

CSR REPORT

2010/2011



Respect for people and environment

ege[®]

we create more than carpets

About egetæpper and the CSR report

It is our pleasure to present egetæpper’s current Corporate Social Responsibility (CSR) report. The report provides an overview of our internal and external CSR activities during the financial period 2010/2011 (from 1 May 2010 to 30 April 2011).

CSR is all about results, initiatives and opportunities for improvement, viewed in the context of the environmental, social and financial challenges we face with regard to sustainability and social responsibility. If we are to preserve our planet so that future generations can live here too, it is imperative that we, as a company, take responsibility for how we act internally and to our surroundings.

In this report we present egetæpper’s results, as well as detailed information on the parameters we see as significant and which are therefore the focus of our CSR activities. These are the environment, employees, and

occupational health and safety. The report is primarily based on conditions at our three factories at Herning, Gram and Vejle in Denmark. The data concerning CO₂ emissions also includes Bentzon Carpets, in which we hold 51% of the shares, and our subsidiaries. The long-term plan is to include both Bentzon Carpets and the subsidiaries in the report on an equal basis.

The CSR report has not been verified by a third party. Nevertheless, the report is the result of comprehensive efforts to collect and internally verify the information presented. All environmental data from Herning, Gram and Vejle are verified by Bureau Veritas Certification in connection with the preparation of our annual Environmental Report.

We have chosen to report in accordance with the Global Reporting Initiative (GRI), level C, although we have doubled the number of indicators.

Report Application Level

		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B.	
	G3 Management Approach Disclosures	Not required.		Management Approach Disclosures for each Indicator category.		Management Approach disclosed for each Indicator category.	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 performance Indicators, including at least one from each of: social, economic and environment.		Report on a minimum of 20 performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core G3 and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

*Sector supplement in final version

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ege head office in Herning.

Profile

In 1938, Mads Eg Damgaard founded egetæpper, which is today one of Europe's largest manufacturers of textile flooring. Mads Eg Damgaard was a visionary man. His philosophy was uncompromising: he used only the latest and most advanced technology in carpet production and he was not afraid to challenge conventions. His philosophy survives at egetæpper. We still believe that quality and the ability to supply groundbreaking design is the way ahead for ege.

egetæpper's vision

We wish to be the trend-setting supplier to the most demanding sectors of the market.

egetæpper's mission

Our mission is to design carpets with respect for people and the environment.

Activities

In 1985, egetæpper was listed for the first time as a public limited company: egetæpper a/s. The group's primary activities are the production and sale of tufted carpets for the contract and domestic markets. We

produce 26 different standard carpet products for the contract market, as well as 29 standard domestic products, which we use advanced technology to produce in a multitude of colours and patterns. This year we produced 3,082,659 m² of carpet in Herning and 2,168,001 m² in Gram. This gives a total production of 5,250,660 m² of carpet.

Production takes place at our three factories in Denmark.

Herning: Production and sale of patterned, tufted and flat-woven carpets.

Gram: Production of tufted and flat-woven carpets

Vejle: Production and sale of yarns for the carpet industry, including both carded yarns of undyed wool and synthetic fibres, and natural white polyamide (or BCF) yarns.

We also purchase undyed flat-woven ground tissue from Bentzon Carpets, which we then dye, add backing to and resell. egetæpper outsources isolated maintenance tasks, including cleaning, maintenance of lawns and gardens, and supply of indoor pot plants.

Markets

In addition to the factories in Denmark, the ege Group comprises subsidiaries in our primary markets: Denmark, France, Germany, Norway, Sweden, the UK and the United Arab Emirates. We are currently also working to establish a subsidiary in China. We have greatest potential in the contract market, where we sell to five different segments: hotels, offices, the healthcare sector, institutions and the transport sector. Within these segments, our typical customers are: hotels, restaurants, retail stores, offices in the public and private sectors, airports, schools and institutions, hospitals and nursing homes, shipyards and train manufacturers, etc. In the domestic carpets market, egetæpper concentrates its efforts in Denmark and Sweden. Our customers are mainly retail flooring chains (Garant and Tæppeland in Denmark and Golvkedjan AB in Sweden) and independent carpet retailers.

egetæpper's sales organisation takes care of carpet sales from the main office in Herning and through our seven subsidiary companies, and agents/distributors in 50 countries. The sales department in Vejle takes care of yarn sales. We also undertake outsourced production for other suppliers in the industry.

Significant changes

On 1 May 2010 we acquired 51% of the shares in Bentzon Carpets, which was founded in 1976 and which produces flat-woven carpets for the contract and domestic markets. The plan is that by 1 May 2020 at the latest egetæpper will take over the remaining 49% of the shares in the company. Bentzon Carpets is currently continued as an independent company. During the next years Bentzon Carpets will gradually be introduced to the same environmental management systems and requirements under which egetæpper operates. Already this year, some data for Bentzon Carpets will be included in the CSR report. In the other CSR areas, Bentzon Carpets will not be included in full until egetæpper's ownership has been further expanded.

The financial crisis still has a negative impact on egetæpper's turnover, although there is progress and new optimism in the market. In the last financial year we made 46 employees redundant due to the financial crisis. This development has now ceased, so that we are now retaining the same number of employees. We currently employ 353 people at the three factories, which is exactly the same number as last year.

Awards won in the reporting period

To mark the International Health and Safety Day on Thursday, 28 April 2011, the Danish Confederation of Trade Unions in Herning-lkast awarded a health and safety prize to egetæpper in Herning. The background was the company's sustained effort to reduce the number of occupational injuries.

Openness

In general, egetæpper has a declared intention to maintain a high level of information for stakeholders and employees on development and activities in the Group. We therefore publish quarterly, half-yearly and annual reports. The Annual Report 2010/2011 provides information on egetæpper's management organisation, financial results, assets, ownership, net sales and total capital value, etc. We also publish an annual Environmental Report and an annual Greenhouse Gas Account. These reports include factual information about the group's environmental activities. As a supplement to these reports, we also publish our "Green Thinking", a report that covers all our environmental initiatives and labelling schemes, including focus on soft values and current cases, as well as the annual CSR report.

The first CSR report was published last year and was well received. We are proud to state that the Danish Commerce and Companies Agency has cited four paragraphs from the report as good examples in an official guide for companies on CSR reporting in Denmark. The guide is entitled "Redegørelse for samfundsansvar - praktisk vejledning og inspiration" (Report on Corporate Social Responsibility - practical guide and inspiration) and is available (in Danish) at www.samfundsansvar.dk.

The report was also well-received by egetæpper's Board of Directors, and it has been mentioned several times by local media and organisations.

We firmly expect the CSR report to be of particular interest to our employees at all levels, end-users of our products, architects, designers, schools of architecture/design, trade magazines, the Danish Environmental Protection Agency, the EU, the ege Foundation, the ege Board of Directors, suppliers and others.

All our reports and updates are available to the public as hard copy editions, and/or via our website: www.egecarpet.com.

A sustainable company philosophy

During the past year, the environmental, social and economic challenges at global level have become even more demanding. Global environmental catastrophes, economic depression and the resulting social problems reveal a growing need to focus on turning this development around. As a company we believe that even more sustainable development is the right course to take. In the past year we have therefore launched two important sustainability initiatives.

In cooperation with DONG Energy, in the first months of 2011 we drew up an ambitious proposal for a strategy and action plan for egetæpper's climate responsibility and climate communication for 2011-2014. We have adopted the vision to be an energy-efficient company in which management and employees take active climate responsibility by:

- having an ambitious climate vision and strategy
- being energy-efficient, so that energy consumption is reduced by 20% in the period 2006/2007 - 2013/2014
- reducing our own CO₂ emissions by 20% in the period 2006/2007 - 2013/2014
- promoting renewable energy in Denmark by purchasing this type of energy
- communicating and documenting climate responsibility

As another important step, we have joined the Danish Council for Sustainable Development (RBE). RBE promotes market development based on a sustainable balance of economic, social and environmental considerations. RBE has among other things been very actively involved in the development of the Danish Consumer Ombudsman's guidelines on the use of environmental and ethical claims, etc. in marketing, which were published in January 2011. We have high expectations to the work that we will now be part of via RBE.

These two initiatives ensure that we take our share of responsibility, and this will hopefully inspire other companies to follow suit. This may seem a drop in the ocean in global terms, but it can nevertheless spread

like ripples on the surface and in time help achieve more positive global development.

egetæpper's core value is respect for people and the environment. Working with CSR is therefore not a great innovation for us. The new aspect is the commitment we made one year ago when we endorsed the UN Global Compact and the Danish Fashion & Textile Code of Conduct. Since then, we have begun to work in a number of the areas where there is basis for improvement. There have been several success stories as a result, but there are still issues and challenges in other areas that we need to tackle. In overall terms, we continue to concentrate our CSR work in three main areas which are highly relevant for egetæpper: the environment, employees and health and safety.

We believe that our environmental responsibilities extend far beyond general legal requirements. For the last many years we have therefore worked consistently to reduce our impact on the environment. In 1996, we commenced the implementation of ISO 14001 and EMAS at the Group's three factories in Herning, Gram and Vejle. The rigorous requirements specified in these environmental management systems help us ensure that the environmental impacts of our production and products are as low as possible. We are also committed to continually reducing our environmental impacts as much as possible. We also continue to work on the introduction of Cradle to Cradle certification, in cooperation with EPEA and Cradle to Cradle Denmark. We furthermore prepare and publish the Group's annual Greenhouse Gas Account, in accordance with the Greenhouse Gas Protocol.

Our employees are an important part of our company. In 2006, we therefore embarked on implementation of the occupational health and safety management system, DS/OHSAS 18001, the objective of which is to manage and minimise safety and health risks in the workplace. Moreover, we offer our employees a number of services and benefits that help make egetæpper an attractive workplace for current and potential employees.

Within the company, we conduct a number of activities that are intended to promote the health and safety

of our employees at the three factories, including safety inspections and workplace assessments, and by offering healthcare insurance, physiotherapy and healthy canteen meals (the Canteen Diploma scheme). We also focus strongly on health and safety in connection with our products. egetæpper's mission states that "We design carpets with respect for people and the environment". We do our utmost to create carpets that are not detrimental to the environment and have a positive effect on health and safety. To document this, we actively use a large number of labelling schemes, all of which indicate what effect egetæpper products have on the environment, health and safety. These are BRE, the CE marking scheme, the Danish Indoor Climate Label, LEED, INSTA 800, IMO and the Swedish Construction Products Declarations BVD3 and BVB.

egetæpper's declared CSR objective is to contribute to a more sustainable world by continually striving to improve how we handle environmental, social and financial challenges, for the benefit of future generations. In view of the new sustainability initiatives, we believe that we are on the right course. This is a process of continuing to learn more about our areas of both excellence and improvement. In both the wider and smaller aspects, the future belongs to us, and we are ready to take up the challenge of ensuring a bright future for our company.

Herning, 1 August 2011



Svend Aage Færch Nielsen
CEO



John Vestergaard
CFO



We have manufactured 2,781,436 kg yarn in Vejle in 2010/2011.

Energy project in Vejle – savings of 1,058,820 kWh

In January 2009, egetæpper in Vejle initiated cooperation with NRGi Consulting to find energy savings at the factory. The cooperation has put focus on improved supplementary adjustment of the production processes. After a restructuring of production some years ago there is no longer the same water drainage requirement as before. A drainage realignment entailed an-

nual energy savings of 129,800 kWh. Another example was a post-fitted new water control system that did not function optimally with the recycled heating system. A small adjustment gave an annual saving of 328,900 kWh. In total, 17 projects have achieved total energy savings of 1,058,820 kWh.

Organisational anchorage

egetæpper's Strategy Group is responsible for the overall corporate strategy. The Strategy Group, comprising both egetæpper chief executives, the management team and selected employees, resolved in May 2009 to form a CSR steering committee with responsibility for developing egetæpper's CSR strategy. Under the leadership of Quality and Environmental Manager Jan Ladefoged, the CSR steering committee has among other things published the CSR report, as well as a number of initiatives in the defined CSR focus areas. The work of the CSR steering committee is presented at regular intervals to the Strategy Group, which means that the CSR focus areas are implemented in egetæpper's corporate strategy.

Stakeholders' role and importance at egetæpper

egetæpper's stakeholder group comprises: current and potential employees, end-users, flooring contractors, architects and designers, alliance partners, educational institutions, trade unions, the media, the authorities, shareholders/owners, NGOs, trade organisations, the general public, and suppliers of products, services and plant.

Open dialogue with the company's stakeholders is one of the cornerstones of the egetæpper management philosophy. We therefore maintain continuous dialogue with customers, suppliers, employees, the authorities and other stakeholders. In the past year we have, for example, performed two different analyses involving our stakeholders.

In January 2011, we in Denmark conducted a customer satisfaction survey of retailers and contractors.

272 customers were invited to participate, and 81 accepted. The overall conclusion of the analysis was that egetæpper commands a sound position in the Danish market. In the respondents' view, we perform well compared with our competitors, and by far the majority of the respondents were satisfied or very satisfied with egetæpper. A few respondents had had less positive experiences with egetæpper, and all of these cases have been considered internally and followed up when deemed relevant.

In March 2011, in cooperation with an external analysis institute, we launched a major international stakeholder analysis involving architects, interior architects and flooring contractors in Denmark, Norway, Sweden and the UK. The purpose was to achieve a sound basis for adjustment of the business strategy, and to determine and adjust the development in our ranges and product development, marketing strategy, sales focus and operational areas. A total of 900 interviews were held with the three target groups, which included stakeholders with whom we already cooperate, and stakeholders we did not know. The analysis showed that egetæpper ranks high in the Nordic market, while market shares can still be won in the British market, among other things by making egetæpper better known. We are still working on implementing the analysis' conclusions in our business strategy and the other focus areas of the analysis.

The plan is to conduct the same analysis in France and Germany later in the year, so as to gain a complete picture of our primary markets.

Results

Environment

The environment has been important to egetæpper for many years. Our environmental policy is to prevent and reduce the environmental impacts of the production, use and disposal of our products, and to continue to improve our efforts in the working environment area. We achieve this via focused activities and by persistently setting environmental objectives that are based on the following policies.

We will

- develop products that have least possible environmental impact
- perform environmental assessments of raw materials
- produce our products in a way that ensures best possible use of all resources
- continually prevent and reduce environmental impacts and waste production
- ensure responsible waste disposal
- train and motivate employees to work in an environmentally responsible way
- promote dialogue between management and employees
- inform users of our products of their environmental impact via product declarations
- encourage openness and dialogue between the company and the general public
- meet legal, official and other requirements pertaining to the environment in general and the working environment in particular
- prepare an environmental report containing environmental policies and objectives.

ISO 14001

At egetæpper, we believe that our environmental responsibilities extend far beyond general legal re-

quirements. Therefore, in 1996, we implemented ISO 14001 at the factory in Herning, followed by Gram in 1997 and Vejle in 2003. ISO 14001 is one of the environmental management standards most frequently used in the world today. To achieve certification, a company must meet a number of different requirements related to environmental policy, planning, implementation and execution, control and remedial action, and 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 to continually improve and prevent by setting new objectives.

EMAS

EMAS is an EU directive formulated for the purpose of promoting environmental initiatives in all types of companies. EMAS takes the requirements in ISO 14001 a step further, as the EMAS requirements for improved environmental activities include employee involvement, verification of compliance with applicable legislation and that environmental policy is communicated to stakeholders. EMAS is a direct response to some of the key principles of the EU's environmental action plans, and to the challenges we face in ensuring sustainable development. egetæpper has registered for EMAS verification as we believe that EMAS improves the quality of our environmental management system. In addition to the ISO 14001 requirements, we are also required to prepare a detailed environmental report, which must be verified by an accredited verifier.

Greenhouse Gas Account

Since 2009 we have prepared a Greenhouse Gas Account for the ege Group. A Greenhouse Gas Account is a statement of the company's total emission of CO₂, and thereby also documentation of the Group's contribution to global warming. The Greenhouse Gas Account is calculated in accordance with the Greenhouse Gas Protocol, which has been developed by the World Business Council for Sustainable Development and the World Resources Institute. In 2010/2011 we emitted 18,943 tonnes of CO₂, corresponding to a 20.6% reduction relative to the basis year.



The boiler station in Herning.

Climate strategy

At the beginning of 2011, in cooperation with DONG Energy, we drew up a proposal for a climate strategy that includes a number of ambitious targets to ensure that egetæpper is an energy-efficient company in which management and employees take active climate responsibility. 16 different energy saving projects will help us reduce our energy consumption. The projects include greater focus on recovery in our production, greater focus on recycling via Cradle to Cradle certification, and the promotion of renewable energy by purchasing this type of energy. In addition, a number of initiatives for communication of our climate strategy will be launched.

The criteria for the success of the climate strategy are:

- Reduction of energy consumption by 20% in the period 2006/2007 – 2013/2014.
- Reduction of CO₂ emission by 20% in the period 2006/2007 - 2013/2014.
- Development and implementation of a sales training programme with focus on our climate strategy.

The climate strategy entails that we can offer carpet solutions in a creative design, in first-class quality, with due consideration of the climate aspect.



Weavers in Herning.

Cradle to Cradle certification

Last year we established cooperation with EPEA Copenhagen ApS on the introduction of Cradle to Cradle certification of selected carpet tile products. Cradle to Cradle is an expansion of Cradle to Grave, which we have worked on for a number of years by assessing product life cycles relative to how the products impact on the environment during their lifetime. Cradle to Cradle goes one step further by focusing on how we design products which, instead of ending as waste, can become nutrients or other substances that can be recycled in future generations of products or raw materials.

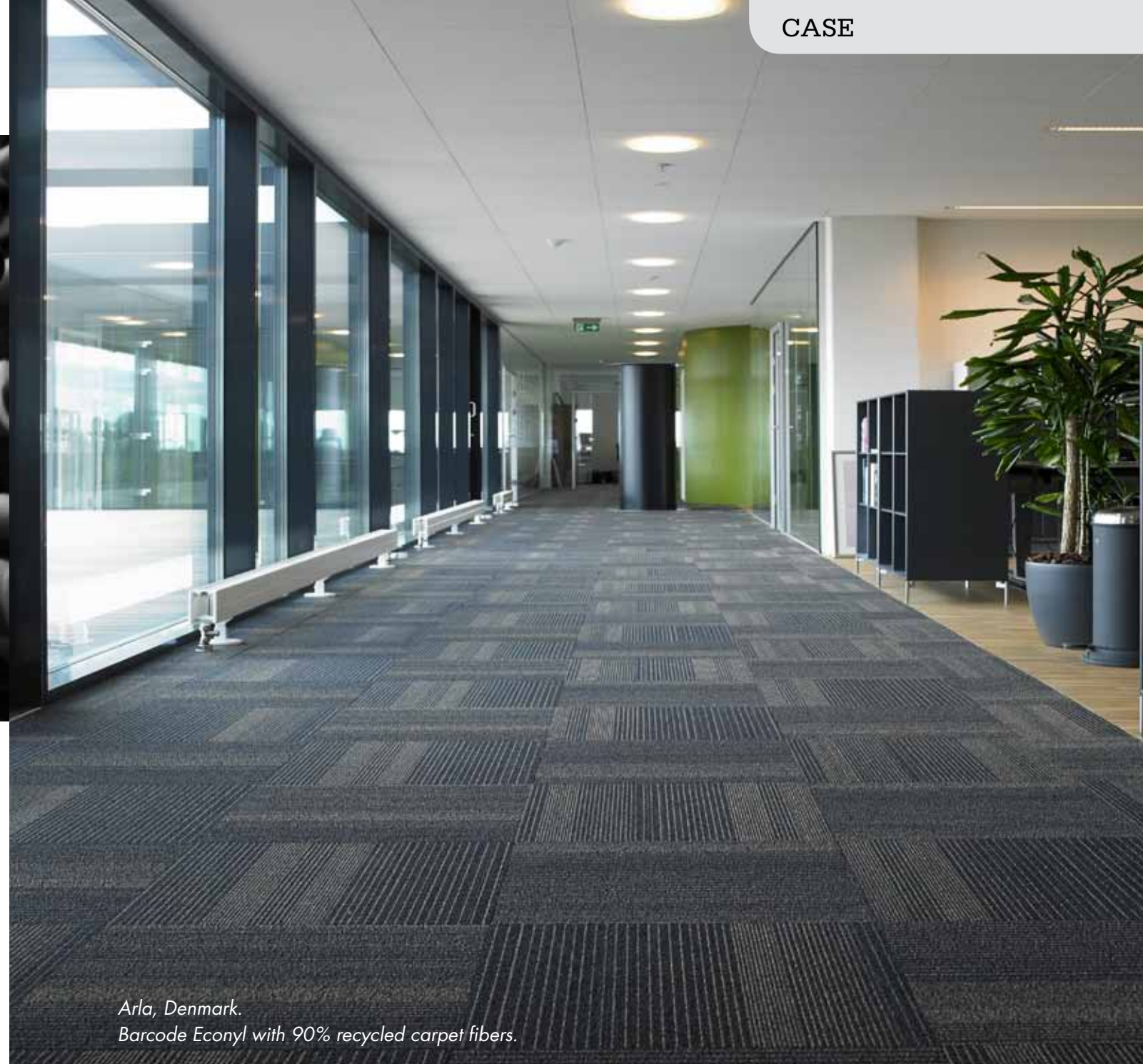
Cradle to Cradle certification of carpets has proved to be a difficult process that takes longer than expected to implement. It is a new field for suppliers, and it takes time for them to establish what they are required to document. Furthermore, the collection of the required data from the many suppliers in order to begin certification has proved to be a bigger task than we expected. We are thus still awaiting feedback from a number of suppliers before we can complete the final product certification of the first carpet tile product. At the beginning of the new financial year, in cooperation with EPEA and Cradle to Cradle Denmark, we will

draw up a "roadmap" for egetæpper's future business model for Cradle to Cradle certification.

Animal welfare

egetæpper uses sheep's wool in production of the yarns used to make carpets. The bulk of our wool is purchased from New Zealand and the remainder from the UK. Manufacturers in the textile industry often buy wool from sheep that have been subject to mulesing, i.e. that wool-bearing skin and hair is surgically removed from the animals' breech (buttocks) without prior anaesthetisation. egetæpper has expressed strong opposition to this practice. Danish Fashion & Textile has investigated the scope of mulesing and has concluded that mulesing is not used in connection with the production of wool for the carpet industry.

In summer 2011 we will send Danish Fashion & Textile's Code of Conduct, principle 11 concerning animal welfare, to our supplier of wool from New Zealand with an enquiry concerning how they will document that the sheep are fed, treated and culled with dignity and respect. This will be the first step in the development of a procedure and practice to ensure animal welfare in the future.



*Arla, Denmark.
Barcode Econyl with 90% recycled carpet fibers.*

Series of sustainable carpet collections

Carré Modular, produced in the same way as Barcode Econyl, has been added to our Ecoline series of sustainable carpet collections. The unique aspect of the Ecoline collections is that they are produced with minimum 90% recycled fibres from egetæpper's own waste yarns. Due to the high contents of recycled fibres, 50% less energy is used to produce the yarn in these products. Moreover, the carpet tile backing is

100% textile and produced without using PVC or bitumen. A new aspect is our decision that we will in future use renewable energy from wind turbines in a volume that corresponds to the electricity consumption used to produce the Ecoline collections. DONG Energy will advise us in this process, in order to ensure that the renewable energy is verified as really being renewable.

Employees

Working environment

We are aware of our corporate social responsibility to our employees and we wish to make egetæpper an attractive and pleasant workplace for our employees. The creation of a safe and healthy working environment is therefore an important element of our environmental policy. To achieve this, we work with the occupational health and safety management system DS/OHSAS 18001, which we implemented in Herning in 2006, and in Gram and Vejle in 2008.

DS/OHSAS 18001 is an international management tool for the working environment and health and safety, which aims to help companies manage and minimise health and safety risks. In order to achieve DS/OHSAS 18001 certification, we were obliged to document that the working environment at egetæpper is both safe and healthy. We have therefore resolved all obvious and significant issues relating to the working environment, and we consistently seek to improve our efforts by revising our policies and setting new objectives for both the working environment and health and safety. The issues on which we currently focus are associated with the physical working environment and concern noise, dust, the indoor climate, space issues, lack of time, heavy lifting and draughts. The psychosocial working environment is assessed in regular workplace assessments. In Herning we commenced a new round of workplace assessments in 2011, which will lead to concrete action plans in autumn 2011.

Our working environment policy is:

- ensuring a sound and healthy working environment
- continuous improvement to working environment conditions
- activities to promote inclusiveness and health

One of our overall objectives is to ensure a safe and healthy working environment through close cooperation between company management and employees and for this reason, we encourage active employee involvement. We have set up an interdisciplinary Environment and Health and Safety Committee which regularly investigates and assesses the need for activities that can help promote the well-being of our employees. For example, we have Stop Smoking courses, and we offer employees weekly physiotherapy at the factory. In Herning, the staff canteen now provides healthier and nutritious meals. In addition, we have a number of interdisciplinary Environment and Safety Groups charged with the task of resolving health and safety issues in the individual groups' areas of work.

During the past year several egetæpper projects have been launched with focus on health promoting activities.

June 2010:

Health check and fitness assessment offered to all employees.
Questionnaire survey of own health and proposed action areas.

September 2010:

Competition to see who could take most steps in the course of a week. Step counters were issued to all employees, and most of them took part in the competition.
Two afternoon events with an exercise coach who presented the benefits of healthy exercise.

October 2010:

Participated in the nationwide "Exercise at the Workplace" competition.
Arranged a family activity day at the local leisure centre.
Offered personal stop smoking schemes, accepted by three employees.

November 2010:

New health check and fitness assessment offered to all employees.

January 2011:

Two afternoon events with focus on a healthy diet.
Invitation to attend three evenings on practical cookery, led by a dietician.

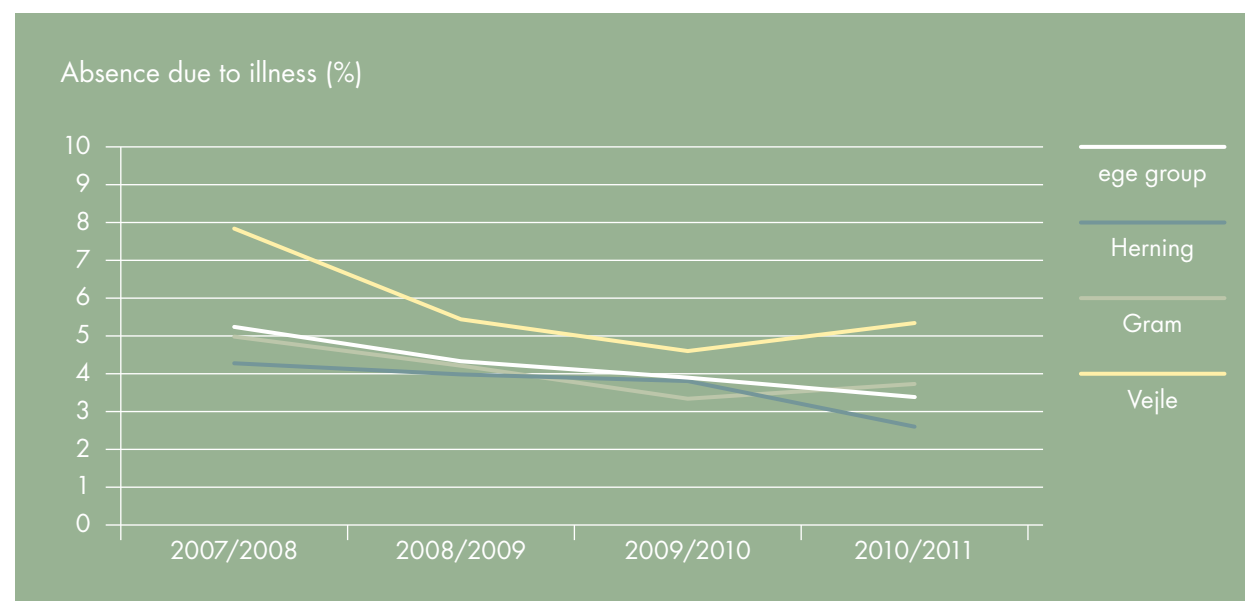
March 2011:

Ten employees participated in the "Count your steps" campaign.

Workplace on the Move— health project in Gram

In June 2010, the factory in Gram joined a three-year project called "Workplace on the Move" initiated by Haderslev Municipality. The project helps employees to live more healthily by offering health checks, exercise campaigns, dietary advice and stop-smoking courses. Most employees took part in the project to some

extent or other. After the first six months an evaluation showed that most employees are more aware of the need to get more daily exercise and generally feel healthier than at the start of the project. The project has been so successful that the initiatives will be continued, as long as there is an interest among employees.



Absence due to illness

The overall target for the Group is maximum 4% absence due to illness. With absence due to illness measured at 3.4% for the year, this target has been achieved. The best results were in Herning, where absence due to illness was 2.7% and in Gram, where it was 3.8%. In Vejle, absence due to illness was 5.3%, which both exceeds the objective and is slightly higher than last year. The increase from last year is due to long-term absence due to illness (only the first nine weeks of absence are included in the statistics) concerning non-occupational illness. In this context, over the last four years absence due to illness in Vejle has been reduced from 7.9% to the current 5.3%. This has been achieved by means of a scheme whereby sick employees are contacted by a nurse, the introduction of regular contact with employees while they are off sick, and internal publication of absence statistics.

Accommodating diversity in the labour force

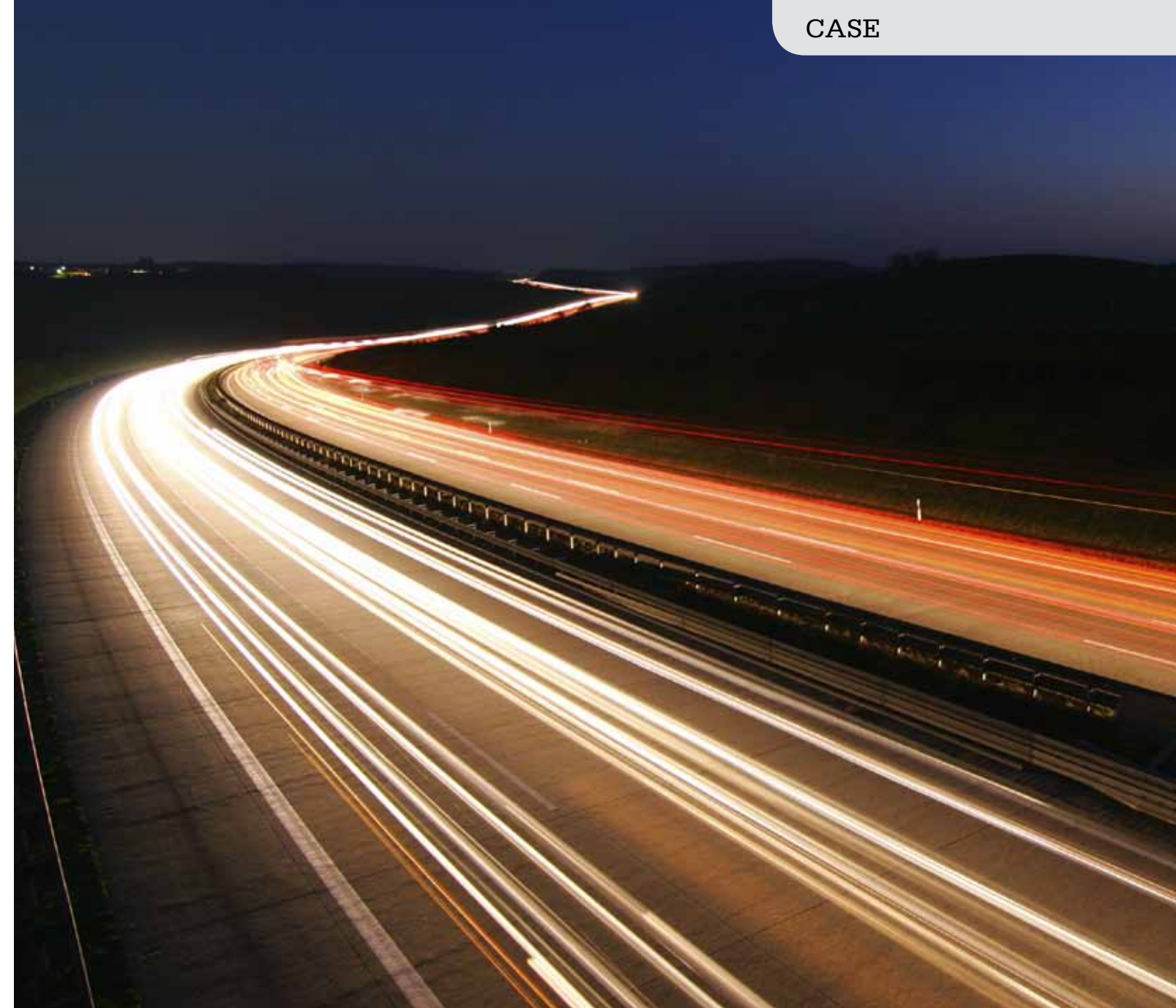
egetæpper wishes to accommodate diversity among its employees. For example, if an employee becomes ill or worn down, we find them alternative work or light duties. In 2010/2011 we had 5 employees employed under flexible employment schemes: 2 in Herning, 2 in Vejle and 1 in Gram. In addition, 4 employees in Herning are employed under the Danish Section 56 scheme, whereby the company can claim salary compensation from the municipal authority when an employee suffering from a chronic illness is absent due to this illness. The employees under the Section 56 scheme receive

pay equivalent to the sickness benefit payment for the days they are absent due to their chronic illness.

Rights

egetæpper is a member of the trade association Danish Fashion & Textile. In Herning, Gram and Vejle, the company complies with the respective collective bargaining agreements between the Confederation of Danish Employers (DA) and 3F (United Federation of Danish Workers), Dansk Metal (Danish Metalworkers' Union), HK privat (commercial and clerical workers' union) and Teknisk Landsforbund (the Danish Association of Professional Technicians). We comply with these collective agreements where salaries, maternity/paternity and parental leave, industrial injury insurance, liability and accident insurance, terms of notice, etc. are concerned. This means, for example, that most of our employees are entitled to 4 weeks of maternity leave with pay before confinement, and 14 weeks after the child is born. Hereafter the parents are entitled to a total of 11 weeks of paid parental leave, and of these 11 weeks, each of the parents is entitled to their full pay for 4 weeks. Either the father or the mother receives pay for the remaining 3 weeks. If the leave is not taken, the pay entitlement lapses.

We offer all employee groups a 12% labour-market pension scheme, where egetæpper pays a premium corresponding to 8% of the employee's salary and the employee pays 4%. The individual employee can elect to make additional pension contributions.



Transport issues

Due to the sharper focus on CO₂ emissions, the issue of the environmental consequences of transporting our carpets has become relevant. On an annual basis, we produce around 5 million m² of carpets in Denmark, which are exported to 76 countries worldwide. The carpets are transported by lorry, aircraft and ship. To gain an overview of the total CO₂ emissions, we need to know the total number of kilometres that the carpets are transported. It is difficult to gain a precise overview, as there is a lack of reliable data from our transport suppliers. The transport industry does not have a

common system to collect this data. In addition, we do not always know the final destination for our carpets. They are often initially supplied to our customer, for example a flooring contractor in India. This contractor then undertakes the transport to the final customer. Notwithstanding these challenges, we have concrete plans to develop a method of compiling the CO₂ emissions due to the transport of our carpets. This has been included in our climate strategy, and we expect to take up this challenge in the next financial year.

Supplementary education and training

In order to be seen as an attractive employer, employees must be enabled to do their work as well as possible, with opportunities to develop their competences. We therefore support supplementary education activities and training programmes for our employees. With the exception of the last financial year, when we had to put many activities on standby, due to the financial crisis, since 2006 we have held three-day introduction courses for employees at the three factories. In the course of these three days employees are introduced to every aspect, from product development and design processes, to environmental management systems, sales and marketing, and receive practical guidance in the assembly and installation of carpets. They also visit all three factories in order to be briefed on production.

We also support employees' competence development by offering external courses, supplementary education and workshops. We have not previously calculated the percentage of employees that participate in these activities, but we would like to focus more on this area in the future. From the next financial year we will therefore state how many employees participate in competence development activities.

Employee benefits

There is more to an attractive workplace than the working environment and collective agreements. It is also important that we offer employees a wide-ranging package of benefits. Among the most important benefits at egetæpper is the collective monthly bonus scheme, where the bonus depends on a variety of factors including revenue and production.

We also offer employees supplementary healthcare insurance via the insurance company If. The price is DKK 76 per month after tax and this insurance is offered to

all employees. Employees can also choose to insure their spouse or partner and children.

Other benefits include: egetæpper employees receive their normal salary during acute visits to their own doctor or acute treatment during working hours. Production workers are supplied with workwear shortly after starting work at egetæpper. egetæpper also offers staff associations, discounts on fuel and paint, for example, and the opportunity to rent a summer cottage on the island of Læsø on favourable terms.

Charity

As we have endorsed the Danish Fashion & Textile Code of Conduct, last year egetæpper decided to have more focus on charitable causes. In Herning we have therefore commenced cooperation with the KidsAid Foundation, whose main objective is to support sick and underprivileged children in Denmark. Money is collected for KidsAid via four different types of exercise, where egetæpper donates DKK 1 for every km that employees and their closest family members exercise in the course of the project. All of the funds are channelled to the children's ward at Herning Regional Hospital. Besides the exercise groups, all employees have the opportunity of making an annual donation to KidsAid of a fixed amount of DKK 25, 50 or 100 from their monthly salary. We consider the project to be a natural opportunity to combine the need for health-promoting activities with charitable causes in the local community.

"Ege Foundation - the Vibeke og Mads Eg Damgaard Foundation" also makes annual donations to deserving causes. The foundation's capital derives from the yields on egetæpper's shares. Annually, an amount in the million range is paid from the Ege Foundation, primarily to non-profit, cultural activities.



WalkingAid:

147 employees and family members
16,908 km walked in the first quarter

RunningAid:

107 employees and family members
4,017 km run in the first quarter

CycleAid:

108 employees and family members
20,562 km cycled in the first quarter

GolfAid:

31 employees and family members
396 km covered on the golf course in the first quarter

Contributions via salary:

18 employees have chosen to donate DKK 25, 50 or 100 of their monthly salary over a whole year to KidsAid. This totals DKK 15,900 in one year.

Around the World for KidsAid – Exercise for a good cause

With "Around the World" for KidsAid we wish to focus on health and well-being, while supporting a worthwhile charitable cause. Our objective is to cover the distance around the world of 42,000 kilometres. For every kilometre that we walk, run or cycle, egetæpper donates DKK 1 to KidsAid, which goes to the children's ward at Herning Regional Hospital.

KidsAid is a Danish charitable foundation with the key objective of supporting sick and underprivileged children in Denmark. KidsAid collects funds based on the philosophy that a good environment and positive, life-affirming activities can help children manage the more difficult aspects of their lives.

The project at egetæpper was launched in spring 2011 with the objective of improving employees' health and strengthening team spirit across the organisation. Four exercise groups were set up: WalkingAid, RunningAid, CycleAid and GolfAid, as an opportunity for all employees and their families to participate in communal health-promoting activities. On an individual basis too,

employees and their families can raise money for the good cause by taking part in more exercise. All employees have been issued with step counters, and all they need to do is to note down how many steps they take each day, how far they cycle, and how far they run.

161 employees and family members have signed up for the project, and in the first quarter we covered a total distance of 41,885.75 km. This means that we are already very close to the objective of 42,000 km. It has therefore been decided to expand the project to twice round the world, i.e. 84,000 km, which will conclude the project for this year.

Besides the exercise activities, on 2 April 2011 egetæpper opened its doors to the public, who could tour the factory in Herning and buy carpets from stock at favourable prices. We had between 1,000 and 1,500 visitors in total. The event made a profit of DKK 59,960 which all went to the KidsAid project.

Health and safety

We believe that health and safety is a matter of producing carpets that contribute to a safe and healthy indoor climate in the buildings where they are used¹. We focus on product characteristics and we work consistently to reduce any negative impacts our products may have. Each of our products is certified according to a range of standards to ensure that the carpets meet the highest quality requirements, including health and safety.

CE marking

All egetæpper carpets carry the CE mark. CE stands for "Conformité Européenne". The CE standard indicates that the product conforms to the relevant EU directives. When a product carries the CE mark, the manufacturer declares that the product meets all relevant European legislative requirements, the objectives of which are to protect health, safety and the environment. The standard includes a list of regulations concerning product specifications within key areas such as fire prevention, health, environment, safety in use, energy conservation and heat insulation.

BRE Life Cycle Analysis

The British organisation, BRE Certification Ltd. prepares environmental profiles that make it possible to register products in a universal measurement system. Environmental profiles describe the environmental impacts of the products throughout their life cycle, making it possible for architects, designers and purchasers, etc. to include the environmental aspects in their choice of carpets. The BRE certificate provides information on the environmental characteristics of an individual product in relation to a series of pre-defined requirements. Points are given to products where the manufacturer has succeeded in using low-impact materials at every stage of their life cycle. egetæpper has 12 BRE-certified products.

Environmental declarations in accordance with ISO 14025

As an innovation, egetæpper has applied for EPD of

our tile collection, Carré Econyl Modular 750, based on recycled fibres. EPD stands for Environmental Product Declaration, covering a life cycle assessment of the carpets' environmental impact pursuant to ISO 14025. The organisation Gemeinschaft umweltfreundlicher Teppichboden (GuT), which represents the carpet industry on environmental issues in Europe, together with Deutsches Institut für Bauen und Umwelt (IBU), are behind the EPD verification scheme.

During the 2010/2011 financial year egetæpper collected data for EPD, which has now been submitted to GuT for processing. The environmental product declaration is expected to be available in August 2011.

Sustainable construction with LEED

LEED stands for Leadership in Energy and Environmental Design. LEED is a voluntary certification programme for buildings. The programme has been prepared by the U.S. Green Building Council and is dedicated to sustainable and green design and construction at the global level. The programme provides architects, designers and purchasers with concrete, practical ratings for design and product characteristics, and also offers independent third-party certification.

The LEED system is appropriate for use in all types of construction projects and at all stages of a building's life cycle, from design and construction to retrofitting. Buildings constructed according to LEED use resources more efficiently than conventional buildings.

Furthermore, these "green buildings" provide healthier living and working environments, as the materials used all have a low impact on the environment and the indoor climate. egetæpper's products first qualified for LEED in 2008 and today all our products with synthetic tufting, and textile and latex backing, as well as wool, are LEED-qualified. This relates to 41 products, which is a considerable increase from last year, when we had 28 LEED-qualified products.

¹ Health and safety naturally also includes the health and safety of our employees. This section, however, is dedicated to health and safety in relation to our products and the people who use them.



Harmful substances requirements via BASTA

BASTA is a Swedish registration system which aims to establish an industrial standard for the limitation of harmful substances in building materials. The system also aims to speed up the phasing-out of harmful substances in construction.

Through BASTA, the Swedish construction sector has reached consensus on a common definition of harmful chemical properties. This definition is then used to determine whether a product is acceptable or not. It is up to the supplier to confirm whether the product concerned meets these predefined criteria. To ensure its credibility, the system is subject to a quality assurance audit. All of our carpet products meet the BASTA criteria, but only carpets supplied to the Swedish market are registered in BASTA's system.

Healthy indoor climate via Danish Indoor Climate Labelling

All egetæpper carpets are approved according to the Danish Indoor Climate Labelling (DICL) scheme. This is a voluntary labelling scheme under the Danish Technological Institute that addresses the impact on the indoor climate of construction materials and products. The objectives of indoor climate labelling are to improve the indoor climate in buildings by giving manufacturers a tool by which to develop indoor climate-friendly products, to give consumers a helping hand to choose indoor climate-friendly products, and to give interested parties a tool for improving their understanding of how products impact on the indoor climate.

The DICL scheme presents contractors, architects, designers and purchasers with the opportunity to select products that do not pollute the indoor climate. At the same time, the labelling scheme gives these stakeholders the opportunity to make an informed choice between the different labelled products.

Top-quality cleaning through INSTA 800

INSTA 800 is a Scandinavian system which assesses the quality of cleaning in a room. Cleaning quality is checked by taking readings both before and after cleaning. For instance, INSTA 800 rates dust deposits in a carpet both before and after vacuum cleaning. The ratings are then converted to a dust index, on a scale of 1 to 5, where 5 is the best possible result.

The Technical Research Institute of Sweden has tested

10 of egetæpper's contract carpets. All of these carpets were vacuum cleaned using a Nilfisk appliance and all achieved index 5.

Environmental profiles with construction product declarations

The Swedish Construction Products Declaration (BVD3) is a document containing detailed information about the chemical substances in a product, how the product should be handled in the construction and operating phases, and product disposal. The document thus includes information about a product's environmental impact at different stages of its life cycle. BVD3 is important because the declaration can form the basis of selecting and prioritising eco-friendly construction products, including textile flooring.

The system that prepares BVDs for flooring is under the auspices of the Swedish Flooring Trade Association (GBR) in cooperation with the Ecocycle Council. GBR's declared intention for the construction products declaration is to create transparency concerning the environmental impact of individual products. At present, 35 of our products are BVD3-declared.

Overall assessment under construction product provisions

The Swedish Building Materials Assessment (BVB) is a standard for environmental assessment of building materials. A common standard for assessment of building materials makes it easier to find approved building materials, so that tomorrow's buildings can be built from environmentally-approved products and made subject to environmental assessment. BVB's ambition is to be the only system required in the construction sector. Based on a web-based tool, the system will facilitate the selection of environmentally-sound construction materials. We have 8 product groups that are assessed on the basis of BVB.

Maritime safety through IMO

The international maritime organisation IMO has developed a certificate for products that are used on board passenger ships. Certification is based on EU Directive 96/98/EC and the approval of the U.S. Coast Guard. The tests include fire spreading, smoke and toxicity. There are 13 egetæpper products that meet the IMO requirements and these are certified by Det Norske Veritas.

Member of the Danish Council for Sustainable Development

In January 2011 we joined the Danish Council for Sustainable Development (RBE). Its overall objectives are to:

- promote an understanding and knowledge of sustainability among companies and society
- work proactively for the market and sales penetration of companies that make an active effort to ensure the sustainability of their activities and services
- influence political fora to create optimum conditions for sustainable business development

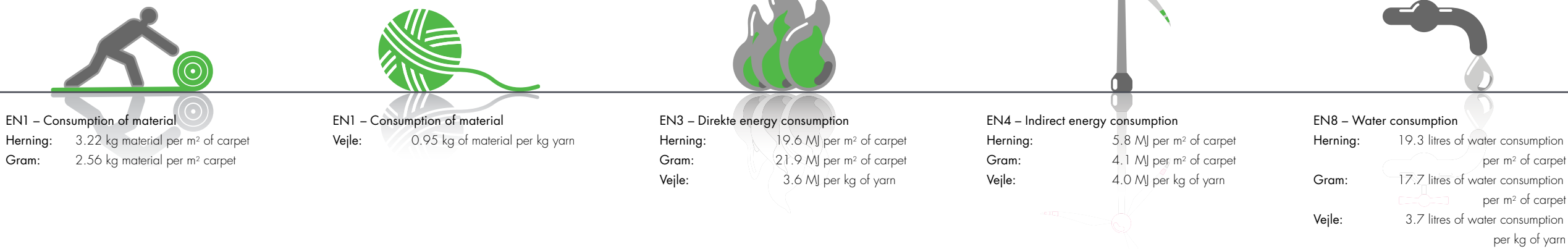
The Council holds internal network events and public meetings, to address key issues. The Council also prepares concrete guidelines on sustainable business development, prepares white papers, and is active on various boards and working groups set up by the government and other public authorities. RBE has

among other things been very actively involved in the development of the Danish Consumer Ombudsman's guidelines on the use of environmental and ethical claims, etc. in marketing, which were published in January 2011.

At egetæpper we attach considerable importance to these guidelines. We wish to avoid any type of "green-washing" in our communication concerning environmental issues and are therefore very conscious of the words and expressions we use in our communication. Our membership of RBE has facilitated our understanding and interpretation of the guidelines' significance for our company.

So far, we have primarily participated in RBE from the sideline, but we expect that in future we will be able to engage more actively in the Council's work.

GRI indicators



Environment

EN1 – Material by weight

A carpet is built up of pile (yarn and chemicals) and backing (latex, filler, auxiliary chemicals and textile backing). The carpets are dyed (dyes and chemicals including acid). We also use various materials for operation, cleaning and maintenance (oil, chemicals) and packaging (cardboard and plastic carpet tubes, wrapping foil and card-board).

	Herning	Gram
Pile:	2,909,741 kg	973,457 kg
Dyeing:	101,975 kg	167,444 kg
Backing:	6,900,286 kg	4,408,254 kg
Operation, cleaning, maintenance:	45,155 kg	5,125 kg
Packaging:	317,872 kg	203,371 kg
Total:	10,275,029 kg	5,757,651 kg

In Vejle, we produce yarns (carded yarns, BCF yarns, chemicals). Here we consume materials for operation, cleaning and maintenance (various chemicals and oil) and packaging (cardboard, wrapping foil and disposable pallets).

	Vejle
Yarn:	2,781,436 kg
Operation, cleaning, maintenance:	18,435 kg
Packaging:	13,828 kg
Total:	2,813,699 kg

EN3 – Direct energy consumption

Our direct energy consumption comprises natural gas and LPG at all three factories, and natural gas used to produce electricity at the combined heat and power plant in Herning.

	Herning	Gram	Vejle
Natural gas:	60,297 GJ	47,508 GJ	13,348 GJ
LPG:	428 GJ	140 GJ	28 GJ
Natural gas for electricity production:	7,747 GJ	-	-
Total:	68,472 GJ	47,648 GJ	13,376 GJ

EN4 – Indirect energy consumption

As egetæpper does not use district heating, our indirect energy consumption only includes electricity consumption for buildings and production.

Herning:	16,898 GJ
Gram:	8,581 GJ
Vejle:	14,967 GJ
Total:	40,445 GJ

EN5 – Energy savings

Energy saving, projects have been undertaken in Herning and Vejle on the establishment of frequency converters and timers in the production plant, and the establishment of heat recycling and new process management in production. The savings total 1,142 GJ.

EN7 – Initiatives to reduce indirect energy consumption

egetæpper’s indirect energy consumption consists of air travel and leased vehicles. We have not introduced initiatives to reduce indirect energy consumption.

EN8 – Water consumption

We use large quantities of water during production. In Herning and Gram the water comes from the municipal water supplies. In Vejle, the water comes from our own well. There is no shortage of water in any of these areas.

Herning:	59,368 m³
Gram:	38,288 m³
Vejle:	10,943 m³
Total:	108,599 m³

EN10 – Water recycling

In Vejle we have recycled 5,851 m³ of the water consumed, which represents 53.5% of water consumption in Vejle. This is almost 20% less than stated for the previous year, but the difference is due to a more precise measurement method. For the last financial year the measurement thus included both actual recycled water, and evaporation of the water that passes into the drying furnace with the yarn. This year, the last two factors have been deducted, so that the figure solely covers the actual recycled water volume in the last recycling station. In Herning, a smaller proportion of the water consumption was recycled, estimated at approximately 3,000 m³. This corresponds to 5% of Herning’s water consumption. In Gram, 166 m³ of the water was recycled, corresponding to 0.4% of Gram’s water consumption. This is an increase by 0.3%. This means that the ege Group has recycled 8.3% of the total water consumption at the three factories.

EN16 – Greenhouse gas emissions

egetæpper’s direct emissions of greenhouse gases come from natural gas used in production and buildings, and to produce electricity. In addition, fuel oil is used in buildings, LPG in production, and diesel and petrol in the vehicles owned by the company. Total direct greenhouse gas emissions in 2010/2011 were 8,046 tonnes of CO₂. In addition, we emitted 9,048 tonnes of CO₂ as indirect greenhouse gas emissions from electricity for production and buildings, and district heating. In total, therefore, we have emitted 17,094 tonnes of CO₂. The greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol, which has been developed by the World Business Council for Sustainable Development and the World Resources Institute. Besides egetæpper’s three Danish factories, the CO₂ emissions include data from our subsidiaries and Bentzon Carpets.

EN18 – Initiatives to reduce greenhouse gas emissions

Energy savings projects have been undertaken in Herning and Vejle on the establishment of frequency converters and timers in the production plant, and the establishment of heat recovery and new process management in production. The total savings achieved represent a reduction of greenhouse gas emissions by 73.8 tonnes of CO₂.

EN21 – Water discharge

All process water from our factories is piped into the local water purification plant, while sanitary water is piped into the sewers. The three factories calculate water discharge slightly differently. In Herning, it is measured in m³, in Gram, it is calculated at 83% of water consumption in production, and in Vejle, it is calculated as total water consumption less dampening.

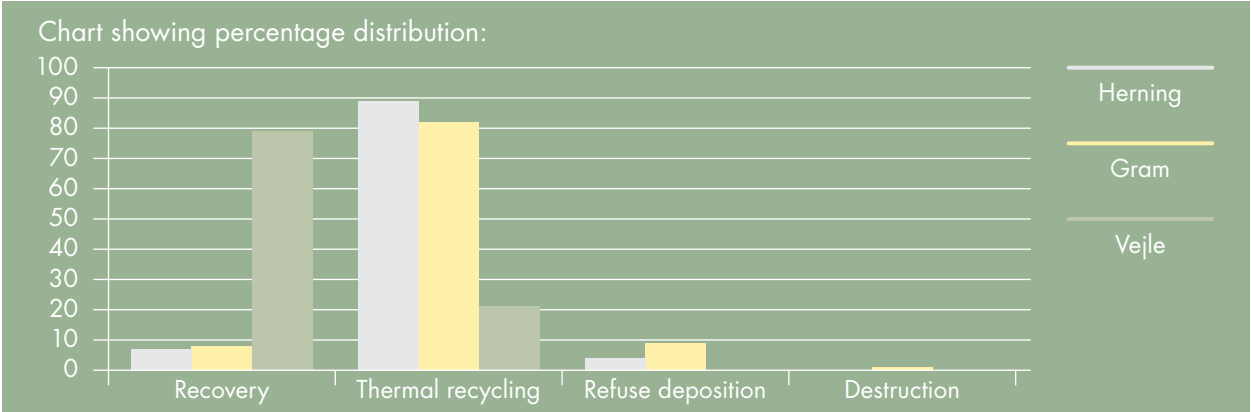
Herning:	46,198 m ³
Gram:	31,684 m ³
Vejle:	9,073 m ³
Total:	88,955 m ³



EN22 – Weight of waste and methods of disposal

We dispose of our waste using recovery, thermal recycling, deposit in land fills and destruction. Details of the material we dispose of and how we dispose of them are given in our Environmental Report. The statements from Vejle include recycled yarns received from Herning, Gram and Røjle.

	Herning	Gram	Vejle
Recovery:	68,021 kg	42,002 kg	201,685 kg
Thermal recycling:	931,400 kg	420,780 kg	53,000 kg
Deposit as land fill:	39,740 kg	44,740 kg	0 kg
Destruction:	1,420 kg	5,292 kg	0 kg



EN24 – Weight of transported hazardous waste

All our hazardous waste is transported for destruction. The term ‘hazardous waste’ covers solid waste containing oil, waste oil, organic solvents, dye and paint containers, liquid latex, light sources containing mercury, accumulators and spray cans. A total of 5,292 kg of hazardous waste was transported for destruction from Gram, and 1,420 kg from Herning. There was no hazardous waste in Vejle during this period. A total of 6,712 kg of hazardous waste was transported for destruction.

EN26 – Limiting environmental impacts

In our Ecoline series, which consists of two carpet tile collections, 90% of the carpet fibres are recycled. For the yarn manufacturer, this means there is a 50% reduction in energy used, compared to producing new fibres. In 2010/2011, we have used a total of 13,402 kg of recycled fibres.

Our “NONO No Noise Runners” carpet collection comprises carpet runners especially developed for wooden floors where the carpet’s noise-reducing properties are important. The noise-reducing effect is due to acoustic absorption and dampening of the sound of footsteps.

We recommend that our customers use the ChemDry® method to care for our carpet products. This method cleans using warm, carbonised water with no added chemicals or soap. The method uses less water than other cleaning methods in the market. Moreover, the method requires a shorter drying period, so the carpets can be used sooner after cleaning.

We cooperate with EPEA and Cradle to Cradle Denmark on the introduction of Cradle to Cradle certification of selected carpet tile products. The original plan was to introduce certification during the 2010/2011 financial year, but this has proved to be a difficult process that is taking longer than expected. We are thus still awaiting feedback from a number of suppliers before we can complete the final product certification of the first carpet tile product. At the beginning of the new financial year, in cooperation with EPEA and Cradle to Cradle Denmark, we will draw up a “roadmap” for egetæpper’s future business model for Cradle to Cradle certification.

Finance

EC1 – Direct financial value

We have reported on this indicator in the egetæpper Annual Report 2010/2011.

Employee conditions

LA1 – The workforce

In Herning, we employ 206 people, of whom 100 are monthly-paid and 106 are hourly-paid workers. In Gram, there is a total of 61 employees, of whom 11 are monthly-paid and 50 are hourly-paid workers. In Vejle, we employ 75 people, of whom 6 are monthly-paid and 69 are hourly-paid workers. In addition, there are 11 monthly-paid workers in ege contract. This represents a total of 128 monthly-paid staff and 225 hourly-paid workers at the three factories. The overall total is 353 employees. The number of employees at the end of 2010/2011 is thus exactly the same as in the preceding financial year.

All hourly-paid workers are employed full-time. Some of the monthly-paid staff are employed part-time. There are 15 part-time employees in Herning, 1 in Gram, and 1 in ege contract.

LA2 – Staff turnover

The staff turnover rate has more than halved over the past financial year compared to the year before, when the financial crisis forced egetæpper to make a large number of employees redundant. This year, 32 employees have left a position with egetæpper. The distribution by gender and age group is presented below.

Age group	Herning		Gram		Vejle	
	Men	Women	Men	Women	Men	Women
>20	0	0	0	0	2	0
20-29	4	1	0	0	1	0
30-39	1	2	0	0	0	0
40-49	1	2	0	0	1	1
50-59	0	0	1	0	0	1
<60	7	1	3	0	1	2

During the period, we have employed a total of 32 new employees, of whom 21 were employed in Herning, 3 in Gram and 8 in Vejle.

LA3 – Employee benefits

egetæpper complies with the collective bargaining agreements between the Confederation of Danish Employers (DA) and the following trade unions respectively: 3F (United Federation of Danish Workers), Dansk Metal (Danish Metalworkers’ Union), HK privat (commercial and clerical workers’ union) og Teknisk Landsforbund (the Danish Association of Professional Technicians). We offer all employee groups a 12% labour-market pension scheme, where egetæpper pays a premium corresponding to 8% of the employee’s salary and the employee pays 4%. There are also a number of employee benefits, of which the most important are a monthly bonus to all permanent employees, and healthcare insurance. We also allow employees to visit their doctor during working hours, and offer physiotherapy and staff associations, etc.

LA6 – Employee involvement in the health and safety committee (previously called the safety organisation)

At egetæpper we have both Safety Groups and a Health and Safety Committee. The Health and Safety Committee is the decision-making body, determining guidelines for health and safety issues, while the Safety Groups work with day-to-day health and safety issues in the area they represent. Often the same people are elected to both bodies.

	Health and Safety Committee	Safety Groups	Total number	% of total workforce
Herning:	6 people	12 people	13 people	6.3%
Gram:	7 people	7 people	9 people	14.8%
Vejle:	5 people	6 people	6 people	8.0%

LA7 – Industrial injuries, accidents at work, absenteeism

During the past year, there have been 5 registered industrial accidents in Herning, 1 in Gram and 2 in Vejle. These have resulted in 36 sick days. or 263 hours of time lost. This is almost one third of the number of sick days and hours of time lost compared to the previous year. Sick days are registered from the first sick day. None of these accidents has resulted in permanent injury or death. In addition, there have been 9 other accidents in Herning, 1 in Gram and 1 in Vejle, which did not result in sick days. The total percentage of time lost relative to the total number of hours worked by the workforce is 0.04%. No industrial injuries have been registered during the past year.

Product liability

PR1 – Product assessment

egetæpper is working to resolve health and safety issues throughout our products’ life cycles. In each of the following stages in a product’s life cycle we therefore evaluate the extent to which the product’s impact on health and safety can be improved.

Development

We assess the environmental aspects when we select raw materials and suppliers. On establishing a contractual agreement, suppliers are required to sign a document to ensure that quality and environmental specifications are fulfilled.

Manufacturing

We work according to DS/OHSAS 18001, which ensures employees’ health and safety throughout the manufacturing process.

Marketing and sales promotion activities

In our marketing, we actively use the different environmental labels carried by our products. Our marketing activities include press releases, newsletters, the company’s website and product catalogues. We also have an exhibition stand which all our subsidiaries and agents may use. The exhibition stand is designed to send a strong signal about environmental awareness at egetæpper.

Storage, distribution and delivery

At egetæpper we use forklift trucks to lift and move rolls of carpet. There are no obvious health and safety risks related to the storage of rolls of carpet. The distribution and delivery of rolls of carpet to carpet retailers entail certain ergonomic issues for both carpet retailers and carpet fitters. It is therefore important that the correct lifting and handling equipment is used to move the heavy rolls of carpet. egetæpper’s carpet tiles are easier to lift, transport and fit.



Use and service

Our products are delivered with instructions for their fitting and care. These instructions also focus on environmental and safety issues. We recommend, for example, the use of specific types of flooring adhesive with specially low degasification into the indoor climate; EMICODE 1 in the lowest degasification class. We also recommend the Chem-Dry® cleaning method, which uses warm carbonic acid as a cleaning agent (no surfactants). This method uses less water than conventional cleaning methods.

Disposal, recycling or recovery

Used carpets are disposed of in different ways in different countries. In Denmark, carpets are disposed of by thermal recycling. In egetæpper's Ecoline series, consisting of two carpet tile collections, 90% of the carpet fibres are recycled.

PR3 – Product information

All our products carry the CE mark, which means that they meet all relevant European legislative requirements, the objectives of which are to protect health, safety and the environment. In addition, our products are also certified according to a long series of voluntary labelling schemes, the objective of which is to protect health, safety and/or the environment. These are BRE, LEED, BASTA, the Danish Indoor Climate Label, INSTA 800, BVD3, BVB and IMO. For details, see the health and safety section.

Dansk Fashion & Textile Code of Conduct

Principle 11 – Animal welfare

We are certain that we do not use wool from sheep that are subjected to mulesing. In New Zealand, from where we import most of our wool, sheep breeders operate according to the regulations of "Best management practise Applicable to New Zealand Wool" (BMP), which sets out the New Zealand wool industry's best practice 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. However, BMP cannot be considered to be direct documentation that our wool suppliers adhere to these principles.

In summer 2011 we will therefore send Danish Fashion & Textile's Code of Conduct, principle 11 concerning animal welfare to our supplier of wool from New Zealand with an enquiry concerning how they will document that the sheep are fed, treated and culled with dignity and respect. This will be the first step in the development of a procedure and practice to ensure animal welfare in the future.

Principle 12 - Charity

Via the "Ege Foundation - the Vibeke og Mads Eg Damgaard Foundation" annual donations to deserving causes are made from the yields on egetæpper shares. The funds are primarily donated for non-profit making activities in the local community. We have also launched a major charity and exercise project whereby egetæpper donates DKK 1 for every km that employees and their closest family members exercise in the course of the project. All of the funds go to the KidsAid Foundation, which supports sick and underprivileged children in Denmark. KidsAid transfers the funds raised by egetæpper directly to the children's ward at Herning Regional Hospital The project's initial target was to cover the distance around the world of 42,000 km, and this target was reached in the first quarter of the project. The project has therefore now been expanded to cover the distance twice round the world.

Principle 13 - Monitoring

egetæpper is not subject to an external audit in connection with the management and control of compliance with the Code of Conduct, nor have we developed any practice to monitor suppliers' compliance with the Code of Conduct. In time we will inform all our suppliers and cooperation partners that we have endorsed the Code of Conduct and we will establish a method for managing and monitoring these parties.

CSR in the future

In the past year we have upgraded our activities in a number of areas, as stated in the results section. But we will not stop here, since in a company as big as ours there is always potential for additional measures and initiatives.

During the next year we will focus on employees' competence development. So far, we have focused on health and safety, but we are now ready to offer all employees a screening programme to establish whether they would benefit from a spelling or reading course. This will take place in cooperation with the

Central Denmark Region and KompetenceMIDT, whose objective is to raise the level of education and prepare employees for future labour-market requirements.

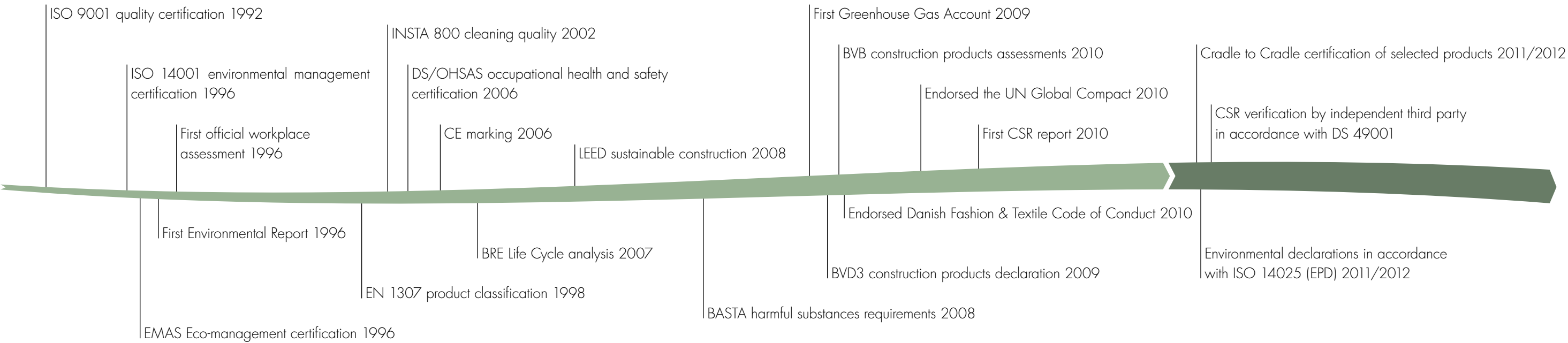
We also continue to work on the introduction of Cradle to Cradle certification for selected tile products, as well as environmental declarations (EPD) in accordance with ISO 14025 for selected carpet tile products.

In due time, we plan to have our CSR report verified by an independent third party.



Millitron color plant in Herning.

Time line



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