / Vanheede Environment Group	▪ Meetings ▪ Supplier questionnaires	▪ Project-based ▪ Project-based / min. yearly verification	▪ **Raw materials** ▪ **Sustainable innovation** ▪ **Sustainable functionality**
Customers	▪ Initiator ▪ Investor ▪ Architects / interior designers ▪ Installer / Contractor	Sales visits / exhibitions	Project-based	▪ **Sustainable innovation** ▪ **Sustainable functionality** ▪ **Innovative product development** ▪ **Handcraft Collection** ▪ **Certified quality** ▪ **Customer satisfaction** ▪ **Knowledge management**
	Influencers (Green building councils / Asthma & Allergy associations /…)	Meetings / digital follow-up / memberships	Project-based	
	Distributor	Sales visits	Project-based	
	End-users		Project-based	▪ **Improved indoor air quality** ▪ **Challenging ourselves for the better** ▪ **Safe, high-quality products** ▪ **Handcraft Collection**
Transport			Project-based	
Installers				▪ **Ease of installation, maintenance and replacement**
Maintenance companies		Cleaning Recommendations	Project-based	▪ **Ease of installation, maintenance and replacement**
Waste recyclers	Vanheede Environment Group	CARE	Project-based	▪ **We CARE**

04

about this report

SCOPE

This sustainability report sheds light on the CSR performance of modulyss nv, a subsidiary of the Balta Group.
A number of activities that are explained in this report consequently apply to the corporate level of the Balta Group and vice-versa. All financial figures regarding production and turnover are based on modulyss nv.

modulyss designs and produces high-quality and on-trend carpet tiles, mainly for the international commercial market, from their site in Zele (Zevensterrestraat 21, 9240 Zele).

REPORTING PERIOD

Our reporting period runs concurrently with our financial year, which opens on 1 January and closes on 31 December. In this second Sustainability Report, we cover our performances from 2012 to 2015 and motivate our progress since our previous sustainability report, published in 2012. We intend to publish our sustainability report every four years.

Parent company

Balta nv*
Wakkensteenweg 2
8710 Sint-Baafs-Vijve (Wielsbeke)
BELGIUM

(*) owned by a private equity firm

GRI GUIDELINES, SUSTAINABLE DEVELOPMENT GOALS AND ISO 26000

G4-18

This report is drawn up in accordance with the **Global Reporting Initiative (GRI) G4 guidelines**, Core level. This comprehensive Sustainability Reporting Framework is widely used around the world. As a result of the credibility, consistency and comparability it offers, GRI's Framework has become a de facto standard in sustainability reporting.

To evaluate how our business helps to advance sustainable development, both by minimising negative and maximising positive impacts on people and the planet, we found inspiration in the recently launched UN's **Sustainable Development Goals (SDGs)**.
The SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. They therefor present an opportunity for business-led solutions and technologies to be developed and implemented to address the world's biggest sustainable development challenges.

In 2011 and 2015, modulyss had an **ISO 26000 scan** carried out, thereby giving a clear signal that we are ready and willing to delineate a sustainability policy in line with internationally recognised standards. The scan was performed on the basis of interviews with our employees on the shop floor and among management. It provided us with a clear overview of the CSR aspects in which modulyss scored well already and areas where there was room for improvement. As such, it formed a reference framework and a starting point for establishing priorities and defining actions to gauge our progress in the following years.

In August 2015, a global private equity firm acquired Balta Group from Doughty Hanson, Filip Balcaen and Management. Early 2016, the Balta Group appointed a new CEO.

GRI CONTENT INDEX

G4 GENERAL STANDARD DISCLOSURES

STRATEGY AND PROFILE

GRI		DISCLOSURE	LOCATION OF DISCLOSURE IN REPORT
1. STRATEGY AND ANALYSIS			
G4.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	Fully	p. 6-7
2. ORGANIZATIONAL PROFILE			
G4.3	Name of the organization	Fully	cover
G4.4	Primary brands, products and/or services	Fully	p. 11-13
G4.5	Location of the organization's headquarters	Fully	p. 78
G4.6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	p. 14-15
G4.7	Nature of ownership and legal form	Fully	p. 78
G4.8	Markets served	Fully	p. 16
G4.9	Scale of the organization	Fully	p. 17
G4.10	Employees	Fully	p. 52-53
G4.11	Percentage of total employees covered by collective bargaining agreements		100%
G4.12	Describe the organization's supply chain	Fully	p. 18-20
G4.13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Fully	p. 79
Commitment to external initiatives			
G4.14	Report whether and how the precautionary approach or principle is addressed by the organization	Fully	p. 35, 44, 55, 63
G4.15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Fully	p. 29, 44, 55-56

GRI		DISCLOSURE	LOCATION OF DISCLOSURE IN REPORT
G4.16	List memberships of associations and national or international advocacy-organizations in which the organization holds a position on the governance body, participates in projects or committees or views membership as strategic	Fully	p. 16
3. IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4.17	List all entities included in the organization's consolidated financial statements	Fully	p. 11, 78
G4.18	Explain the process for defining the report content and the Aspect Boundaries	Fully	p. 78-79
G4.19	List all the material Aspects identified in the process for defining report content	Fully	p. 18-20
G4.20	For each material Aspect, report the Aspect Boundary within the organization	Fully	p. 18-20
G4.21	For each material Aspect, report the Aspect Boundary outside the organization	Fully	p. 18-20
G4.22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	NA	
G4.23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	NA	
4. STAKEHOLDERS ENGAGEMENT			
G4.24	Provide a list of stakeholder groups engaged by the organization	Fully	p. 72-74
G4.25	Report the basis for identification and selection of stakeholders with whom to engage	Fully	p. 72-73
G4.26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	p. 74-75
G4.27	Report key topics and concerns that have been raised through stake-holder engagement, and how the organization has responded to those key topics and concerns	Fully	p. 74-75

GRI		DISCLOSURE	LOCATION OF DISCLOSURE IN REPORT
5. REPORT PROFILE			
G4.28	Reporting period for information provided	Fully	p. 78
G4.29	Date of most recent previous report	Fully	p. 78
G4.30	Reporting cycle	Fully	p. 78
G4.31	Contact point for questions regarding the report or its contents	Fully	p. 84
G4.32	GRI Content Index	Fully	p. 80-81
G4.33	Report the organization's policy and current practice with regard to seeking external assurance for the report	NA	

GOVERNANCE AND ETHICS

6. GOVERNANCE			
G4.34	Governance structure, including committees of the highest governance body	Fully	p. 11
7. ETHICS AND INTEGRITY			
G4.56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Fully	p. 24-25, 57

G4 SPECIFIC STANDARD DISCLOSURES

GRI		DISCLOSURE	LOCATION OF DISCLOSURE IN REPORT
DISCLOSURES ON MANAGEMENT APPROACH (DMAS)			
G4 DMA			p. 24-25
ENVIRONMENTAL			
Materials			
G4 EN2	Percentage of materials used that are recycled input materials	Fully	p. 37
Energy			
G4 EN6	Reduction of energy consumption	Fully	p. 42, 44-45
Emissions			
G4 EN19	Reduction of greenhouse gas (GHG) emissions	Fully	p. 42, 44-45
Effluents and waste			
G4 EN23	Total weight of waste by type and disposal method	Fully	p. 49
Products and services			
G4 EN27	Extent of impact mitigation of environmental impacts of products and services	Fully	p. 35, 38-39, 50
Supplier Environmental Assessment			
G4 EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Fully	p. 35, 40-41
SOCIAL: LABOR PRACTICES AND DECENT WORK			
Occupational health and safety			
G4 LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Partially	p. 46-47
SOCIAL: PRODUCT RESPONSIBILITY			
Customer health and safety			
G4 PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Partially	p. 35, 44, 55, 63, 66-67
Product and service labelling			
G4 PR5	Results of surveys measuring customer satisfaction	Fully	p. 58

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