

# CSR Report

2014/2015

**ege**<sup>®</sup>

THE URGE TO EXPLORE SPACE



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## ABOUT THE CSR REPORT

It is our pleasure to present the new Corporate Social Responsibility (CSR) Report from egetæpper. The report is structured according to the CSR standard DS 49001, under which our factory in Herning achieved certification last year. The report describes our work on behalf of the nature, people and society that create the framework for our production and products.

For egetæpper, CSR concerns how we as a company take responsibility for our impact on the world around us. CSR is about finding the right balance between high quality and design, on the one hand, and respect for the world we live and work in, on the other. Through our CSR activities, we seek to conduct our business activities on a responsible basis and to preserve our world for future generations.

To ensure uniformity and transparency in relation to previous reports, we follow the guidelines in the Global Reporting Initiative (G4). This is a common standard for CSR reporting that makes high demands of the report's content and data basis. There are, however, individual deviations from the guidelines due to the requirement concerning the degree of detail<sup>1</sup>. The report gives

a comprehensive insight into egetæpper's CSR activities during the financial year from 1 May 2014 to 30 April 2015.<sup>2</sup>

The report is primarily based on our two factories in Herning and Gram in Denmark<sup>3</sup>. Data for CO<sub>2</sub> emissions includes our factories in Herning and Gram, as well as Bentzon Carpets, Lit-spin and our subsidiaries. In due time the entire Group will be included in full in the report.

All environmental data concerning EMAS verification in Herning and Gram is verified by Bureau Veritas Certification, but the CSR Report is not verified in its entirety by a third party. Nonetheless, a lot of internal work is devoted to the verification of all of the report's data.

If you have any questions concerning the content of this report, please contact:

CSR Manager Jan Ladefoged, E-mail: [jlj@ege.dk](mailto:jlj@ege.dk),  
Tel.: (+45) 97 11 88 11  
CSR Project Manager Dorthe Aaboe Kallestrup,  
E-mail: [dak@ege.dk](mailto:dak@ege.dk), Tel.: (+45) 97 11 88 11

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<sup>1</sup> This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.

<sup>2</sup> The previous CSR Report was published on 3 July 2014. The next report will be published and submitted to the Danish Environmental Protection Agency in June 2016.

<sup>3</sup> These factories are registered in accordance with the EU's environmental regulation, EMAS (Eco Management and Audit Scheme), under registration number DK000012. The EMAS verification is undertaken by Bureau Veritas Certification.



*"The world needs companies to take responsibility for their impact on the Earth's resources. We wish to be at the forefront in this area, since we believe that this is the right thing to do."*

CEO Svend Aage Færch Nielsen

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## EGETÆPPER IS GROWING – AND SO ARE ITS CSR ACTIVITIES

The two most noteworthy events at egetæpper in 2014/2015 were the acquisition of Hammer Tæpper A/S, opposite our head office in Herning, and our launch on the American market. With the acquisition of Hammer Tæpper we have strengthened our activities within four- and five-star hotels and cruise ships, and in the USA we hope to win business in the world's largest carpet market. We are pleased to welcome the skilled new employees from Hammer Tæpper and the USA to the Group.

Business expansion also means increasing our focus on CSR activities, which is what we are doing at egetæpper. In the last few years our focus has been on implementing a number of initiatives at the factory in Herning, in order to achieve the extensive DS 49001 CSR certification. Currently, we are developing and expanding these initiatives to include our other factories – and many more projects have been launched. It is exciting to see the CSR initiatives unfold, making both the world and our business more sustainable.

We work with CSR in accordance with the UN Global Compact and the trade association Dansk Fashion & Textile's Code of Conduct, which we endorsed in 2010. We focus on the seven focus areas in the DS 49001 standard. These are Management excellence, Human rights, Labour practices, Environmental issues, Fair operating practices, Consumer issues and Community involvement and development.

### **New initiatives – new opportunities**

Internally within the Group, we have focused especially on two key areas this year: strengthening our HR activities and preparing employees to tackle any challenges relating to bribery and corruption.

Requirements are becoming more stringent, and there are in-

creasing opportunities relating to employee conditions. The HR area is a jungle of rules and opportunities and as egetæpper has expanded, we have seen a need to establish an HR function. In 2014 we therefore appointed an HR Manager who is now available to employees and managers to handle questions and issues relating to working practices, colleagues, maternity/paternity leave, illness, etc.

We have also focused on employee well-being by drawing up a set of guidelines to make it easier to help colleagues to regain their job satisfaction. This idea came from our own liaison committee, and it is wonderful to see how their input can lead to new practices within the organisation.

This year, via an e-learning program we have tested 169 Danish and foreign employees' knowledge of our anti-corruption guidelines, to give them an even better understanding of where the boundary lies between what is acceptable and what is not acceptable. Anti-corruption is an important parameter for egetæpper, among other things since under the UN Global Compact we are dedicated to combating corruption. We are not aware of any episodes where the guidelines have been infringed, but we consider it important that employees are well-prepared, should such a situation arise.

We have always maintained a good dialogue with our stakeholders and this year we have expanded the dialogue with a major survey in which 61 different stakeholders have stated how important it is to them that egetæpper performs well for the seven focus areas. The survey shows that the stakeholders attach great importance to CSR. When we know what they expect of us, this helps us to improve. Yet it also means that we must make greater requirements of ourselves and our business partners. We are therefore developing an audit programme for the

suppliers that originate from countries where the risks of corruption, infringement of human rights, poor working conditions and environmental impacts are greatest. The first five suppliers are expected to be audited by Bureau Veritas in the summer of 2015.

A completely new aspect is that this year charitable donations have become part of egetæpper's core business. Previously, we have primarily donated funds to KidsAid via an employee-driven project, but now we have taken this a step further by linking charitable causes directly to our sales results. In the USA, 1% of revenue goes to DIFFA (Design Industries Foundations Fighting AIDS), and in the rest of the world we follow suit by donating 1% of the sales of the ege Couture collection to DIFFA. We also co-operate with UNICEF, so that whenever a customer completes a satisfaction survey, we donate EUR 10 to UNICEF. This money is spent directly on malaria drugs. One completed survey results in medicine for 16 seriously ill children.

We take care of the environment and the working environment. Many environmental initiatives are still underway. ISO 14001 certification, which was launched in 1996 for implementation first in Herning and then in Gram, have now also been implemented at the wool spinning mill in Lithuania and are being introduced at Bentzon Carpets. The stringent environmental management system requirements are helping us to reduce our environmental impacts.

We have added one more Cradle to Cradle product to the family: our Ecotrust tile backing, and we currently have 29 other products in the certification pipeline. The purpose of Cradle to Cradle certification is to ensure that the product causes minimum pollution, spillage and waste. We are proud that most of our products are approved in accordance with numerous other certification schemes, such as LEED and BREEAM.

The working environment also takes high priority at egetæpper, so that in 2006 we implemented the DS/OHSAS 18001 management system, to ensure that we at all times fully control and minimise health and safety risks. We also offer our employ-

ees a number of services and benefits that help make egetæpper an attractive workplace.

#### **Our efforts are recognised**

On an annual basis, Økonomisk Ugebrev for bestyrelser publishes a Top 100 CSR rating, in which the 100 largest Danish listed companies are ranked according to their CSR activities. The first Top 100 CSR rating was published last year, and egetæpper ranked 11th. This year, we were proud to learn that egetæpper has risen quickly to a shared first place, with 20 out of 20 possible points. This ranks us far ahead of a number of other large Danish companies that we normally consider to be highly proficient in CSR matters. This recognition of our efforts confirms that we are doing the right things.

#### **Reaching for the stars ...**

Our objective to be the carpet manufacturer in the world with the best CSR record means that we have plenty of work to do. Yet it is good to have this demanding objective, since it ensures that we keep up the momentum – on a sustained basis. We can see that it pays to do the right things, and this also helps to ensure a better world for the generations to come. We look forward to presenting our results in this year's CSR Report and to being part of the solution to the coming years' major CSR challenges.

Herning, 25 June 2015



Svend Aage Færch Nielsen  
CEO



John Vestergaard  
CFO

# PROFILE

**In 1938, Mads Eg Damgaard founded egetæpper, which today is one of Europe's largest manufacturers of textile flooring. Mads Eg Damgaard was a visionary. His philosophy was uncompromising: he used only the latest and most advanced technology in carpet production and he was not afraid to challenge convention. This philosophy still prevails at egetæpper. We still believe that quality and the ability to supply ground-breaking design are the way ahead.**

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## Mission

We design quality carpets with respect for people and the environment.

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## Vision

We wish to be the trendsetting supplier to the most demanding sectors of the market.

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## Values

Design. Quality. Respect.

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## Taking the lead

egetæpper is one of Europe's leading companies when it comes to the design, development and production of unique, high-quality carpets with respect for the environment. egetæpper became listed on the Copenhagen Stock Exchange in 1985 under the egetæpper a/s name. The Group's primary activities

are the production and sale of tufted carpets for the contract and domestic markets. We have 35 standard carpets and 20 standard carpet tiles for the contract market, and 21 standard home products. We use advanced technology to dye the carpets, like painting a canvas. Anything is possible – the sky is the limit when it comes to different colours and patterns. This year,



## Herning

Development, production and sale of tufted and woven carpets<sup>4</sup>. Here, this year's production totalled 3,503,286 m<sup>2</sup> carpets.

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## Gram

Production of tufted and woven carpets<sup>5</sup>. Here, this year's production totalled 2,149,771 m<sup>2</sup> carpets.

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we produced 5,653,057 m<sup>2</sup> at our production sites in Herning and Gram in Denmark.

Besides our own production, we purchase non-dyed flat-woven ground tissue from Bentzon Carpets, which we then dye, add backing to and resell.

In Lithuania, we produce woollen yarns at our factory UAB Lit-spin. We purchase synthetic yarns via external suppliers. egetæpper also exploits the benefits of outsourcing individual maintenance tasks, such as cleaning and facilities maintenance (outdoor areas and office plants).

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<sup>4</sup> Production takes place at egetæpper a/s, Industrivej Nord 25, DK-7400 Herning, Denmark. The facility is located in an industrial park under District Plan no. 6.14.1 and within the limits for the Section 15 area. The facility site comprises Title nos. 3e, 4bf and 5a Birk By. The site area is approximately 36 hectares, of which approximately 45,500 m<sup>2</sup> are developed.

<sup>5</sup> Production takes place at egetæpper a/s, Industrivej 3, DK-6510 Gram, Denmark. The facility is located in an industrial park under Title nos. 1153 and 1505 Gram Ejerslev. The site area is approximately 7.2 hectares, of which approximately 24,000 m<sup>2</sup> have been developed.







# EGE WORLDWIDE

In addition to the factories in Denmark and Lithuania, the ege Group comprises subsidiaries in 11 countries that are our primary markets, as well as agents and distributors in 57 countries. The subsidiaries function as sales offices on an equal footing

with the head office in Herning. egetæpper also holds majority interests in Bentzon Carpets and Hammer Tæpper. Worldwide, egetæpper has 564 employees.<sup>6</sup> Most of our employees, 253 people, work in Herning. The factory in Gram has 63 employees.



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<sup>6</sup> This includes all employees at all factories and in subsidiaries.





- ege group – 11 countries
- ege agencies/importers

## The five segments



We have the greatest potential in the contract market, where we sell to five different segments.

Within these segments the typical customers are hotels, restaurants, shops, offices, airports, schools and institutions, hospitals and nursing homes, shipyards and train factories. In the domestic carpets market, egetæpper concentrates its efforts in Denmark. The customers are mainly retail chains.

We also undertake outsourced production for other suppliers in the industry.

### Supply chain management

egetæpper is actively engaged in supply chain management of the 89 key suppliers of components for our products. Our suppliers, mostly European, provide the following components:

- Latex
- Fillers
- Auxiliary chemicals
- Dyes
- Yarns
- Backing
- Packaging
- Transport

All suppliers are risk-assessed according to internationally recognised country indexes for anti-corruption measures, protection of human rights, environmental issues and labour practices. We keep an extra vigilant eye on suppliers in high-risk countries. All suppliers have received egetæpper's Code of Conduct for acceptance and signature.

### Influence via involvement

egetæpper applies a precautionary approach to environmental challenges and works very actively to minimise environmental impacts, which is e.g. documented by our DS 49001 and ISO 14001 certifications. Since 1996 we have been registered under EMAS, which is a voluntary EU regulation to promote environmental initiatives. In 2010, we endorsed the UN Global Compact, as our commitment to work to ensure the observance of

ten principles concerning human rights, environmental issues, labour practices and anti-corruption.

At the strategic level, we are involved in a number of external committees and associations, including:

- Bæredygtig Erhverv (the Business Council for Sustainable Development – Denmark)
- European Carpet and Rug Association (ECRA)
- CEN TC 134 (European technical committee for standardisation in the floor industry)
- Danish Standards
- Gulvbranchen (the Floor Industry/the Danish Construction Association)
- Carpet Recycling UK
- Dansk Fashion & Textile (trade association)

### And the winner is ...

In April, our two executive directors Svend Aage Færch Nielsen and John Vestergaard received Erhvervsrådets Initiativpris (the Business Development Centre's Initiative Award) 2015. This award is made by Erhvervsrådet Herning og Ikast-Brande (the Business Development Centre Herning & Ikast-Brande) and since 1960 has been awarded to business executives of outstanding companies that have also made an extraordinary contribution. In his speech to the award recipients, the Business Development Centre's chairman, Søren Skræddergaard, gave special emphasis to egetæpper's CSR profile, which he described as the best in Denmark. egetæpper's founder Mads Eg Damgaard received the same initiative award in 1977 for his pioneering activities.

### Significant changes

On 1 October 2014, we acquired 51% of the shares in Hammer Tæpper A/S.

For more information concerning egetæpper's organisation structure and financial results, please see egetæpper's Annual Report for 2014/2015. The Annual Report is available on our website: [www.egecarpets.com](http://www.egecarpets.com).



# STAKEHOLDERS SAY YES TO MORE CSR

**egetæpper attaches importance to maintaining a good dialogue with its stakeholders. It is essential to know their requirements and expectations, if we are to continue to grow. It is also a requirement under DS 49001 that we work actively to involve our stakeholders in our prioritisation of the CSR focus areas.**



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## egetæpper's stakeholders

- Shareholders/owners
  - Employees
  - Customers
  - Suppliers
  - Architects/designers
  - Municipalities
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## Definition of ege's stakeholders

Parties that affect or are affected by egetæpper's decisions and actions. Stakeholders are groups, e.g. customers, employees and local communities, who are directly affected by our business activities. Stakeholders may also be parties that make requirements on behalf of other groups, or the environment, that are not able to protect their own interests.

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In 2012, for the first time, we undertook a detailed inventory of egetæpper's stakeholders, with subsequent personal interviews in order to map the relevance of egetæpper's work with a large number of different CSR topics. The analysis was the basis for our subsequent decision to focus on four out of seven focus areas in the CSR standard: environmental issues, labour practices, consumer issues and fair operating practices.

This year, we performed a much broader analysis, involving far more stakeholders, and it is now clear that both the focus on and expectations of CSR have increased.

This year's analysis took place as an online survey in which 96 stakeholders in Denmark and abroad (but primarily Danish) were asked how they believed that egetæpper handles a number of different topics, such as sustainable use of resources, and how far egetæpper's prioritisation of the topic is of significance to their decisions and activities.

61 stakeholders completed the survey, and the results are clear. It is no longer sufficient to focus on four out of seven areas, since all of the areas are relevant! This means that this year we can add three new focus areas to egetæpper's CSR work, which are management excellence, human rights and community involvement and development. We have drawn up objectives and action plans to ensure that we are moving in the right direction within all of the focus areas

The analysis also showed that egetæpper is actually assessed very positively by the stakeholders. For the majority of the questions, more than 70% believe that we handle the individual focus areas well or very well.



## CSR POLICY

egetæpper wishes to demonstrate active and long-term responsibility for our impact on the world around us. In our CSR work, we aim to ensure that our business model, production processes and carpet products help create a sustainable society both now and in the future.

For egetæpper, CSR is a means to attract and retain employees, customers and end-users, stakeholders and suppliers, as well as a framework for the development of cooperation throughout the entire value chain. CSR also reflects the wish to develop new and even more sustainable products and production methods, as well as new methods for the use and disposal of our carpets.

The fundamental basis for our CSR policy is that we comply with all of the legislative requirements, regulations and standards to which we are subject, and also with the relevant fair operating practices and customs within our industry. We will also respect and promote the ten principles for social responsibility in the UN Global Compact, as well as Dansk Fashion & Textile's Code of Conduct.

Our CSR policy comprises the seven DS 49001 focus areas, as well as quality management.

### 1. Focus areas

#### 1.1 Human rights

We will operate a policy of non-discrimination and equal opportunities. This applies internally within the company towards our employees and externally in our value chain.

We respect and support human rights: civil and political rights, as well as economic, social and cultural rights. In countries

where there is a risk of human rights violations, we will seek to take steps to avoid any violations of human rights that affect the people with whom we work in a business relationship.

#### 1.2 Employees and labour practices

We will ensure good employment conditions for our employees and we will observe the current collective agreements in our areas.

We will promote diversity in the workplace and work to increase the number of women in managerial positions. We will ensure that our employees can use their competences in the best possible way, regardless of gender, ethnicity, religion, political views, age, disability, sexual orientation, etc.

We will defend our employees' right of association and right to collective bargaining. If independent trade unions are discouraged or prohibited in an area in which we operate, we will seek to promote alternative opportunities for the employees to meet freely to discuss work-related issues.

We will ensure a healthy and positive working environment for our employees and we will constantly seek to improve working environment conditions. We will recognise each other's differences and qualifications, and will speak to and about each other with respect. We will work for inclusion and health-promoting activities. Our working environment management system holds certification in accordance with DS/OHSAS 18001.

We will ensure that our employees have opportunities to develop in their work, for example via further education and training.

#### 1.3 Environment and climate

Via focused activities and by setting environmental objectives,





we will work to prevent and reduce the environmental impacts of our production activities and the use and disposal of our products, and continue to improve our efforts in the environmental area.

This applies to the external environment around us, the working environment at our factories, and the indoor climate in the environments in which our carpets are used. Our environmental management system holds certification in accordance with ISO 14001.

We will reduce our company's CO<sub>2</sub> emissions and thereby reduce our climate impacts. We will support the Renewable Energy Certificate System (RECS) via our climate partnership with DONG Energy.

#### **1.4 Fair operating practices**

We aim to run every aspect of our business on an honest and ethical basis. We will prevent and combat corruption and bribery, and are committed to a zero-tolerance approach to corruption and bribery.

We will suppress illegal conduct and irregularities within and in relation to our activities, including non-compliance with this CSR policy. We therefore give employees and other stakeholders the opportunity to submit anonymous reports via our whistleblower scheme.

We will promote social responsibility throughout our value chain.

#### **1.5 Consumer issues: health and safety of our end-users**

We will promote a safe and healthy indoor climate in the

buildings in which our carpets are fitted, thereby protecting the health and safety of our end-users.

We will promote sustainable use of our products by means of labelling schemes and certification, and via product information and product declarations describing our products' impact on the environment in connection with the fitting, use, maintenance and disposal of these products. Furthermore, we will promote sustainable consumption via the development of cradle-to-cradle products, which, rather than becoming waste, can be transformed into nutrients or reused.

#### **1.6 Community involvement and development**

We will become involved in the local communities where our products are manufactured. We will seek to work with relevant organisations, educational institutions and public authorities on local business development, job creation and skills development, as well as the development of modern technologies.

#### **1.7 Organisational governance**

An open dialogue with the company's stakeholders is one of the cornerstones of egetæpper's management philosophy. We will therefore engage actively in dialogue with employees, customers, architects/designers, municipalities, suppliers and our owners on topics and activities that fall within and which are of significance to CSR. We will also ensure that our CSR work is made available to the general public and to everyone who works for or on behalf of egetæpper.

egetæpper's Executive Management Board holds the overall responsibility for egetæpper's CSR policy and strategy. A CSR steering group consisting of the CFO, CSR Manager, CSR Project Manager, HR Manager, Supply Chain Manager, Product Develop-





ment Manager, Marketing Manager and Factory Manager meets four times a year to follow up on the CSR work and settle complex CSR issues. The CSR department develops and implements egetæpper's CSR targets and activities. The work of the CSR department is regularly reported to the egetæpper strategy group, which consists of members of egetæpper's Executive Management Board and management group, as well as key employees.

## **2. Quality**

egetæpper's quality management system is certified in accordance with ISO 9001 and is an integral element of egetæpper's CSR management system (DS 49001), reflecting egetæpper's values, which are Quality, Respect and Design.

Quality is the keyword for all of our products and services. We define quality as the sense of security that is created when we achieve a balance between the customer's expectations of our products and services, and how they are actually experienced. A certified quality management system supports us in achieving our quality objectives and in ensuring that we persistently develop and deliver products and services at a uniform high quality level.

## **3. Communication**

We wish to maintain a high level of information to our employees and external stakeholders concerning egetæpper's development and activities. We will therefore ensure that the CSR policy is available to all of our stakeholders. In particular, we will work to ensure sustained ownership of the CSR policy among egetæpper's employees.

## **4. Monitoring and reporting**

We seek to document all important conditions applying to our

social, environmental and economic impact on our surroundings. We present relevant CSR data in our annual CSR Report and a CSR summary is included in egetæpper's Annual Report. All reports and briefings are publicly available via our website.

To ensure transparency and comparability, our reports follow the international Global Reporting Initiative (GRI) standard. We have decided not to have our CSR Report verified by a third party.

## **5. Revising the CSR policy**

The CSR policy will be reviewed annually by the CSR department. The CSR department intends to continuously assess and ensure that our CSR policy is appropriate in our current circumstances and for the foreseeable future. The revised CSR policy will be approved by the strategy group.

## **6. Labelling and certification**

All of egetæpper's products carry the CE label and selected products are certified/qualified within a number of different programmes, including LEED, BRE and Danish Indoor Climate Labelling. All in all, our certifications cover a very wide range of issues, including safety, health, indoor climate and environment, life cycle analyses, sustainable architecture, construction products and building declarations, cleaning quality and maritime safety.

## **7. Internal guidelines**

egetæpper has established a series of internal guidelines that apply to employees and other parties acting on egetæpper's behalf. The purpose of the guidelines is to ensure the achievement of the CSR policy in egetæpper's day-to-day activities.

We also have a supplier Code of Conduct to ensure that suppliers live up to the requirements we make of them.







# FROM YARN TO FINISHED CARPETS



1. Yarns



2. Dyes



5. Tufting



7. Backing machine

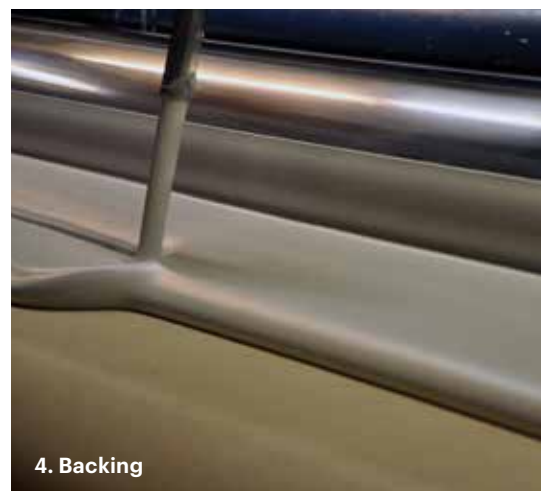


8. Tile system





3. Carpet base



4. Backing



6. Millitron dyeing



9. Stock



# FLOW IN TUFTING PRODUCTION

## **The pile side consists of:**

Yarn, pre-dyed or natural white, together with auxiliary chemicals for anti-soil impregnation of the pile. Dyestuffs for dyeing of natural white yarns, as well as auxiliary chemicals and acid for pH adjustment of the colour blends.

## **Carpets are tufted**

The yarn is tufted (sewn) into a thin carpet base in a width of 4 or 5 metres. This semi-finished product is called ground tissue and is available either as pre-dyed or natural white for subsequent dyeing.


## **Backing is glued on**

The dyed ground tissue is coated with a latex compound that is a liquid, water-based rubber, after which the backing is attached. Rubber or textile backing may be used (glued on with the latex compound).

## **Distribution**

egetæpper produces mainly to order, so that most of the finished carpets are distributed directly to the customer after the backing has been attached.





#### **Fine-cutting with a top shearer**

The fine tissue is top-sheared to even out the surface (only for cut pile carpets).

#### **Dyeing the carpets**

The natural white ground tissue is either dyed via an advanced computer-controlled dye system called the Millitron, or by continuous dyeing.

#### **Tiling machine**

When tiles are manufactured, the backing of the finished carpet material is impregnated using a patented system, after which the machine automatically cuts out or laser cuts the tiles and packs them in boxes.

#### **Warehouse**

Products in stock are transferred to the warehouse after backing has been added, after which they are distributed to customers.



# MANAGEMENT EXCELLENCE

**CSR is part of egetæpper's business strategy and our mission and values both include the word "respect". Our CSR strategy also incorporates our wish to demonstrate a high level of responsibility in the development and operation of our activities, in order to contribute to sustainability in the entire value chain, while maintaining a high level of respect within our company and in all our activities.**

We maintain an open and active dialogue with employees, customers, end users, suppliers, etc., so that all of egetæpper's CSR activities are available to the general public.

## **Openness promotes trust**

In general, egetæpper has a declared intention to maintain a high level of information for stakeholders and employees concerning the Group's development and activities. We therefore publish quarterly financial statements, as well as interim and annual reports. The 2014/2015 Annual Report provides information on egetæpper's management organisation, financial results, assets, ownership, net sales and net capital value, etc. In addition we publish this annual, statutory CSR Report, containing comprehensive factual data relating to the Group's

CSR activities. The CSR Report is communicated to everyone working for or on behalf of egetæpper, and naturally also to other selected stakeholder groups.

All reports and briefings are available to the general public via our website: [www.egecarpets.com](http://www.egecarpets.com).

Internally, information on our CSR work is published in CSR News, our monthly newsletter, and various information material has been developed for employees concerning our objectives and plans for the future. In addition, annual information meetings are held for the entire Group to update all employees on developments and future objectives.



*"egetæpper's entire organisation is based on management systems that ensure positive development and risk management. This applies to quality, the environment, working environment and CSR. This means that we can openly present the company's development – which is an important factor if we are to maintain a leading market position"*

CFO John Vestergaard

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# HUMAN RIGHTS

**egetæpper wishes to respect human rights, as stated in our CSR policy. We have therefore endorsed the UN Global Compact, while our Code of Conduct requires suppliers to respect human rights.**

We have one supplier in a country that is considered to represent a high risk in terms of lack of respect for human rights, and four suppliers in countries that are considered to present a medium risk. All five suppliers have signed our Code of Conduct. We are also planning a third-party audit of these suppliers, whereby Bureau Veritas will control their compliance with the requirements in egetæpper's Code of Conduct.

Internally, we primarily work with human rights in relation to Danish legislation and by creating good and secure working conditions. Yet we also have individual initiatives that lie beyond this, such as our work with vulnerable young people.

The stakeholder analysis showed that there is generally a high level of confidence in egetæpper's handling of human rights. Yet the analysis also showed that this topic has become more important to stakeholders than in our previous surveys. The Danish government has also increased its focus on this area, with the requirement to report on human rights in annual reports, and the UN Guiding Principles on Business and Human Rights are linked to the UN Global Compact, which we endorsed in 2010. We are thus under increased pressure to begin identifying any risks of human rights infringements and to draw up a plan for prevention and for remediation for the affected parties, should any infringements occur. We expect to begin this work

during the coming year. In the meantime, any person related to egetæpper has the opportunity to report any suspected infringements of human rights via our whistleblower system.

## **Women in management**

Since 1 April 2013, egetæpper has been subject to a Danish Act that requires companies to consider how far they have an equal distribution of men and women within their management. On this basis, egetæpper has drawn up a set of guidelines to achieve more women in management. We currently have 28% female managers at Group level. The objective is to achieve 30% female managers by 2017.<sup>7</sup>

To ensure that all employees have the opportunity to express any career progression requirements, this is a fixed item of any employee appraisal interview. Via the intranet, all employees can see how much supplementary training they are entitled to. The Executive Management Board has also stated openly in a newsletter to all employees that egetæpper wishes to see more female managers, emphasising that it is possible to successfully combine a management role at egetæpper with a sound work-life balance. Over time, these measures will hopefully lead to an increase in the ratio of female managers.



***"We offer special practical training programmes for young lower secondary school pupils with diagnoses such as ADHD, Asperger's and autism. It is very challenging for these young people to adjust to a practical training company, so we adjust the company to their needs. We have very good experience with this, and we have actually subsequently been able to offer several of them a job or training programme."***

Jan Højtoft, head of warehousing and dispatch

<sup>7</sup> A manager is either a person who is responsible for other employees or a person whose position allows so much freedom of action that he or she may act on egetæpper's behalf.

# LABOUR PRACTICES

**egetæpper holds a social responsibility towards the employees and wishes to be an attractive workplace. We have therefore implemented DS/OHSAS 18001, an international management system for the working environment and health and safety. DS/OHSAS 18001 helps us to control and minimise health and safety risks, and certification requires us to prove on an annual basis that egetæpper's working environment is safe and healthy.**

We have resolved all known significant problems related to the working environment and we annually set new goals in order to improve these measures. Our primary focus is on resolving the challenges presented by the physical working environment. In Herning, this concerns noise, dust and climate conditions, while in Gram the issues are a lack of space, time pressures, heavy lifts and noise. In future we will also focus on employees' well-being. The HR department is working to establish a regular employee

satisfaction survey, focusing on the psychosocial working environment. Work is ongoing to reduce the internal noise level. In the event of changes in production processes, new measurements will be made. Employees who work in noisy conditions with a level exceeding 80 dB are offered hearing tests, as prescribed by law. We are working to reduce the noise level in cases where the level exceeds 80 dB.

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## REGULATORY CONDITIONS

egetæpper is a member of the trade association Dansk Fashion & Textile. In Herning and Gram, the company is subject to the collective bargaining agreements between the Confederation of Danish Employers (DA) and 3F (the United Federation of Danish Workers), Danish Metal (Danish Metalworkers' Union), HK Privat (commercial and clerical workers' union) and Teknisk Landsforbund (the Danish Association of Professional Technicians). We adhere to these collective agreements with regard

to pay levels, maternity/paternity and parental leave, occupational injury insurance, liability and accident insurance, terms of notice, etc. We offer all employee groups a 12% labour-market pension scheme, whereby egetæpper pays contributions equivalent to 8% of the employee's salary and the employee pays 4%. The individual employee can elect to make additional pension contributions.

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## TRAINING AND EDUCATION

### – also for existing employees

On an annual basis egetæpper offers the employees supplementary internal training during working hours, on full pay. In Herning we have previously offered courses in IT, mathematics and Danish, as well as courses for the dyslectic. This year, however, no one has registered for the courses. New courses are offered in the new budget year.

Our ambitious sales training programme, ege Academy, prepares our sales staff to have the same focus and handle their tasks on the best possible basis, in their capacity as egetæpper's image vis-à-vis its customers. The training programme is

divided into two modules: one for 3 x 2 days, and the other for 2 x 2 days. The ambition is for all sales staff, all over the world, to take the full programme. So far, 50 sales representatives have completed the first part.

Besides these internal courses, we also send many employees on external supplementary training courses, where relevant for the individual employees. In total, this year 165 employees from Herning and Gram have attended external courses, while 170 employees have taken internal courses. In total, supplementary education and training of employees run to 3,823 hours.



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## THERE MUST BE ROOM FOR EVERYONE

egetæpper wishes to be an inclusive workplace where employees who become ill or less capable can retain their jobs as far as possible, or be offered a job on more flexible terms. We currently have employees in flexible jobs with lighter duties in both Herning and Gram, just as several employees are hired under Section 56 of the Danish Sick Leave Benefits Act.<sup>a</sup>

Our practical training programme for lower secondary school pupils with ADHD, Asperger's or autism also contributes to making egetæpper a more inclusive workplace. This is a great help for young people who cannot cope with a normal practical

training programme, and it is worthwhile for us as a workplace to expand our horizon and find out how these pupils' competences can be used in the company. Young people are generally a valuable resource that we would like to focus more on at egetæpper, including by taking on a higher number of apprentices.

The sick leave frequency at egetæpper is generally reasonably low. The Group's objective is less than 4% other than long-term absence, Section 56 and accidents. This year, the sick leave rates were 2.6% in Herning and 3.7% in Gram. This amounts to 2.8% overall.

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## EMPLOYEE INVOLVEMENT STRENGTHENING INITIATIVES

The employees are involved in ensuring a good working environment. We have set up an interdisciplinary Occupational Health and Safety Committee which regularly investigates and assesses the need for activities that can help to safeguard our employees' health and well-being. For example, employees are offered weekly physiotherapy at the workplace, and in Herning we offer healthy and nutritional meals in the canteen and a massage chair which employees can use as required. Health and safety work is undertaken by a number of Occupational Health and Safety Groups within the respective areas.

To enhance employee safety, both Herning and Gram have established internal safety teams which consist of a fire fighting team and first aid teams. Safety team members receive the necessary training and refresher courses. There are defibrillators at both factories, which are part of the Danish Defibrillator Network: [www.Hjertestarter.dk](http://www.Hjertestarter.dk).



***"I have been a health and safety representative for nine years, and I do everything from refilling the first aid cabinet with plasters to ensuring that eye rinsing fluid is available at the factory, and displaying information on accidents, lectures and courses. Employees can also contact me if their workplace needs better health and safety measures. We take a look at things and get the problems solved"***

Millitron operator Henrik Birch

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<sup>a</sup> Section 56 means that workplaces employing people at risk of increased absence due to illness as a consequence of long-term or chronic illness may achieve reimbursement of their sick leave costs from the municipality as from the employee's first day of absence.

# ENVIRONMENTAL ISSUES

Environmental issues were a key factor at egetæpper many years before CSR became a buzzword.



*"As a company, we wish to make a difference in the environmental area by doing something that no other company does. We are therefore working hard to live up to the stringent EMAS requirements. We are the only EMAS-registered carpet manufacturer in the world."*

Jørgen Kring Jensen, factory manager in Gram

## Keeping track of the environment with ISO 14001

Back in 1996, we implemented ISO 14001 in Herning, because we believe that our environmental obligations extend beyond the statutory requirements. Gram followed in 1997, and last year the factory in Lithuania also achieved this certification.

ISO 14001 is a recognised environmental management standard. To achieve certification, the company must fulfil a number of different requirements, including drawing up an environmental policy, together with planning, implementation and execution, inspection and remedial action, as well as management review. The system thus obliges us to closely monitor all areas in which our activities have an impact on the environment, and this helps us achieve continuous improvement and prevention, by setting objectives and drawing up action plans.

## EMAS facilitates continuous improvement

EMAS is an EU regulation of which the objective is to promote

environmental initiatives in all types of enterprise. EMAS goes a step further than ISO 14001 in terms of its requirements of improved environmental activities, employee involvement, and communication with stakeholders. EMAS is a direct response to some of the key principles in the EU's environmental action plans and to the challenges we face in terms of ensuring sustainable development. egetæpper achieved EMAS registration in 1996.

## We stay within the framework

The factories in Herning and Gram hold environmental authorisation from their municipalities<sup>9</sup>. In Herning, we also hold environmental approval of a CHP station and a Twistset system for post-treatment of woollen yarns. The factories in Herning and Gram are both categorised as Level 1 enterprises.<sup>10</sup> egetæpper's most significant environmental impacts and effects are stated in Appendix 4. The scope of egetæpper's environmental and working environment management systems covers all

<sup>9</sup> On 11.12.2013, Herning Municipality issued a new connection permit for the entire factory. On 24.03.2014, a new environmental permit was also issued. In both cases, additional self-monitoring requirements as well as additional reporting requirements have been set by Herning Municipality. These have been incorporated into environmental procedures/instructions.

Environmental approval, Gram: 29 June 1998

Discharge permit, Haderslev Municipality, permission to discharge surface water: 9 January 2009

Connection permit, Haderslev Municipality: 6 September 2006

<sup>10</sup> Municipalities categorise companies on the basis of the company's own systems for its environmental work, as well as the company's observance of statutory requirements. Companies that work to protect the environment are rewarded with less intensive control and fewer environmental inspections. Level 1 companies are companies that have put themselves at the forefront in their environmental work.



of the Group's activities in connection with the development, production and sale of tufted carpets at the factories in Herning and Gram. This year, the factory in Herning has undergone inspection, and Herning Municipality confirms that we have no outstanding matters with them. In Gram, the last inspection took place in 2013, and Haderslev Municipality confirms that there are no outstanding matters with them either. We have received no enquiries concerning environmental complaints.

#### Accidents happen ...

Unfortunately, an environmental accident occurred in Herning. Due to a human error, 3,200 litres of dye were discharged to our outlet basin. In agreement with Herning Municipality we emptied the outlet basin and transported it to the municipality wastewater treatment plant. Subsequently we have established a number of mechanical safeguards to prevent similar

errors from occurring again. All operators working around the dye tanks have received thorough instruction in the use of the tanks, and the instructions for working with dyes have been emphasised.

#### Non-conformances

Last year, there was a non-conformance in Gram, where the municipality discovered that an organic substance in the wastewater exceeded the statutory level. This non-conformance did not have any serious environmental consequences. During 2014/2015 an agreement was concluded with Haderslev Municipality concerning a Supplement to the Connection Agreement concerning discharges of wastewater. According to this agreement, the content of the organic substance and the volume of wastewater fulfil the statutory requirements in Haderslev Municipality.

## CRADLE TO CRADLE IS THE OBJECTIVE

egetæpper is one of the few carpet manufacturers to have achieved Cradle to Cradle certification of several products.<sup>11</sup> The certificate concerns our Barcode Ecotrust carpet tiles and our patented Ecotrust tile backing. Both products hold bronze certification. Barcode Ecotrust originally held silver certification, but increasing certification requirements meant that on re-certification this year the product only achieved bronze cer-

tification, even though the product's content is unchanged. We have currently submitted 29 new products for Cradle to Cradle certification.

We wish to incorporate the Cradle to Cradle principles into every aspect of the design, development and production of our carpets. We therefore focus on the five Cradle to Cradle areas:

Materials in products	Environmentally sound design	Energy consumption	Water consumption	Social responsibility
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<sup>11</sup> Cradle to Cradle Certification<sup>CM</sup> is a certificate licensed by the Cradle to Cradle Product Innovation Institute.



## TACKLING EMISSIONS

Since 2009, egetæpper has presented greenhouse gas accounts for the entire Group. Greenhouse gas accounting compiles the company's total CO<sub>2</sub> emissions – also called our Carbon Footprint. By accounting for emissions, we can target initiatives to minimise emissions and thereby consistently reduce our carbon footprint. Greenhouse gas accounting documents how much our activities contribute to global warming and climate change.<sup>12</sup>

### ***When you walk the talk, be sure to leave the right footprints***

It is important that the greenhouse gas accounts show the ongoing development in the company's greenhouse gas emissions. The annual emissions are therefore always compared with the emissions in a fixed base year. egetæpper's base year

is an average of the years 2006-2008. If there is extraordinary activity, e.g. due to the expansion of production, the emissions related to the extraordinary activities are accounted for separately and added to or deducted from the base year's greenhouse gas account, so that the greenhouse gas accounts still present a reliable picture compared to the base year. This year, the base year has been adjusted so as not to include the subsidiaries' consumption of electricity and natural gas, since the subsidiaries are not owned by egetæpper.

In the base year, we emitted 2.66 kg of CO<sub>2</sub> per m<sup>2</sup> of carpet produced. In 2014/2015, we emitted 2.52 kg of CO<sub>2</sub> per m<sup>2</sup> of carpet produced.

In 2014/2015, egetæpper emitted a total of 14,254.1 tonnes of CO<sub>2</sub>. There are more details of the greenhouse gas accounts in "G4 indicators" on pages 37-39.<sup>13</sup>

## CLIMATE ISSUES ON THE AGENDA

Since 2011, we have cooperated with DONG Energy as a Climate Partner. The hub is a climate strategy to ensure a reduction of our energy consumption and CO<sub>2</sub> emissions. The original objective was to reduce CO<sub>2</sub> emissions by 20% of the direct and indirect emissions (scope 1 and 2) before 2015, measured from the base year. We already exceeded this objective last year – and today we have reduced direct emissions by 29% and indirect emissions by 38%. This gives a total reduction of 32% for CO<sub>2</sub> emissions since the base year. Last year, however, we decided to raise the target to a 50% reduction of CO<sub>2</sub> emissions before 2020, so we still have some way to go.

For other indirect emissions (scope 3) there has been an increase of 15% from the base year. This is due to new markets in the Far East, and the fact that, as required by customers, a large volume of carpets are transported overseas by air. A 15%

increase is significantly lower than last year, however, when the increase was 54%.

CO<sub>2</sub> emissions are reduced via various different energy saving projects, which include a higher degree of heat recovery in production and the promotion of the greater use of renewable energy sources.

In 2011, an agreement was concluded for the purchase of renewable energy over a five-year period. The investments are made by purchasing RECS certificates from DONG Energy's wind farm, Horns Rev II. This year, RECS certificates were purchased for 6,752 MWh, which is equivalent to 82% of the electricity consumption in Herning and Gram during the financial year. The objective is to purchase 100% renewable energy, based on electricity consumption, by 2020.

<sup>12</sup> CO<sub>2</sub> emissions are calculated in CEMAsys, which is an electronic database for energy and climate reporting that is used to calculate the company's CO<sub>2</sub> emissions.

<sup>13</sup> The greenhouse gas accounts are compiled according to the instructions in the Greenhouse Gas Protocol (GGP), which is the closest equivalent of an international standard for this area. GGP is in line with the basic criteria of the ISO 14064 standard. This method ensures uniform and systematic figures.



# CONSUMER ISSUES

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*"At egetæpper we really mean it when we say that our carpets are Cradle to Cradle certified, or that we manage them throughout their life cycle and know how they impact the indoor climate. It is vital that we can document to the customers exactly what the carpets contain and their impact on the environment and indoor climate"*

CSR-Manager, Jan Ladefoged

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Carpets from egetæpper must help promote a safe and healthy indoor climate. This is one of our most important objectives. We therefore hold a large number of product certifications to ensure that the carpets can in no way compromise consumers' health and safety. We also make a large number of product details available, as well as product and environmental declarations, with information on correct installation, use, maintenance and disposal.

## **Vital documentation**

We have strong focus on product characteristics and we work continuously to reduce any negative impacts our carpets may have. Each of our carpets is certified according to a wide range of standards, to ensure that the carpets at all times meet the

highest quality and environmental requirements. Overall, our certifications cover a very wide range of issues, including safety, health, indoor climate and environment, life cycle analyses, sustainable construction, construction product declarations, cleaning quality and maritime safety.

## **Well-informed consumers are good customers**

The year's stakeholder analysis showed that more than 80% of those asked generally believe that we are good at handling various consumer issues. We are naturally pleased with this, since this is something that we devote a lot of resources to. It also indicates that Pure Respect, the communication strategy we created last year, is having an effect. The communication strategy aims to simplify the messages for consumers.

# FAIR OPERATING PRACTICES

**egetæpper wishes to be a model for other companies to follow. Our overall approach to our business reflects that CSR is a key element of how we devise, develop, produce and sell carpets. Yet we can only be a responsible company if our trading and collaboration partners also conduct themselves responsibly. We therefore take various approaches to ensure that we have a positive impact on the world around us.**

## **You have to do the right thing!**

We have developed a supplier Code of Conduct, which is a set of ethical rules that our suppliers are required to endorse as part of our commercial agreement. The Code of Conduct ensures that our suppliers and their sub-suppliers comply with the same guidelines as we do – and is also a strong incentive for them to take a more sustainable approach in their business models. The Code of Conduct has been sent to 89 suppliers for acceptance and signature. So far, 75% have signed it. Interested parties can download the Code of Conduct from our website: [www.egetæpper.com](http://www.egetæpper.com).

We are currently planning onsite audits of the suppliers that operate from countries with a high risk of corruption, infringement of human rights, poor labour practices and/or environmental impacts. All of these suppliers have signed our Code of Conduct, and the purpose of the audit is to check whether they comply with the requirements we set.

## **Zero tolerance**

We wish to conduct our business activities on an honest and ethical basis, in every way. Our CSR policy states that we will

work to prevent corruption and bribery. We therefore have a zero-tolerance policy in this area. This applies to every employee and anyone else attached to egetæpper.

All egetæpper managers, agents and distributors have confirmed by their signatures that they do not use or accept any form of bribery or corruption. Since these concepts can be difficult to grasp, we have developed an e-learning programme to increase awareness of the many forms of corruption and bribery, and to test employees' knowledge of this area. Via 20 different scenarios their understanding of when corruption and bribery may arise is tested. As a result, they are better able to understand the background to the right and wrong way to act.

169 employees in Denmark and abroad took the test this year. The overall conclusion is that employees generally have a good understanding of our guidelines, even though some areas give room for improvement. The test was followed up with a review of the results for each department, focusing on why it is important to know and comply with the rules. The plan is to hold the test again at a later time.



***“Even though corruption is not very prevalent in Denmark, we see more and more cases in the media where leading companies are in disrepute because certain individuals have accepted gifts or tickets to events that lie beyond a reasonable level. We wish to avoid this at egetæpper – and this is why we are helping our employees to understand what is proper and reasonable”***

CSR Projekt Manager Dorthe Aaboe Kallestrup





### Whistleblower scheme

Fairplay is not just a question of playing by the rules. It is also a matter of opposing any infringement of the rules. egetæpper will combat illegal activities and irregularities in relation to our own activities, and we therefore make it possible for both employees and other stakeholders to report any experienced or suspected illegal activities or irregularities within the Group anonymously, via a whistleblower scheme.

The whistleblower scheme has been approved by the Danish Data Protection Agency and the system behind the scheme ensures that all data is encrypted, so that sensitive personal data is protected 100%. The whistleblower scheme is a clear signal to employees and the surrounding world that we do not tolerate unethical business practices at egetæpper. We have not yet had any cases under the whistleblower system.

There is access to egetæpper's whistleblower scheme via our website: [www.egecarpets.com](http://www.egecarpets.com).

### Tax policy in a business-driven perspective

At egetæpper respect is a key value, including in relation to fulfilment and compliance with every aspect of legislation. This also applies to taxation.

To achieve our long-term financial objective of growth in revenue and earnings before income tax (EBIT), we have a strategic objective to increase our geographical market coverage and focus on value-creating sub-segments. We primarily consider the business opportunities in the geographical markets in which we wish to operate and give less emphasis to the tax liability in the respective countries. We adhere to the international transfer pricing rules, which entail that tax is paid in the country in which the revenue is generated.<sup>14</sup>

We wish to ensure that the Group's tax planning takes place on the basis of responsible commercial transactions and activities. This includes that:

- We will handle all matters concerning taxation in accordance with current legislation.
- We will pay tax on a correct basis in the countries in which we operate.

egetæpper's Executive Management Board and Board of Directors approve overall strategies and policies, and monitor compliance. Procedures are amended as required on the basis of amended statutory requirements.

<sup>14</sup> egetæpper is represented in a number of European countries, as well as Singapore and the USA with subsidiaries. We trade with subsidiaries on the basis of the OECD Transfer Pricing Guidelines. The set-up for trading with subsidiaries has been prepared in collaboration with the firms of auditors KPMG and EY. This ensures that we act in accordance with both Danish and local foreign legislation.

## COMMUNITY INVOLVEMENT AND DEVELOPMENT

**At egetæpper, we become involved in the local communities where our products are manufactured. We work with local organisations, educational institutions and public authorities to create development, opportunities and sustainable environmental conditions. We are involved in many different projects, from the development of sustainable technology, to employee development and charitable activities in the local community.**

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### SCHOOL TRAINEESHIPS FOR YOUNG PEOPLE WITH BEHAVIOURAL DIAGNOSES

egetæpper in Herning cooperates with the local lower secondary school, Gjellerup School, to offer school traineeships for young people with the diagnoses ADHD, Asperger's and autism. These tailored five-week traineeships ensure the young people

a successful programme that would not be available to them under an ordinary school traineeship. Read more about this under Human rights, page 21.



egetæpper collaborates with various higher educational institutions since they are a source of the best manpower in the future, and because the students can help resolve issues and increase our insights for example by a practical traineeships and

master's theses using egetæpper as a case. We are also happy to present egetæpper's work on design, CSR, etc. at various educational institutions and to the business community in general.

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***“Many of us exercise in one way or the other. So we are well aware of its beneficial effects: a more positive mood, loss of weight and higher energy levels. Participating in the KidsAid campaign gives three extra benefits: community and fellowship while helping sick children enjoy some good experiences.”***

Controller and ambassador for RunAid,  
Berit Vesterlund Meldgaard

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## KIDSAID SUPPORTING UNDERPRIVILEGED CHILDREN



Every year, egetæpper makes a donation to the KidsAid Foundation whose main objective is to support sick and underprivileged children in Denmark. Physical fitness campaigns for employees are used to collect money for this worth-

while cause. egetæpper donates DKK 1 for each kilometre that employees exercise within the following categories: WalkAid, RunAid, CycleAid, GolfAid and OtherExerciseAid. Once again this year, the funds raised by the KidsAid campaign were donated to Danish Hospital Clowns. The total sum raised was DKK 93,500.

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## EGETÆPPER SUPPORTS ART AND CULTURE

Extraordinary inspiration and experiences have always been part of the pattern behind egetæpper's philosophy, so that egetæpper has also always supported art and culture. egetæpper's longstanding cooperation with and support for various cultural institutions and artists contribute to developing egetæpper's product range, as well as cultural experiences for society in general.

Every year, the "Ege Foundation – the Vibeke and Mads Eg Damgaard Foundation" donates funds for cultural and charitable purposes. The funds originate from the profits from the sale

of egetæpper shares. This year, the Ege Foundation has e.g. donated DKK 2.5 million for the re-establishment of a sculpture park in Birk, close to the head office in Herning. This re-establishment will preserve the history and cultural heritage related to the unique gardens in Birk, and we view this as a signature project for egetæpper. The Ege Foundation has also donated funds to e.g. the Heart art museum, the International School, Museum Midtjylland, FOF Course Centre and Herning Swimming Club. A total of 35 donations have been made, for a total amount of DKK 5,362,090.

# CSR IN THE FUTURE

During the last five years egetæpper's initiatives have gained an extraordinary amount of ground. Especially the DS 49001 certification last year got things moving, and during the past year we have focused on implementing and further developing many of the initiatives that have been launched. In future, we must have special focus on supply chain management. Onsite audits and more extensive management will help ensure that egetæpper's

entire value chain acts responsibly. In the future we will expand our CSR certification to cover the Group's other factories, to ensure that the good efforts do not stop at the town limits in Herning. We will naturally also continue to disseminate the Cradle to Cradle philosophy throughout the company. These are all exciting, but also demanding, tasks that we are looking forward to.



**1992**

ISO 9001 quality certification

**1996**

ISO 14001 environmental management certification

First official workplace assessment

First Environmental Report

EMAS Eco-management certification

**1998**

EN 1307 product classification

**2002**

INSTA 800 cleaning quality

**2006**

DS/OHSAS occupational health and safety certification

CE marking

**2007**

BRE Life Cycle analysis

**2008**

LEED sustainable construction

BASTA harmful substances requirements

**2009**

BVD3 construction products declaration

First Greenhouse Gas Account





2010	2011	2012	2013	2014	2015	Future objectives
BVB construction products assessments	Climate partnership with DONG Energy	EPD Environmental Declaration in ISO 14025	Cradle to Cradle <sup>CM</sup> Silver certificate awarded to "Barcode Ecoline Modular"	Adoption of the 2020 Strategy "Sustainable Carpet Design"	Cradle to Cradle <sup>CM</sup> Bronze certification of the Ecotrust backing	Audit of selected suppliers
Endorsed the UN Global Compact		Trans-Q, Achilles approval	CSR policy		Materials Health Declaration for the Ecotrust backing	Inclusion of other factories in DS 49001 certification
First CSR Report		CSR department set up	EPD, Environmental Product Declaration on 6 products			
			Code of Conduct			
			Supply chain management launched			
			CSR certification according to DS 49001			

DATA

**ege<sup>®</sup>**



# G4-INDICATORS



## Consumption of materials

Herning: ..... 3.02 kg of materials per m<sup>2</sup>  
 Gram: ..... 2.40 kg of materials per m<sup>2</sup>



## Direct energy consumption

Herning: ..... 18.19 MJ per m<sup>2</sup> of carpet  
 Gram: ..... 18.91 MJ per m<sup>2</sup> of carpet



## Indirect energy consumption

Herning: ..... 5.72 MJ per m<sup>2</sup> of carpet  
 Gram: ..... 4.47 MJ per m<sup>2</sup> of carpet



## Water discharge

Herning: ..... 17.84 litres of water per m<sup>2</sup> of carpet  
 Gram: ..... 12.20 litres of water per m<sup>2</sup> of carpet

Global Reporting Initiative (G4) is a set of reporting guidelines to ensure that companies that use them report the same types of data every year. This makes it possible to draw parallels and compare companies' performance.

This year, we are reporting on 42 indicators. All indicators are as-

essed to be significant for egetæpper, based on the following three questions:

- Why is the indicator important for egetæpper?
- How do we handle the indicator at egetæpper (management approach)?
- How do we evaluate/assess the result?<sup>15</sup>

## Economy

### G4-EC1: Direct economic value

For information concerning egetæpper's financial results, reference is made to egetæpper's Annual Report for 2014/2015.

The Annual Report is available on our website: [www.egecarpets.com](http://www.egecarpets.com)

<sup>15</sup> We have not published the analysis of the indicators' significance in this report. Interested parties are welcome to contact egetæpper for further information on how the individual indicators are handled at egetæpper.

## Environment

### G4-EN1: Consumption of materials in kg

The breakdown of renewable and non-renewable materials in our overall consumption of materials is presented below. Renewable materials are materials that the world is not expected to be depleted of. In our case this is cardboard and wool. Non-

renewable materials are everything else. Associated process materials are materials for operation and maintenance, primarily chemicals.

	Herning		Gram	
	Non-renewable materials	Renewable materials	Non-renewable materials	Renewable materials
Associated process materials	108,051 kg	-	12,186 kg	-
Packaging materials	220,725 kg	272,115 kg	230,984 kg	-
Semi-manufactures	-	-	-	-
Raw materials	10,050,763 kg	519,126 kg	5,127,560 kg	28,307 kg

### G4-EN2: Recycled input materials

In Herning, we recycle selected types of yarn, felt and backing, and in Gram we recycle felt and backing. In 2014/2015 we used 1,290,383 kg of recycled input materials in Herning.

This accounts for 12% of Herning's total consumption of materials. In Gram we recycled 159,400 kg of input materials. This corresponds to 3% of the total consumption of materials in Gram.

### G4-EN3: Internal energy consumption

Total energy consumption is the total consumption of electricity, truck gas, hydrogen and natural gas. Natural gas is used primarily to produce heating and steam for industrial processes, and to heat buildings. Natural gas for electricity production is

calculated separately. Since 1996, the CHP plant in Herning has generated electricity that is sold to the local power station. The CHP plant in Herning itself generated 1,061,242 kWh during the financial year.

	Herning			Gram		
	From renewable sources	From non-renewable sources	For own generation of electricity	From renewable sources	From non-renewable sources	For own generation of electricity
Electricity consumption	16,437 GJ	3,618 GJ	-	7,870 GJ	1,732 GJ	-
Consumption of district heating	-	-	-	-	-	-
Gas consumption	-	63,723 GJ	7,056 GJ	-	40,662 GJ	-
Hydrogen for trucks	52 GJ	-	-	-	-	-

### G4-EN5: Energy intensity

We produced 5,653,057 m<sup>2</sup> of carpets in 2014/2015. This required 6.59 kWh per m<sup>2</sup> produced.



#### G4-EN6: Energy savings

No energy savings projects were run in Herning this year. In Gram, the following energy saving projects have taken place:

- Automated speed control of the output fans from the vulcanisation furnace.
- New hydraulic station with accumulators installed on the vulcanisation furnace.

- Frequency converters and temperature monitoring have been used to establish automatic adjustment of the cooling fans at the output from the vulcanisation furnace.

Overall, this has estimated yielded energy savings of 1,692 GJ in Gram.

#### G4-EN8: Water discharge

We use large quantities of water in our production. In both Herning and Gram the water comes from the municipal water supply. There is no shortage of water in either of these areas. The total water consumption includes consumption for production

and buildings.

- Water discharge Herning: 62,490 m<sup>3</sup>
- Water discharge Gram: 26,177 m<sup>3</sup>

#### G4-EN10: Water reuse

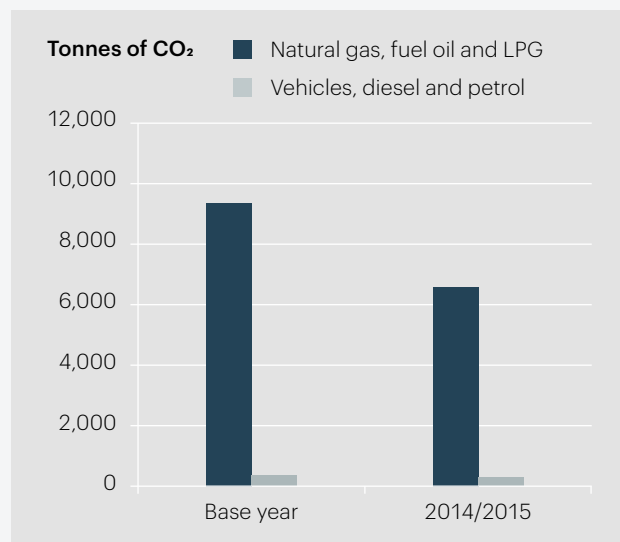
The table below shows the proportion of the water discharge we have reused.

Water reuse	m <sup>3</sup>	% of total water discharge
Herning	8,052 m <sup>3</sup>	12.9%
Gram	11,303 m <sup>3</sup>	43.2%
<b>Total</b>	<b>19,355 m<sup>3</sup></b>	<b>21.8%</b>

#### G4-EN15: Direct greenhouse gas emissions (scope 1)

Direct emissions of greenhouse gas from sources owned or controlled by egetæpper. This concerns:

- Combustion of natural gas to produce heat  
Our total consumption is calculated, including the element used for production and electricity that is sold externally.
- Combustion of fuel oil for generation of heat.  
This includes emissions of greenhouse gases from our processes.
- Consumption of petrol, diesel and LPG in vehicles owned by egetæpper.  
This includes consumption for the means of transport owned or controlled by egetæpper. Internal transport within and between the production facilities, as well as the proportion of passenger transport that takes place in egetæpper's own vehicles, is included. These calculations also include fuel extraction. Transport in leased vehicles is included under scope 3.



The total volume of CO<sub>2</sub> emissions under scope 1 is 6,879 tonnes. The chart shows an overall decrease of 2,837 tonnes of CO<sub>2</sub> since the base year, corresponding to a decline of 29%.<sup>16</sup>

<sup>16</sup> Minor changes have been made to the reporting for scope 1 and 2, since energy for heating and electricity is no longer included for sites that are not owned by egetæpper a/s. A correction in the base year has therefore been made.

#### G4-EN16: Indirect greenhouse gas emissions (scope 2)

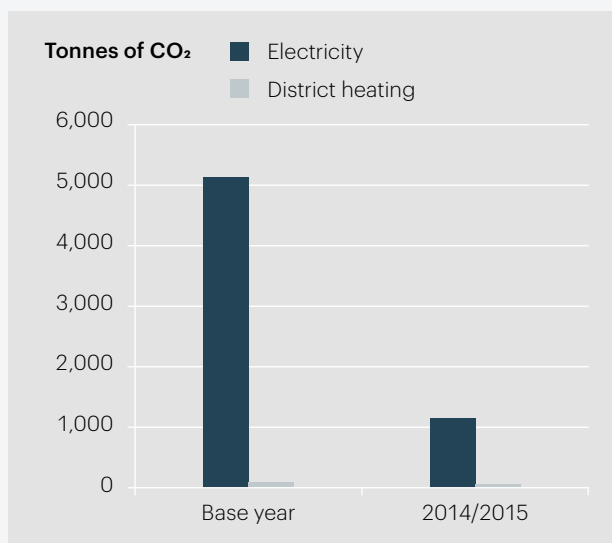
Indirect emissions are defined as the emissions related to purchased electricity. At egetæpper this concerns electricity consumption in Denmark (production units, office buildings and sales offices).

The scope 2 calculations of electricity consumption also include fuel extraction, since the data sources used solely include the overall figure.

- Consumption of district heating in Denmark, and electricity in our production units.

The total volume of CO<sub>2</sub> emissions under scope 2 is 3,207 tonnes. This is a decrease by 1,947 tonnes of CO<sub>2</sub> since the base year, corresponding to a decline of 38%.

We have, however, purchased renewable energy equivalent to 2,059 tonnes of CO<sub>2</sub> emissions, which can be deducted from the 3,205 tonnes of CO<sub>2</sub> for electricity consumption in scope 2. This reduces the "net emission" to 1,146 tonnes of CO<sub>2</sub>, as shown in the graph.

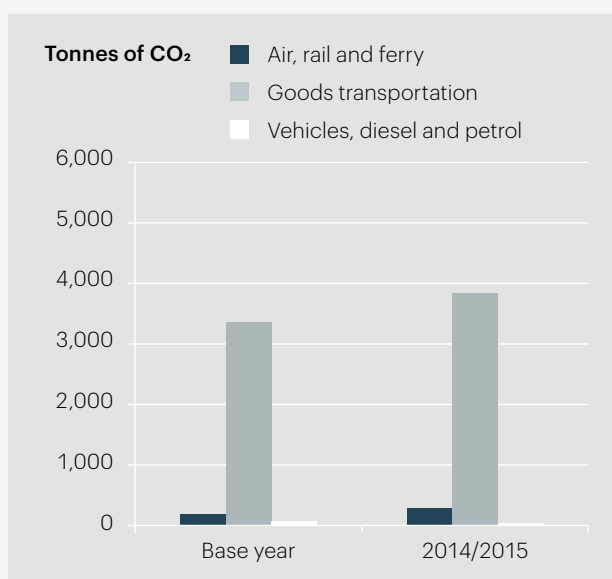


#### G4-EN17: Other indirect greenhouse gas emissions (scope 3)

Other indirect emissions comprise a wide range of activities that can be included. At egetæpper we have decided to include the following activities:

- Transport in leased vehicles
- Travel by air, train and ferry
- Freight transport

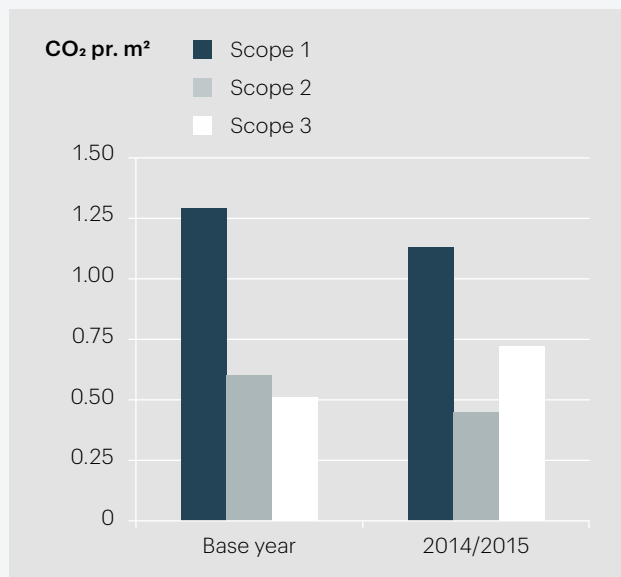
The total volume of CO<sub>2</sub> emissions under scope 3 is 4,168 tonnes. This is an increase by 15% from the base year. The increase is due to new markets in the Far East and a larger volume of carpets transported overseas by air, as required by customers. The increase by 15% is significantly lower than last year, however, when there was an increase by 54% in scope 3, in relation to the base year. This means that significantly fewer carpets were transported overseas by air this year compared to last year.





#### G4-EN18: Intensity of greenhouse gas emissions

Compilation of CO<sub>2</sub> emissions per m<sup>2</sup> of carpet shows a reduction in CO<sub>2</sub> per m<sup>2</sup> with regard to direct emissions (scope 1). We have achieved a reduction from 1.29 kg of CO<sub>2</sub> per m<sup>2</sup> to 1.13 kg. Indirect emissions (scope 2) have been reduced from 0.60 kg of CO<sub>2</sub> per m<sup>2</sup> to 0.45 kg. On the other hand, other indirect emissions (scope 3) have increased from 0.51 kg of CO<sub>2</sub> per m<sup>2</sup> to 0.72 kg.



#### G4-EN19: Reduction of greenhouse gas emissions

Under G4-EN6, various energy saving projects are described. These projects have contributed to reducing CO<sub>2</sub> emissions by 16.4 tonnes compared to the base year. This is not very much compared to last year, when the reduction was by 1,039 tonnes of CO<sub>2</sub>. This is partly because there have been no energy saving projects in Herning this year, and also because the energy saving projects in Gram have been smaller projects. There are new and larger projects in the pipeline for the coming years.

#### G4-EN21: NO<sub>x</sub>, SO<sub>2</sub> and other significant elements

- In Herning, our emissions totalled 2,514 kg of NO<sub>x</sub>.
- In Gram, the figure is 2,249 kg of NO<sub>x</sub>.

We do not currently measure SO<sub>2</sub> and other significant emissions.

#### G4-EN22: Water discharge

All processed water from our factories is piped to the local water purification plant, while sanitary water is piped into the sewers. Wastewater is cleaned and neutralised internally before discharge.

- In Herning, 50,628 m<sup>3</sup> of water was discharged via the purification plant and sewers.
- In Gram, 13,395 m<sup>3</sup> of water was discharged via the purification plant and sewers.



#### G4-EN23: Weight of waste and disposal method

Waste is sorted and disposed of in the following main categories:

- Recycling: Waste that can be recycled, either for new production or as a component in another product, e.g. yarns or packaging.
- Thermal recovery: All waste that can be incinerated, such as yarn residues, cardboard bobbins, carpet residue, sludge from the glueing and dyeing works, and packaging that is

not recyclable. The volumes of the various waste fractions are registered as a single figure.

- Deposit as land fill: Non-flammable waste and the waste that cannot be handled in the incineration plant.
- Destruction: Waste for destruction includes waste oil, chemical and raw material residues, batteries and fluorescent tubes.

Disposal method	Waste in kg - Herning	Waste in kg - Gram
Land fill	-	-
Destruction	19,624 kg	940 kg
Reuse	-	-
Recycling	180,532 kg	254,886 kg
Thermal recovery	1,177,377 kg	483,200 kg

This year a large increase in recycling in Gram was registered, which is primarily due to how cardboard bobbins from yarns were previously classed as thermal recovery. This year, this has

been changed to recycling and constitutes 132,207 kg of the total weight. There has also been an increase in the volume of recycled yarns.

#### G4-EN25: Weight of transported waste

All of our hazardous waste is transported away for destruction. An approved external carrier is used for this. The term "hazardous waste" covers solid waste containing oil, waste oil, organic solvents, salts (inorganic), dye and paint containers, varnish/paint (water-based), light sources containing mercury, coolants, oxidised waste, pesticides and spray cans.

- From Herning, 19,624 kg of hazardous waste was transported for destruction.
- From Gram, 940 kg of hazardous waste was transported for destruction.

#### G4-EN27: Initiatives to limit hazardous impacts

The water purification plant in the dyeworks in Herning and Gram was subject to commissioning and optimisation last year. This plant purifies the water, which can then be reused in the dyeing process. The dye and auxiliary chemicals that are filtered off can also be reused to a great extent. The plant now seems to be functioning as intended and the water consumption has been reduced by 23% in Herning and 32% in Gram.

In connection with Material Health Assessment of our products for Cradle to Cradle certification, a better overview has been created of the opportunities to substitute constituent substances in the raw materials used. In cooperation with our suppliers we have therefore used substitution to ensure more environmentally friendly constituent substances. We are working continuously to substitute all of the constituent substances, where appropriate.

#### G4-EN29: Sanctions for non-compliance with environmental legislation

egetæpper has not been subject to any sanctions for non-compliance with environmental legislation.

**G4-EN31: Investments in environmental protection**

Under G4-EN6, various energy savings projects in Gram are described. These projects can all be regarded as investments in environmental protection, primarily under emissions. The over-

all investment totals DKK 467,113. In Herning we have had no energy savings projects this year, so that we cannot compile the year's investment in environmental protection in Herning.

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**G4-EN34: Grievances concerning non-compliance with environmental legislation**

egetæpper has not received any grievances concerning non-compliance with environmental legislation.



## Labour practices

### G4-LA1: Workforce and staff turnover

Below is an overview of the workforce and staff turnover in Herning and Gram.

	Salaried employees men	Salaried employees women	Hourly-paid men	Hourly-paid women	Newly-employed men	New employed women	Men who have left ege	Women who have left ege
<b>Herning</b>								
< 30 years	7	8	11	6	8	3	7	5
31-40 years	8	22	19	5	3	5	1	1
41-50 years	15	26	18	1	1	3	1	0
51-60 years	8	11	47	10	1	2	4	0
61-70 years	6	2	21	2	0	0	2	1
>70 years	0	0	0	0	0	0	1	0
<b>Total</b>	<b>44</b>	<b>69</b>	<b>116</b>	<b>24</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>7</b>
<b>Gram</b>								
< 30 years	0	0	5	2	4	2	3	0
31-40 years	0	1	8	1	0	0	0	0
41-50 years	2	3	10	2	2	2	3	0
51-60 years	3	1	14	3	1	0	1	0
61-70 years	1	2	5	0	0	0	1	0
>70 years	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>7</b>	<b>42</b>	<b>8</b>	<b>7</b>	<b>4</b>	<b>8</b>	<b>0</b>

Employees' terms of employment are as follows.

Number	Herning	Gram
Permanent employees	252	63
Fixed-term employees	1	0
Full-time employees	247	61
Part-time employees	6	2

### G4-LA2: Staff benefits

All employees are offered the following staff benefits:

- Health insurance
- Canteen scheme (only in Herning)
- Bonus (after three months' probationary period)
- Physiotherapy scheme and massage chair
- Employee club (after three months' probationary period)
- Opportunity to lend a summer cottage
- Employee discount schemes for e.g. gym subscriptions and consumer goods

### G4-LA5: Employee involvement in the Occupational Health and Safety Committees

At egetæpper we have both Occupational Health and Safety (OHS) Committees and Occupational Health and Safety (OHS) groups. Some employees are members of both. Occupational Health and Safety Committees are decision-makers that set out guidelines for the working environment and occupational health and safety. In Herning, the Occupational Health and

Safety Committee comprises four managers and two working environment representatives. In Gram, the Occupational Health and Safety Committee comprises four managers and three working environment representatives.

Occupational Health and Safety groups are engaged in the day-

to-day health and safety and working environment activities in the area they represent. In Herning, there are five OHS groups, comprising five managers and seven employees. In Gram, there are three OHS groups, comprising a total of five managers and three working environment representatives.

In Herning, 4.7% of the total workforce are involved in the formal OHS groups and OHS committee. In Gram, this is 12.9% of the total workforce. All employees are represented via both union representatives and working environment representatives, depending on the area.

#### **G4-LA6: Occupational injuries, accidents and absence, and the physical and psychosocial working environment**

The table below shows the number of occupational injuries in Herning and Gram by gender.

	Herning		Gram	
	Women	Men	Women	Men
Cutting injuries	0	2	0	0
Joint injuries	0	5	1	4
Eye injuries	1	2	0	0
Fall injuries	2	1	0	1
Other injuries	0	4	0	3
Occupational injuries resulting in absence	2	3	1	5
Lost working hours due to occupational injuries	37 hours	89 hours	237 hours	703 hours
Deaths	0	0	0	0
Near misses	5	17	0	2

The many hours of absence in Gram are due to three individual injuries: a broken bone on the upper hand, a broken wrist and a back injury. Preventive measures have been taken to ensure that these injuries do not occur again.

it okay to ask each other how we are doing and set up a framework for how to intervene if an employee needs help to get through a difficult period.

#### **Initiatives to improve the physical and psychosocial working environment**

We have drawn up a set of guidelines to make it easier to help colleagues to regain their job satisfaction. The guidelines make

In Herning, we have minimised lifting and pulling in three departments by installing auxiliary equipment. The noise level has been reduced in two departments. In Gram, the expansion and improvement of office workplaces is underway.

#### **Absence due to illness**

egetæpper's overall objective is maximum 4% absence due to illness for the Group, excluding long-term absence, Section 56

absence and accidents. The table below presents sick leave rates in Herning and Gram, first by function and then by gender.

	Absence in Herning			Absence in Gram			Total absence
	Salaried employees	Hourly-paid employees	Total	Salaried employees	Hourly-paid employees	Total	
Absence in %	2.3%	2.8%	2.6%	0.3%	4.0%	3.7%	2.8%

	Absence in Herning			Absence in Gram			Total absence
	Men	Women	Total	Men	Women	Total	
Absence in %	2.1%	3.5%	2.6%	3.7%	3.8%	3.7%	2.8%

#### G4-LA10: Employee development

egetæpper attaches great importance to employee development. Skilled employees are vital to achieving a successful company, and also contribute to attracting and retaining competent

employees. Each year we therefore devote a lot of resources to the training and supplementary education of our employees.

	Herning		Gram	
	External training paid for by egetæpper	Internal training	External training paid for by egetæpper	Internal training
Number of employees	120 employees	69 employees	45 employees	101 employees*
Number of hours	1,418 hours	967 hours	364 hours	1,074 hours
Other	Five of the employees have taken diploma programmes, for which the number of hours is not stated.	-	-	-

\* A number of employees attended several courses during the year. The number is therefore 101, even though there are only 63 employees.

#### G4-LA11: Employee appraisal interviews

The table shows, by gender and function, how many employees in Herning and Gram have attended employee appraisal interviews.

	Herning		Gram	
	Women	Men	Women	Men
Salaried employees	69	44	7	6
Hourly-paid employees	24	116	8	42

#### G4-LA12: Breakdown of employees by gender, function and age

The tables below show employees' work functions, first by gender and then by age.

	Herning		Gram		Total
	Women	Men	Women	Men	
Managers	6	25	5	7	43
Salaried employees	64	19	2	0	85
Hourly-paid employees	23	116	8	41	188

	Herning			Gram		
	Management	Salaried employees	Hourly-paid employees	Management	Salaried employees	Hourly-paid employees
< 30 years	1	14	17	0	0	7
31-40 years	5	25	24	1	0	9
41-50 years	11	30	19	4	1	12
51-60 years	6	13	57	4	0	17
61-70 years	4	5	22	3	1	4
>70 years	0	0	0	0	0	0



## Human rights

### G4-HR3: Cases of discrimination

egetæpper is not aware of any cases of discrimination.

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### G4-HR4: Risk of lack of respect for the right to exercise freedom of association and collective bargaining

There is not assessed to be any risk of a lack of respect for the right to exercise freedom of association and collective bargaining at egetæpper. It is up to employees themselves to decide whether they wish to join a trade union. egetæpper adheres to the collective agreements between the Confederation of Danish Employers (DA) and, respectively, 3F (the United Federation of Danish Workers), Danish Metal (Danish Metalworkers' Union), HK Privat (commercial and clerical workers' union) and Teknisk Landsforbund (the Danish Association of Professional Technicians).

We have reviewed all key suppliers of our products in order to assess the risk of infringement of e.g. human rights and labour

rights. This review is based on international indexes, ranking all countries by their performance in the area. The supplier is assessed on the basis of the country in which the company is located. We have suppliers in individual countries where a lack of respect for human rights and labour rights may present challenges. This concerns five suppliers.

We are not aware of any infringements in these areas that actually affect our suppliers. The suppliers in question have all signed our Supplier Code of Conduct, which includes the requirement that they acknowledge employees' right to exercise freedom of association and collective bargaining.

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### G4-HR5: Risk of child labour

There is no risk of child labour at egetæpper. We have a total of seven young people employed, but none of them work in hazardous conditions or at night.

As G4-HR4 shows, our five high-risk suppliers have signed our Supplier Code of Conduct, which includes the requirement that egetæpper's suppliers may not employ child labour (under 15 years of age) and that young people aged under 18 may not undertake work in hazardous conditions or at night.

We are not aware of any non-compliance with this requirement. If we become aware of child labour or young people required to work in hazardous conditions, egetæpper has clear contingency measures to interrupt cooperation with the supplier immediately, until the situation has been resolved. egetæpper is also subject to an obligation to alleviate negative consequences for the children/young people concerned.

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### G4-HR6: Risk of forced or compulsory labour

There is no risk of forced or compulsory labour at egetæpper.

As G4-HR4 shows, our five high-risk suppliers have signed our Supplier Code of Conduct, which includes the requirement that the suppliers must not take part in or benefit from any type of forced or compulsory labour. Furthermore, the suppliers are expected not to withhold identification papers, travel documents

or other types of personal documents from their employees. We are not aware of any non-compliance with this requirement. If we become aware of forced or compulsory labour, egetæpper has clear contingency measures to interrupt cooperation with the supplier immediately, until the situation has been resolved. egetæpper is also subject to an obligation to alleviate negative consequences for the persons concerned.

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### G4-HR12: Grievances concerning human rights impacts

egetæpper has not been notified of any grievances concerning human rights impacts.

## Society

### **G4-SO3: Risk of corruption and bribery**

egetæpper does not assess that there is any risk of corruption at our Danish factories or in Lithuania.

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### **G4-SO4: Implementation of anti-corruption and bribery guidelines**

All managers and employees at egetæpper have received information on our anti-corruption and bribery guidelines. Besides verbal information, a small leaflet has been issued to all employees worldwide, with a brief and simple review of egetæpper's guidelines, including what is permitted and what is prohibited, and what employees should do if they experience anything suspicious or illegal. The guidelines and the leaflet are available to all employees on egetæpper's intranet.

Furthermore, this year 169 employees in Denmark and abroad have completed a major test of their understanding of our anti-corruption guidelines. The test shows that there is generally a

good understanding of the guidelines, even though there was room for improvement in a few respects. It is expected that the test has contributed to increasing understanding and awareness of anti-corruption issues, and that employees are now even better prepared to handle any issues correctly.

The following numbers of parties have received information on egetæpper's guidelines and/or anti-corruption and bribery policy:

- 89 suppliers
  - 57 countries with agents/distributors
  - 11 subsidiaries
- 

### **G4-SO5: Incidents of corruption and bribery**

egetæpper has not registered any incidents of corruption or bribery.

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### **G4-SO8: Sanctions for non-compliance with laws and regulations**

egetæpper has not been subject to any sanctions for non-compliance with laws and regulations.

## Product responsibility

### G4-PR1: Assessment of products

All of our carpets for the contract market have been assessed for their health improvement qualities in conjunction with certification in Norway and Finland. The backing recipes have been customised and adjusted in order to fulfil the criteria. egetæpper's services include recommendations for the floor adhesive

used to fix carpets. The recommendation weights these adhesives by their impact on the indoor environment. There are 25 low-emission floor adhesives on the list of 30 floor adhesives in total.

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### G4-PR2: Sanctions for non-compliance with product health and safety legislation

egetæpper has not been subject to any sanctions for non-compliance with product health and safety legislation.

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### G4-PR3: Product information

According to egetæpper's own internal procedures for product information concerning products and services, the following information is required:

- Disposal of the product
- Content (especially where there is a risk of hazardous environmental and social impacts).

- Procurement (sourcing) of components in products and services.
- Safe use of products and services.

All products and services comply with these requirements and procedures.

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### G4-PR4: Sanctions for non-compliance with legislation concerning labelling schemes

egetæpper has not been subject to any sanctions for non-compliance with legislation concerning labelling schemes.

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### G4-PR7: Sanctions for non-compliance with marketing legislation

egetæpper has not been subject to any sanctions for non-compliance with marketing legislation or voluntary marketing regulations/codes.



## Dansk Fashion & Textile's Code of Conduct

### Principle 11 – Animal welfare

In New Zealand, from where we import most of our wool, sheep breeders operate according to the regulations in "Best Management Practices Applicable to New Zealand Wool" (abbreviated BMP), which sets out the New Zealand wool industry's best practices and standards for wool production. According to BMP, 90% of the sheep breeders are part of a nationwide programme to safeguard quality in a large number of areas, including animal welfare, feed and water, stock keeping and the environment.

During 2011 we wrote to our wool suppliers in New Zealand to ensure that they meet the requirements stipulated in Dansk Fashion & Textile's Code of Conduct, principle no. 11, which requires that sheep are fed, reared and put down with dignity and respect. All of the suppliers signed a declaration that they fulfil these requirements. We have furthermore incorporated an obligation to protect and respect animals in our own Supplier Code of Conduct.

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### Principle 12 – Charity

Via the "Ege Foundation - the Vibeke and Mads Eg Damgaard Foundation" annual donations to deserving causes are made from the yields on egetæpper a/s shares. The funds are primarily donated to non-profit making activities. This year, the Ege Foundation donated DKK 5,362,090 to 35 different causes.

In addition, since 2011 egetæpper has worked with the KidsAid Foundation whose main objective is to support sick and underprivileged children in Denmark. Via fitness campaigns for our employees, money for charitable causes is raised. This year, the funds raised were donated to Danish Hospital Clowns. A total of DKK 93,500 was collected via this year's employee campaign. egetæpper has also donated an additional DKK 50,000 to the KidsAid Foundation via cooperation with Jysk, to which we supply carpets.

A new aspect is that egetæpper will now be supporting DIFFA (Design Industries Foundations Fighting AIDS). In the USA, 1% of revenue goes to this private non-profit organisation, and in the rest of the world, 1% of the sales of the ege Couture collection goes to DIFFA. As this is a completely new initiative, we have not yet in practice donated funds to this organisation.

We also collaborate with UNICEF concerning our customer satisfaction surveys. This means that whenever a customer completes a satisfaction survey, we donate EUR 10 to UNICEF. This money is spent directly on malaria drugs. A completed survey results in medicine for 16 seriously ill children. This project is still in the start-up phase, so that we have not yet made any donations to them.

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### Principle 13 – Monitoring

egetæpper is not subject to an external audit in connection with the monitoring of compliance with Dansk Fashion & Textile's Code of Conduct. We manage our supply chain via DS 49001. We have sent egetæpper's supplier Code of Conduct to 89 suppliers. Our whistleblower system ensures that serious anomalies

can be communicated to egetæpper's senior management, including any failure on the part of suppliers to comply with legal requirements. Third-party audits of our five high-risk suppliers are planned to take place during 2015.

# TOTAL INPUT/OUTPUT FOR CARPET PRODUCTION IN HERNING AND GRAM

In Herning, consumption of electricity, gas and water is compiled on the basis of suppliers' invoices. In Gram, consumption is read from the meters. The quantities of goods purchased via purchase orders are registered in the warehouse management system. The remaining figures are compiled manually. Quantities and volumes of other goods and waste are based on in-

voiced quantities and volumes. In Herning, the consumption of oil and chemicals for operation and maintenance is equivalent to the purchased quantities. In Gram, however, this is equivalent to purchased goods less stocks. Wastewater discharges in Herning and Gram are compiled on the basis of internal registration of discharges from production.

Input	2014/2015		2013/2014		2012/2013	
Energy consumption	MWh	kWh/m <sup>2</sup>	MWh	kWh/m <sup>2</sup>	MWh	kWh/m <sup>2</sup>
Energy	37,248	6.59	36,822	6.58	37,575	6.78
Gas used to produce electricity	1,960	-	2,417	-	2,596	-
Renewable energy <sup>1</sup>	6,752	1.19	4,790	0.86	4,790	0.86
Water consumption	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>
	88,667	15.68	91,046	16.27	94,753	17.11
Consumption of materials	Tonnes	Kg/m <sup>2</sup>	Tonnes	Kg/m <sup>2</sup>	Tonnes	Kg/m <sup>2</sup>
Total consumption of materials	16,570	2.93	16,609	2.97	16,677	3.01
For carpet production	15,726	2.78	15,806	2.82	15,924	2.88
Packaging	724	0.13	700	0.13	667	0.12
Operation and maintenance	120	0.02	103	0.02	86	0.02
Waste	Tonnes	Kg/m <sup>2</sup>	Tonnes	Kg/m <sup>2</sup>	Tonnes	Kg/m <sup>2</sup>
Recycling	435	0.08	220	0.04	155	0.03
Thermal recovery	1,661	0.29	1,654	0.30	1,587	0.29
Land fill	0	0.00	8	0.00	17	0.00
Destruction, hazardous waste	21	0.00	18	0.00	10	0.00
Discharge	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>
Wastewater	64,023	11.33	68,543	12.25	72,056	13.01
Emissions	Tonnes	Kg/m <sup>2</sup>	Tonnes	Kg/m <sup>2</sup>	Tonnes	Kg/m <sup>2</sup>
Greenhouse gases <sup>2</sup> :						
CO <sub>2</sub> emissions	6,362	1.13	6,250	1.12	6,545	1.18
Emissions to air <sup>3</sup> :						
NO <sub>x</sub>	5	-	6	-	5	-
SO <sub>2</sub> , PM	-	-	-	-	-	-
Biodiversity	m <sup>2</sup>	m <sup>2</sup> /prod.m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup> /prod.m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup> /prod.m <sup>2</sup>
Developed area	69,500	0.01	69,500	0.01	69,500	0.01
Output	m <sup>2</sup>		m <sup>2</sup>		m <sup>2</sup>	
Carpet products	5,653,057		5,597,593		5,538,786	

All input/output data applies to Herning and Gram together, although energy used to produce electricity, apply solely to Herning.

The consumption of materials for carpet production includes materials for pile, dyeing, backing and Twistset.

The consumption of materials for operation and maintenance includes oil and various chemicals.

The wastewater volume in Herning and Gram is measured directly.

In 2014/2015, the CHP plant's consumption totalled 178,175 m<sup>3</sup> of natural gas, resulting in electricity generation of 1,061,242 kWh.

Water consumption: In Herning, the dyeing plant uses 85% of the total water consumption. In Gram this amounts to 91%.

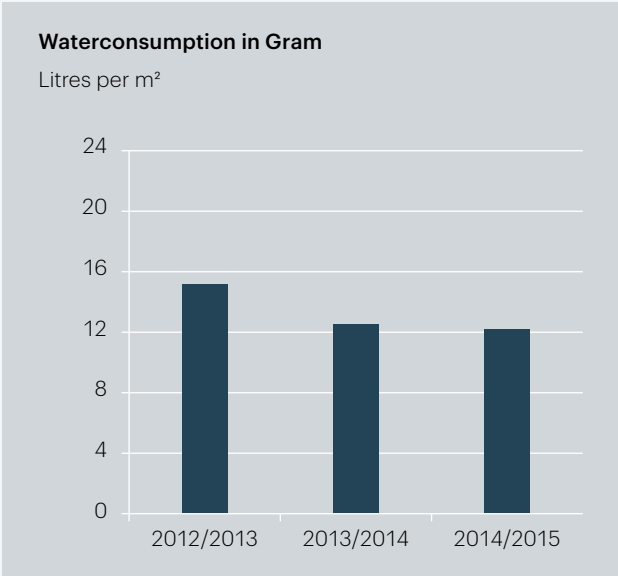
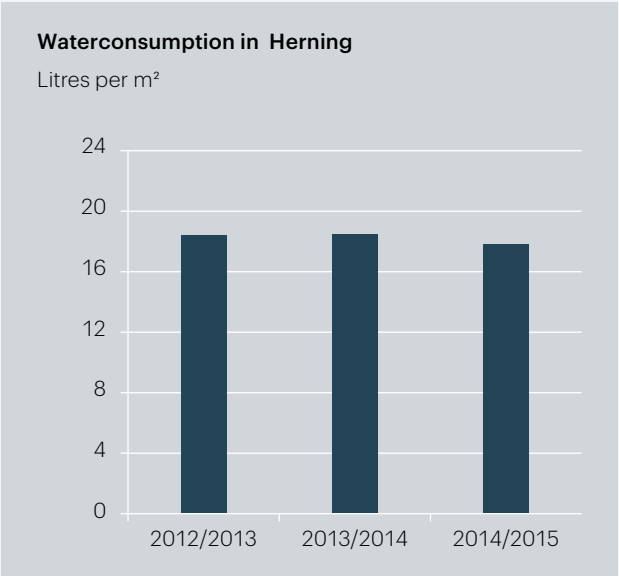
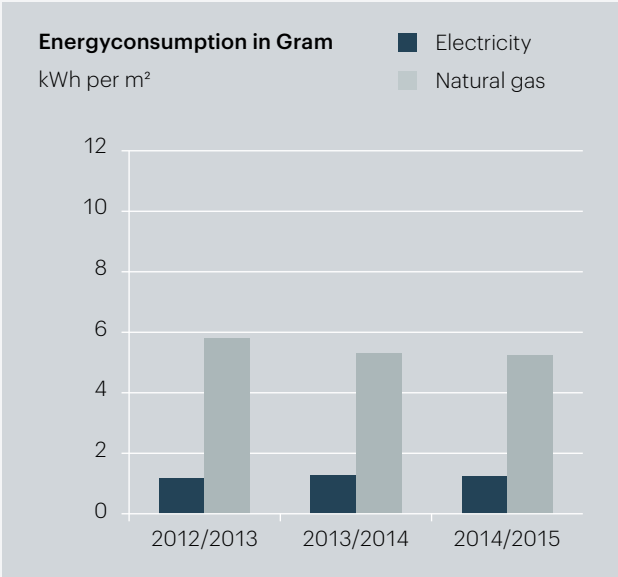
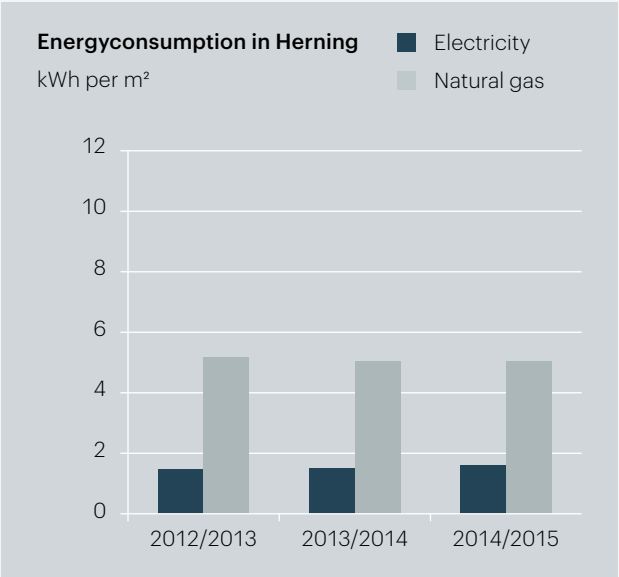
**Note 1.** Purchased renewable energy is a share of the total energy consumption.

**Note 2.** In order to calculate greenhouse gases, CO<sub>2</sub>-e, as from 2014/2015 we have used the CEMAsys system, and thereby used the same conversion factor as in the greenhouse gas accounts. For 2014/2015 this gives a plus of 182 tonnes of CO<sub>2</sub>-e compared to previous calculation methods, where a conversion factor of 2,185 g CO<sub>2</sub>-e/m<sup>2</sup> was applied. In the last three financial years, CO<sub>2</sub>-e includes contributions for UHC (including Methane) and amounts to 39 tonnes, 36 tonnes and 29 tonnes of CO<sub>2</sub>-e, respectively.

**Note 3.** Air emissions, NO<sub>x</sub>: Emissions from motor systems and boilers are based on measurements at the plants.

Air emissions, SO<sub>2</sub> & PM: Not relevant for egetæpper's production.

# CONSUMPTION FIGURES





# OBJECTIVES AND TARGETS

Each year, we set up a number of targets for our CSR work. Last year, the targets solely concerned the focus areas under DS 49001 to which we had given high priority. They are presented below, including their current status. This is followed by a list of new future targets. In future there will be targets for all focus areas under DS 49001.

The targets are based on our aim of continuous improvement, to make egetæpper an even more sustainable company and attractive workplace. The targets set are based on our CSR policy and the improvement opportunities available to us. Each factory defines objectives with related targets, after which action plans are prepared to ensure that these targets are achieved.

## Objectives and targets for 2014/2015

Environment		
Objective	Target(s)	Status
<b>Prevention of pollution and promotion of cleaner technology in Herning</b> 100% renewable energy	The ratio of renewable energy, which amounted to 70% of electricity consumption in Herning and Gram in 2013, must be increased to 100% by 2020 at the latest.	Ongoing. We are adhering to plan. This year the renewable energy ratio is 82%.
<b>Sustainable use of resources in Herning</b> Reuse and recycling of used carpets	Establishment of a return system for used carpets and carpet tiles. Suitable carpet tiles are cleaned and sold for reuse, while the rest of the returned products are recycled as alternative fuel in the cement industry, or by other means.	First phase completed The first phase of the return system for used carpet tiles has been established, and the webshop for resales is up and running. The second phase has been launched and will run during the coming years, with focus on recycling.
<b>Combating and adapting to climate change in Herning</b> 50% reduction of CO <sub>2</sub> emissions	By 2020 at the latest, energy savings projects will reduce CO <sub>2</sub> emissions by 50% from the base year, 2007.	Ongoing. Via a climate partnership with DONG projects have been determined that will lead to the final target in 2020. We have currently reduced total emissions by 32% in scope 1 and 2.
<b>Reduction of water and chemicals consumption in Herning</b>	Following on from an earlier pilot project, we will install a purification plant to purify wastewater from the washing section of the dye house. This installation is expected to achieve savings of 20% of the total water consumption in the dyeing plant in 2012/2013, compared to 2010/2011. The installation will also help to save 20% of the consumption of thickening agent.	Completed. The project was established in 2013, but due to running-in problems it has not been possible to calculate the savings for a full year. The plant has run efficiently from March 2015, so that calculations have been made for March and April 2015 and compared to March and April 2011. Calculations for March and April: Water: 23% savings Thickening agent: 29% savings
<b>Use of surplus heat in Herning</b>	Before the close of the 2014/2015 financial year, opportunities must be investigated to use the surplus heat and sell it for use as district heating. Calculations from DONG show that approximately 4,900 MWh/year can be used, on optimum utilisation. This will give energy savings for the district heating plant.	Ongoing. A pilot project was run in Gram, and in April 2015 a similar project took place in Herning. The final assessment of the project has been deferred until 2015/2016.

Objective	Target(s)	Status
<b>Improve wastewater purification in Gram</b>	<p>Since 2009/2010 we have worked to improve wastewater purification in order to significantly reduce the COD content. The target is to reduce the wastewater's COD content by more than 50% to 2,000 mg/l in 2012/2013, from an average COD content of 5,500 mg/l in 2009/2010. The target has not been achieved. Trials are therefore now taking place to establish biological COD purification. This will commence in 2014/2015.</p>	<p>Completed.</p> <p>The target has not been achieved – and it is today considered unrealistic to achieve this with the available technology. A new and more realistic target will be set for next year.</p> <p>The status for the objective is as follows: Establishment of own biological purification and rootzone deferred indefinitely, since the project is not currently profitable. On 14.01.2015 a supplement to the connection permit was received which eases the COD value from 6,500 mg/l to 9,000 mg/l, with a permitted overstepping by 50% for individual values. The average value for COD is currently 7,525 mg/l for the calendar year, so that we fulfil the requirements. The increased concentration is due to how we can now clean and reuse our wastewater in production via reverse osmosis, resulting in a higher concentration of COD. The total emission has decreased, however, since the water is reused instead of being discharged.</p> <p>The project is continuing with a new objective for e.g. precipitation and flocculation, in collaboration with the University of Southern Denmark (SDU) and two chemicals suppliers.</p>
<b>Reuse of surplus heat in Gram</b>	<p>Reuse of surplus heat from furnaces is expected to reduce energy consumption by 10% in 2012/2013, compared to 2009/2010. Calculations from DONG show that approximately 2,500 MWh/year can be used, on optimum utilisation. Equipment is expected to be established in 2014/2015, and the project is expected to be completed by 2015/2016.</p>	<p>Ongoing.</p> <p>The opportunities have been investigated. Surplus heat is partly reused. The rest of the surplus heat can be sold to Gram district heating. The project and tendering have not yet been completed, so that the target is deferred until 2016/2017.</p>
<b>Recovery of dye bath residue for thermal recovery in Gram</b>	<p>Recovery using flocculation chemicals is not possible. Biological purification is therefore being investigated. Trials and the establishment of biological purification will commence in 2014/2015. The project is expected to be completed in 2015/2016.</p>	<p>Ongoing.</p> <p>Trials to recover dye bath residue in a pilot plant using adjuvants are under way. Recovery using chemicals is resumed, in collaboration with SDU. Biological purification has been postponed indefinitely.</p>
<b>Energy reduction and capacity increase at the adhesive furnace in Gram</b>	<p>Energy reduction by 10% and a capacity increase of 10% in 2012/2013, compared to 2010/2011. This has not yet been achieved. The conversion and implementation of new equipment will take place in 2013/2014. The project is expected to be completed in 2014/2015.</p>	<p>Completed.</p> <p>The energy reduction is calculated at 22.2%, which means that 22.2% less gas per m<sup>2</sup> of carpet was used during the 2014/2015 financial year compared to 2010/2011. A capacity increase has been noted for the line speed. Previously, e.g. 6 metres per minute were produced, but now &gt;6.6 metres per minute are produced.</p>

Labour practices		
Objective	Target(s)	Status
<b>Labour practices</b> More women in managerial positions	<b>Board of Directors</b> Maintain the Board of Directors' current composition of 25% women and 75% men during the next four years. On the expiry of the four-year period with the target of 25% female members, we will set a new target for female members of ege's Board of Directors. <b>Managers</b> 30% of all newly appointed managers must in future be women. By 2017, 30% of all managers must be women. In the longer term, we wish the breakdown between men and women at management level to reflect the general breakdown between men and women in the company. <b>Potential female managers</b> We will identify potential female management talent and draw up a new, targeted career development plan in cooperation with each employee. <b>Present female managers</b> Draw up a plan for the present female managers can work with personal leadership and career development.	Ongoing. <b>Board of Directors</b> Completed. As the target of 25% women was achieved before the expiry of the four-year period, a new target is set. <b>Managers</b> In 2014/2015 an HR department was established that will provide recruitment advice and also help to develop initiatives to ensure a higher ratio of female managers in the future. There are currently 28% female managers in the Group. <b>Potential female managers</b> Career development has been integrated as a fixed element of employee appraisal interviews in order to ensure that potential managers are developing in the right direction. <b>Present female managers</b> A few female managers in Herning have attended basic management training courses, and relevant supplementary education has been agreed with the other female managers in Herning.
<b>Labour practices and social protection in Herning</b> Scheduled breaks must be taken	Based on interviews, the problems with taking breaks in production are being investigated. Then any action areas to improve conditions will be determined.	Completed. Investigation has been completed. The conclusion is that there is no need for any changes since this problem is encountered by very few employees, and always in relation to machine failures or human factors that are difficult to take into account.
<b>Social dialogue in Herning</b> Employees with union representative and similar duties must have sufficient time to perform these duties	Based on interviews, the problems with union representatives' time to perform these duties are being investigated. Then any action areas to improve the conditions will be determined.	Completed. Investigation has been completed. It is recommended that the health and safety representatives exchange experience on how they can best manage to complete their tasks, as there is great variation in how much time they feel is available for this. The practice for health and safety inspection rounds has also been optimised.
<b>Improve ergonomic conditions at Millitron and the adhesive furnace in Herning</b> Minimise lifting and dragging in conjunction with tufting	Before the end of the 2014/2015 financial year, an auxiliary tool must be installed to minimise lifting and dragging in conjunction with tufting at Millitron and the adhesive furnace.	Ongoing. Lifting equipment has been installed at the Millitron, and instructions given to the relevant employees. Similar lifting equipment will be installed at the adhesive furnace in mid-2015.
<b>Improve ergonomic conditions at the tip shearer in Herning</b> Minimise lifting and dragging in conjunction with tufting	Before the end of the 2014/2015 financial year, an auxiliary tool must be installed to minimise lifting and dragging in conjunction with tufting at the tip shearer.	Completed. Lifting equipment has been installed and instructions have been given to the relevant employees.



Objectives	Target(s)	Status
<b>Minimise the noise level at the Millitron/washing section in Herning</b>	Before the end of 2014 the noise level at the new wastewater plant must be investigated.	Ongoing. Noise measurements were performed in September 2014 and showed a noise level exceeding 80 dB, which meant that new initiatives were launched. Enclosure of parts of the equipment is assessed to be the best solution. A noise cabinet has been set up around the pumps, but changes still need to be made to the pipes, so as to reduce the noise from them. Subsequently, new noise measurement will take place.
<b>Expansion and improvement of office workspace in the glueing works in Gram</b>	Expansion and improvement, including a larger, height-adjustable desk, noise reduction, temperature and daylight regulation. Expected to be completed during 2014.	Completed. Temperature regulating and noise dampening measures have been established. Daylight has been achieved by adding a window. Desk functions have been improved with a height-adjustable desk.
<b>Improve office workspace in the maintenance department in Gram</b>	Improvements to office workspace in the maintenance department are expected to be made in 2014/2015	Ongoing. The project has been launched and many initiatives have taken place. Expected to be completed in 2015.
<b>Automatic control of chemical addition in Gram</b>	Automatic addition of chemicals will be established in the glueing works. This will significantly improve the working environment and raise the quality level. Investigate opportunities for automatic addition in 2014/2015. The establishment target is expected to be in 2015/2016.	Due to the priority given to investment in various other projects, the project has not yet been launched and is postponed until the beginning of 2016/2017.
<b>Reduce the noise level at Overlock in Herning</b>	Improve the working environment by reducing the noise level from pneumatic operations.	Completed. Frequency converters have been installed for noise level adjustment, which has significantly reduced the noise level.

Fair operation practices		
Objectives	Target(s)	Status
<b>Anti-corruption</b> Documentation of compliance with the anti-corruption guidelines	All employees and people attached to egetæpper have been informed of egetæpper's zero-tolerance approach to corruption and bribery. In this respect, all countries/agents/distributors must confirm by their signatures that they will work in accordance with our anti-corruption and bribery guidelines. Signatures from a few countries are still outstanding.	Completed. All senior managers, managers and agents have signed.
<b>Anti-corruption</b> Training in anti-corruption guidelines	An E-learning tool must be developed to train employees and other people attached to egetæpper in our anti-corruption and bribery guidelines. The e-learning tool must include a test to assess and check that the user has understood the guidelines.	Completed. The e-learning tool has been developed. 169 employees in Denmark and abroad have taken the test, making them even better able to distinguish between what is acceptable and what is not.
<b>Promoting social responsibility in the value chain</b> Implementation of the Code of Conduct	Send egetæpper's Supplier Code of Conduct to key product suppliers, as well as our transport suppliers, and require their signed confirmation that they will work in accordance with this Code of Conduct, and at the same time collect information on their labelling schemes and management systems.	Ongoing. Code of Conduct sent to 89 suppliers. We are still awaiting acceptance from 14 suppliers. Six suppliers have preferred not to sign and have instead submitted other forms of documentation.

Consumer issues		
Objectives	Target(s)	Status
<b>Responsible marketing, information and agreement terms</b> More information to our customers on the importance of CSR initiatives to stakeholders	Development of a communication strategy that will make it easier for our customers to understand and communicate why egetæpper's CSR initiatives are important - and why they are of benefit to consumers.	Completed. The Pure Respect communication strategy has been completed and implemented.
<b>Sustainable consumption</b> Implement the Cradle to Cradle principles throughout the company	<p>Develop production processes and product design that expand opportunities to recirculate all materials in a closed cycle.</p> <p>Engage in cooperation with companies that can reuse carpet waste in new ways.</p> <p>Apply the Cradle to Cradle principles in internal and external communication so that employees can take ownership of the concept and understand the philosophy.</p>	Ongoing. We currently have two products with Cradle to Cradle certification. A further 29 products have been sent for assessment. We have established a return system for used carpet tiles, which are cleaned and resold via a webshop. We are in dialogue with an external partner concerning opportunities for deconstruction and reuse of carpet elements. Towards 2020 we are continuing our work to implement the Cradle to Cradle principles throughout the company.
<b>Protection of consumers' health and safety &amp; sustainable consumption</b> Cradle to Cradle certification of additional products	<p>Cradle to Cradle certification of all Ecoline products and all tile products.</p> <p>Cradle to Cradle certification of all Ecotrust backings.</p> <p>Ecoline for all Epoca flat-woven carpets and Epoca tiles.</p>	Ongoing. We currently have two products with Cradle to Cradle certification. A further 29 products have been submitted for assessment.

## Objectives and targets for 2015/2016 and thereafter

Environment		
Objective	Target(s)	Expected to be completed
<b>Prevention of pollution and promotion of cleaner technology</b> 100% renewable energy	The ratio of renewable energy, which amounted to 70% of electricity consumption in Herning and Gram in 2013, must be increased to 100% by 2020 at the latest.	2020
<b>Combating and adapting to climate change</b> 50% reduction of CO <sub>2</sub> emissions	By 2020 at the latest, energy savings projects will reduce CO <sub>2</sub> emissions in scope 1 and scope 2 by 50% from the base year, 2007.	2020
<b>Sustainable use of resources</b> Reuse and recycling of used carpets in Herning	Establishment of a return system for used carpets and carpet tiles. Suitable carpet tiles are cleaned and sold for reuse, while the rest of the returned products are recycled as alternative fuel in the cement industry, or by other means.  The first phase has been completed. The second phase to break down carpet residues for reuse by other means has been launched.	2020
<b>Sustainable use of resources</b> 50% reduction of water consumption	In Herning and Gram, by 2020 at the latest water consumption per m <sup>2</sup> of carpet must be reduced by 50% in relation to the base year, 2007.	2020
<b>Prevention of pollution and promotion of cleaner technology</b> More valid water and energy data	In collaboration with DONG, a data collection program is being prepared for water, electricity and gas, which will be implemented before the end of the 2015/2016 financial year.	2015/2016
<b>Prevention of pollution and promotion of cleaner technology</b> Improve waste water purification in Gram	Since 2009/2010 we have worked to improve wastewater purification in order to significantly reduce the COD content. We currently have permission to discharge 9,000 mg/l COD with permitted 50% overstepping for individual values. In cooperation with the University of Southern Denmark (SDU) and two chemicals suppliers, the aim is to reduce the COD content to 6,000 mg/l via precipitation, flocculation, electrochemistry, evaporation and pure chemistry.	2019/2020
<b>Sustainable use of resources</b> Recovery of surplus heat in Gram	Recovery of surplus heat from furnaces is expected to reduce energy consumption by 10% in 2012/2013, compared to 2009/2010. Calculations from DONG show that approximately 2,500 MWh/year can be used, on optimum utilisation. Equipment is expected to be established in 2014/2015, and the project is expected to be completed by 2015/2016. The project's completion has been deferred until 2016/2017.	2016/2017

Objective	Target(s)	Expected to be completed
<b>Sustainable use of resources</b> Recovery of surplus heat in Herning	Before the close of the 2014/2015 financial year, opportunities to use the surplus heat must be investigated. Calculations from DONG show that approximately 4,900 MWh/year can be used, on optimum utilisation. This will give energy savings for the district heating plant.	2015/2016
<b>Prevention of pollution and promotion of cleaner technology</b> Recovery of dye bath residue for thermal recovery in Gram	Recovery using flocculation chemicals is not possible. Trials with and the establishment of biological purification were launched in 2014/2015, but have now been postponed indefinitely. The development of improved purification methods is taking place in cooperation with SDU. Purification methods are being developed within precipitation, flocculation, electrochemistry, evaporation and pure chemistry. The project is expected to be completed in 2019/2020.	2019/2020

Labour practices		
Objective	Target(s)	Expected to be completed
<b>Workplace health and safety</b> Replacement of shelves in Herning	Replacement of shelves is continuing until they have all been replaced. In the meantime, there is ongoing external inspection, to ensure that all shelves are safe.	2015
<b>Workplace health and safety</b> Alarm overview in Herning	Alarms must be signposted in order to display the significance of the various alarms. The project must be performed before the end of August 2015.	2015
<b>Workplace health and safety</b> Better air control in the tile department in Herning	To follow up on the temperature problems at the tiling machine, before the end of the 2015 calendar year, changes must be made to the ventilation.	2015
<b>Workplace health and safety</b> Improved safety on changing the cutting iron at the tile machine in Herning	Before the end of the 2014/2015 financial year, changing the cutting iron must be made safer by purchasing and using a crane instead of a truck. Expected to be completed in June 2015.	2015
<b>Workplace health and safety</b> Improve office workspaces in the maintenance department in Gram	Improvements to office workspaces in the maintenance department are expected to be made in 2014/2015. Expected to be completed during 2015.	2015
<b>Workplace health and safety</b> Improve ergonomic conditions at Millitron and the adhesive furnace in Herning	Before the end of the 2014/2015 financial year, an auxiliary tool must be installed to minimise lifting and dragging in conjunction with tufting at Millitron and the adhesive furnace.  An auxiliary tool has been installed at the Millitron and is expected to be installed at the adhesive furnace in mid-2015.	2015



Objective	Target(s)	Expected to be completed
<b>Workplace health and safety</b> Minimise the noise level at the Millitron/ washing section in Herning	Before the end of 2014 the noise level at the new wastewater plant must be investigated. Noise measurements have been performed and due to a noise level exceeding 80 dB, several initiatives have been launched. Adjustment of the pipe column and subsequent new noise measurement are still outstanding.	2015/2016
<b>Workplace health and safety</b> Automatic control of chemicals addition in Gram	Automatic addition of chemicals will be established in the glueing works. This will significantly improve the working environment and raise the quality level. Investigate opportunities for automatic addition in 2014/2015. The establishment target is expected to be in 2015/2016. Establishment has been postponed to 2016/2017 with expected completion in 2017.	2017
<b>Workplace health and safety</b> Focus on employee well-being	Purchase or development of tools to ensure greater focus on employee well-being via regular job satisfaction surveys, as well as follow-up on any issues revealed by the surveys. The process will be launched during 2015 and is expected to be implemented before the end of 2016.	2016
<b>Workplace health and safety</b> Adverse incidents and accidents	Measures must be taken to ensure that there are no adverse incidents and accidents in Herning and Gram. The target is 0 adverse incidents and accidents by 2020 at the latest.	2020
<b>Workplace development opportunities</b> Supplementary training offered to employees in Gram	In Herning, employees are offered voluntary supplementary training in Danish, Mathematics and IT during working hours, at full pay. A similar scheme will be established in Gram before 2017.	2017

Fair operation practices		
Objective	Target(s)	Expected to be completed
<b>Promoting social responsibility in the value chain</b> Implementation of the Code of Conduct	Send egetæpper's Supplier Code of Conduct to key product suppliers, as well as our transport suppliers, and require their signed confirmation that they will work in accordance with this Code of Conduct, and at the same time collect information on their labelling schemes and management systems. We are still awaiting the signatures of a number of suppliers. The target has been deferred until 2015/2016.	2015/2016
<b>Promotion of social responsibility in the value chain</b> Centralised supplier management	As the Group's other factories are included in the scope of DS 49001, centralised supplier management will be established in an IT system. A fixed procedure is also being developed for the inclusion of the Code of Conduct in new collaboration agreements. Centralised supplier management is expected to be implemented in 2016/2017.	2016/2017

Objective	Target(s)	Expected to be completed
<b>Promotion of social responsibility in the value chain</b> Development of a Code of Conduct for agents	Develop a Code of Conduct for agents to ensure that they fulfil the requirements made by egetæpper concerning protection of human rights, labour practices, environmental issues and anti-corruption. The target is implementation in 2015/2016.	2015/2016
<b>Promotion of social responsibility in the value chain</b> Information to external manpower	Prepare a contractual obligation for egetæpper's sub suppliers to ensure decent employment conditions and working conditions for their employees. Initially the focus is on cleaning companies and external tradesmen. The target is implementation in 2015/2016.	2015/2016

Management excellence		
Objective	Target(s)	Expected to be completed
<b>Decision-making processes and structure</b> 100% implementation of DS 49001	Implementation of DS 49001 so that the factory in Gram, Bentzon Carpets, Hammer Tæpper and Litspin in Lithuania are included in the certification scope by no later than 2020.	2020
<b>Decision-making processes and structure</b> More women in management	<b>Board of Directors</b> Within the next four years (measured from 2015) increase the ratio of female Board members from 25% to minimum 40% of the members of the Board of Directors elected by the AGM, currently four members. <b>Managers</b> 30% of all newly appointed managers must in future be women. By 2017, 30% of all managers must be women. In the longer term, we wish the breakdown between men and women at management level to reflect the general breakdown between men and women in the company. The targets are Group targets, but the adopted initiatives will be implemented with Herning as the starting point, and subsequently at the other locations.	Board of Directors: 2019 Managers: 2017/2018
<b>Decision-making processes and structure</b> Mapping of employees in order to achieve more women in management	Before the end of 2017 an overview must be achieved of all employees' functions, competences and training plans. This will contribute to identifying potential new managers and ensure relevant follow-up.	2017

Consumer issues		
Objective	Target(s)	Expected to be completed
<b>Sustainable consumption:</b> Implement the Cradle to Cradle principles throughout the company	By 2020 at the latest, develop production processes and product design that expand opportunities to recirculate all materials in a closed cycle.  Engage in cooperation with companies that can reuse carpet waste in new ways.  Apply the Cradle to Cradle principles in internal and external communication, so that employees can take ownership of the concept and understand the philosophy.	2020
<b>Protection of consumers' health and safety &amp; sustainable consumption:</b> Cradle to Cradle certification of additional products	Cradle to Cradle certification of all Ecoline products and all tile products by 2020 at the latest. Cradle to Cradle certification of all Ecotrust backings. Ecoline for all Epoca flat-woven carpets and Epoca tiles.	2020

Human rights		
Objective	Target(s)	Expected to be completed
<b>Fundamental employee rights (et al.)</b> Implement the UN Guiding Principles	Phase 1: Perform a risk assessment of all human rights and implement preventive measures. Expected to be completed in 2015/2016. Phase 2: Influence first-line suppliers to implement the UN Guiding Principles and undertake the due diligence process. Expected to be completed in 2017/2018. Phase 3: Influence first-line suppliers to undertake the due diligence process for their sub-suppliers. Expected to be completed in 2020.	Phase 1: 2015/2016 Phase 2: 2017/2018 Phase 3: 2020

Community involvement and development		
Objective	Target(s)	Expected to be completed
<b>Job creation and development of competences</b> Practical training schemes for young people with behavioural diagnoses	Hold at least two practical training courses per year with 9th grade lower secondary school pupils (or similar schools) with diagnoses such as ADHD, Asperger's, autism, etc. The practical training will be adapted to the young people's opportunities, aiming to give them an enjoyable practical training experience.	Ongoing
<b>Job creation and development of competences</b> Establishment of apprenticeships	egetæpper in Herning and Gram currently employs ten apprentices/trainees. By 2020 at the latest there must be 70% more, which is equivalent to 17 apprentices/trainees in total.	2020

# APPENDIX 1: EMAS DECLARATION

**BUREAU VERITAS**  
Certification



## **ENVIRONMENTAL VERIFIER'S DECLARATION ON VERIFICATION AND VALIDATION ACTIVITIES**

**Bureau Veritas Certification Denmark A/S**

registered as EMAS environmental verifier no. DK-V Reg. 6002 and accredited for NACE code(s) 13,9 declares to have verified whether the sites or the whole organisation as indicated in the environmental statement:

CSR-report 2014/2015 for the year 2014 of 25 June 2015 of the organisation:

**egetæpper a/s**

Industrivej Nord 25, Birk, 7400 Herning, Denmark

Industrivej 3, 6510 Gram, Denmark

Registration Number: DK000012

meets all the requirements in Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

Bureau Veritas Certification Denmark A/S hereby declare that:

- the verification and validation has been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirement related to environment,
- the data and information of the environmental statement of the organisation reflect a reliable, credible and correct image of all the the organisations/sites activities, within the scope mentioned in the environmental statement.

This document is not equivalent to EMAS registration. EMAS can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

The verifier has verified the environmental statement in Danish and **BUREAU VERITAS** vouch for translations into other languages. **CERTIFICATION**

Date for next update of statement: 31.08.2016

Date of next joint statement: 31.08.2017

**19 JUNI 2015**

**REVIEWED NO. 8**

For information regarding the validity of this declaration, please call (+45) 77 311 000.

Further clarification regarding the applicability and scope of this declaration may be obtained by contacting the organisation.

Declaration number: DK004537-2

Date: 19.06.2015.



Certification office: Bureau Veritas Certification Denmark A/S, Oldenborggade 1B, 7000 Fredensborg

 **DANAK**  
DK-V Reg 6002



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## APPENDIX 4: SIGNIFICANT ENVIRONMENTAL IMPACTS AND EFFECTS<sup>17</sup>

### Development, raw materials, production and emissions

We evaluate the raw materials used in carpet production not only when we develop new products, but also in the purchasing phase. Strict requirements are made, which are well in excess of the statutory requirements, and we undertake thorough market investigations in order to select products with low environmental impacts. As yarns, carpet bases, backing materials and packaging primarily consist of synthetic materials, they are considered to have a significant environmental impact. The dyes and chemicals that are considered to be toxic are likewise viewed as significant impacts. Based on this assessment, we seek to influence the supplier to show greater environmental responsibility.

As a production company, we consume a lot of resources. This makes it all the more important to systematically reduce our consumption of electricity, gas and water. Our atmosphere is affected by emissions of CO<sub>2</sub> and NO<sub>x</sub>, and our water consumption affects groundwater levels.

In connection with production we seek to optimise the utilisation of resources in order to reduce the total consumption of resources and the total volume of waste. Before purchase, new production equipment is assessed to ensure that, as far as possible, the most environmentally-sound technology is used.

The production processes discharge dust, odours and emissions to the surrounding environment. These impacts primarily affect neighbours to egetæpper's factories. Emissions from process plant where processing temperatures are equivalent to or exceed 75°C, and if such emissions are subject to current statutory provisions, are considered to be significant. Emissions from dyeing, glueing and fixation plant at egetæpper are considered to be significant.

Wastewater and waste are also environmental impacts that are subject to statutory requirements and which are evaluated annually with a view to improving and/or minimising them.

We therefore optimise waste for recycling on a regular basis. Where thermal recovery is concerned, the external environment is affected by greenhouse gases and acidification, because CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>2</sub> are given off during the incineration process. However, we choose to incinerate waste at large incin-

eration plants, where the incineration process is most efficient and therefore has the least possible impact on the environment. The packaging we use is cardboard or plastic. Plastic packaging is made from polyethylene and polypropylene and is therefore considered to have a significant environmental impact, as these plastic products are produced from oil, which is a non-renewable resource.

### Working environment

The working environment is assessed continuously on the basis of workplace evaluations (APV), safety inspections, accidents and near-misses. APV take place every third year, and took place in Herning in 2014. Noise is considered to be significant if it is covered by statutory provisions or grievances are raised.

### Transport

Transport of products is associated with certain environmental impacts, e.g. CO<sub>2</sub> emissions.

### Product information, fitting and applications

The environmental management system ensures that our products are subject to extensive testing and subsequent declarations in terms of quality and environmental characteristics.

egetæpper recommends that only floor adhesives with the lowest possible emissions are used to glue carpets. These are called the EC1-classified floor adhesives. Other types of floor adhesive are considered to contribute significantly higher environmental impacts.

### Other environmental impacts

In cooperation with the local municipalities, it has been assessed that the external noise from egetæpper in Herning does not exceed the requirement in the environmental permit from Herning Municipality. In Gram, the external noise from egetæpper does not exceed the requirement from Haderslev Municipality.

In general concerning egetæpper's emissions, the values for organic and inorganic substances comply with all of the limit values laid down in guideline no. 2/2001 from the Danish Environmental Protection Agency.

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<sup>17</sup> Environmental impacts and effects are related to the factories in Herning and Gram.

## APPENDIX 5: CALCULATION BASIS AND DATA SOURCES FOR CO<sub>2</sub> CALCULATIONS

The Greenhouse Gas Account is based on a number of data sources that make it possible to convert our energy consumption to CO<sub>2</sub> emissions.

The CEMAsys calculation method is generally applied. CEMAsys complies with international standards and meets the requirements of the Greenhouse Gas Protocol. For electricity, the Energinet.dk declaration and the 125% method are used to calculate Danish emissions. The district heating plants' own emissions are used to calculate egetæpper's district heating

emissions. With the exception of electricity and district heating, the same emission factors are used for all of the different countries. In some areas, however, a distinction is made between international and national transport (applicable to air and train travel). VIA Egencia supplies egetæpper with greenhouse gas accounts for CO<sub>2</sub> emissions from air travel ordered via the head office in Herning. To calculate goods transport, we have applied the Climate Compass, which is an Internet-based calculation model developed by the Confederation of Danish Industry, the Danish Business Authority and FORCE.<sup>18</sup>

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<sup>18</sup> It was not possible, before the deadline for the CSR Report, to obtain data for transport consumption (petrol and diesel) in April for Shanghai/Singapore, Herning and Gram. The last month of the financial year is thus an estimate based on the preceding 11 months' consumption.





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THE URGE TO EXPLORE SPACE

Head Office

egetæpper a/s • Industrivej Nord 25 • DK-7400 Herning

Tel. +45 97 11 88 11 • Fax: +45 97 11 95 80

E-mail: [ege@ege.dk](mailto:ege@ege.dk) • [www.egecarpets.com](http://www.egecarpets.com)