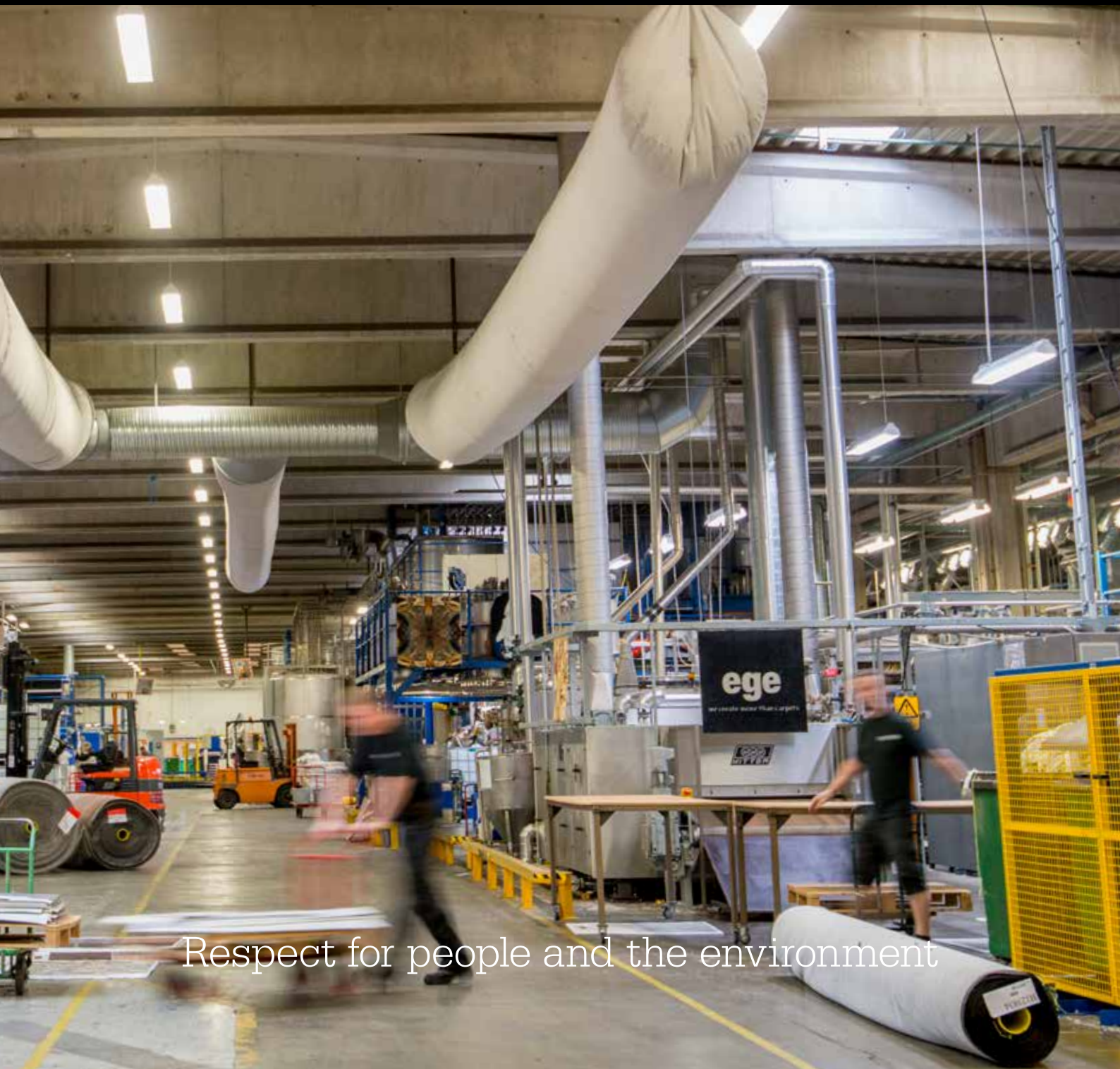


CSR report

2012/2013



Respect for people and the environment

ege[®]

design · quality · respect

ege's CSR Report in a new format

ege is especially proud to present the company's Corporate Social Responsibility (CSR) report for the fourth time. We are proud first and foremost to take the opportunity to report so many interesting events and activities in the CSR field which have taken place at ege during the last year. We are also pleased to introduce the new format, integrating our Environmental Report and Greenhouse Gas Accounting into the body of the CSR Report. These reports were previously published separately. We hope therefore that the reader will gain an even clearer impression of the full range of our work with CSR.

As the new and unified CSR report is more comprehensive than earlier reports, to gain an overview of the contents of the report, we recommend that the reader refers to both the table of contents on page 3 and the index of GRI contents on page 54. Readers whose focus of interest is environmental data in accordance with EMAS, can see an overview of this data in the EMAS index on page 57.

The report gives comprehensive insight into CSR activities at ege in the financial year from 1 May 2012 to 30 April 2013.¹

CSR is all about how we as a company take responsibility for how we impact our world. CSR is all about finding the perfect 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 work with CSR, we strive to operate our business responsibly and to preserve our world for future generations.

We have chosen to concentrate our efforts in three focus areas which we believe are important: the environment, employees and health and safety. This report

presents results for the financial year within each of these focus areas.

The report is primarily based on conditions at our two factories at Herning and Gram in Denmark.² The data on CO₂ emissions also includes our subsidiaries, UAB Litspin in Lithuania and Bentzon Carpets ApS in Denmark, in which we have a 51% shareholding. In the long term, we intend to fully integrate data from Bentzon Carpets and our subsidiaries into the CSR report.

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. The environmental data related to EMAS verification in Herning and Gram is verified by Bureau Veritas Certification.

We have chosen to report in accordance with the Global Reporting Initiative (GRI), 3.1, level C, although we have doubled the number of indicators.³



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

CSR Manager Jan Ladefoged, E-mail: jlj@ege.dk, Tel.: +45 97 11 88 11

CSR Project Manager Dorthe Kallestrup, E-mail: dak@ege.dk, Tel.: + 45 97 11 88 11

¹ The next report will be published and submitted to the Danish Environmental Protection Agency in August 2014.

² These factories are registered in accordance with the EU environmental regulation, EMAS (Eco Management and Audit Scheme), under registration number DK000012. The EMAS verification is undertaken by Bureau Veritas Certification.

³ See table of GRI application levels in Appendix 5.

Contents

5	Profile
8	CSR on the agenda
10	Process description
12	Organisational anchorage
14	CSR policy
17	Results <ul style="list-style-type: none">– Environment– Employees– Health and safety
28	GRI indicators
36	Statement of consumption, waste and discharges
38	Total input/output – for the Group's carpet production in Herning and Gram
40	Greenhouse Gas Account
44	Objectives and targets <ul style="list-style-type: none">– Objectives and targets for 2012/2013 – Herning– New targets for 2013/2014 – Herning– Objectives and targets for 2012/2013 – Gram– New targets for 2013/2014 – Gram
52	CSR in the future
54	Appendices <ul style="list-style-type: none">Appendix 1: GRI index of contentsAppendix 2: EMAS index of contentsAppendix 3: Most important environmental impacts and effectsAppendix 4: Calculation basis and data sourcesAppendix 5: GRI application levels



One loom carries more than 1300 yarn cones

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 convention. His philosophy survives at ege. We still believe that quality and the ability to supply groundbreaking design are the way ahead for ege.

The ege mission

We design carpets with respect for people and the environment.

The ege vision

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

Values

Design – Quality – Respect.

Activities

ege was introduced on the Copenhagen stock exchange in 1985 under the name egetæpper a/s. The group's primary activities are production and sales of tufted carpets for the contract and domestic markets. We produce 32 different standard carpet products and 14 carpet tile products for the contract market, as well as 19 standard domestic products, which we use advanced technology to produce in a multitude of colours and patterns. This year we produced 3,448,438 m² of carpet in Herning and 2,090,348 m² in Gram. This gives a grand total of 5,538,786 m² of carpet.

Production takes place at two factories in Denmark.

Herning: Development, production and sale of tufted and woven carpets⁴

Gram: Production of tufted and flat-woven carpets⁵

We also purchase undyed flat-woven ground tissue from Bentzon Carpets, which we then dye, add backing to and resell.

Wool yarn is produced at ege's factory, UAB Litspin, in Lithuania. We purchase synthetic fibres and polyamide yarns from external suppliers.

ege also exploits the benefits of outsourcing some maintenance work, including cleaning and facilities maintenance (outdoor areas and office plants).

Markets

In addition to the factories in Denmark and Lithuania, the ege Group includes subsidiaries in a number of countries, which are our principle markets: Our subsidiaries function as sales companies in:

- Denmark
- France
- Germany
- Norway
- Sweden
- UK
- China
- The United Arab Emirates

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

- hotels
- offices
- healthcare sector
- institutions
- transport sector

⁴ Production takes place at egetæpper a/s, Industrivej Nord 25, Birk, 7400 Herning, Denmark. The facility is located in an industrial park under District Plan no. 6.14.1 and within the limits set down in Article 15 of the Danish Planning Act. The site comprises land register nos. 3e, 4bf and 5a Birk By. The site area is approximately 36 hectares, of which about 45,000 m² are developed.

⁵ Production takes place at egetæpper a/s, Industrivej 3, 6510 Gram, Denmark. This facility is located in an industrial park at land register nos. 1153 and 1505 Gram Ejerslev. The site area is approximately 7.2 hectares, of which about 24,000 m² are developed.



ege carpets factory in Gram covers 24,000 m²

Within these segments, our typical customers are:

- hotels
- restaurants
- retail stores
- offices – public and private
- airports
- schools and other institutions
- hospitals
- nursing homes
- shipyards and train factories

On the domestic carpets market, ege concentrates its efforts in Denmark. Our customers are retail flooring chains (Garant, InHome/Tæppeland, etc.) and independent carpet retailers.

ege's sales organisation takes care of carpet sales from the main office in Herning, and through our eight subsidiary companies and agents/distributors in 52 countries.

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

Most important changes

Last year we closed down our yarn spinning activities in Vejle, Denmark and subsequently moved our Twistset plant from Vejle to Herning. The Twistset system is specially designed to process 100% wool and 80/20 wool/nylon carpet yarns. The yarn is fixated and then used by ege to make cut pile carpets.

In the reporting period, ege has divided its capital so that individual shares are now worth DKK 10 as opposed to DKK 100 in the past. In practical terms, this means that it is cheaper to buy an egetæpper share. At the same time, ege sheared its own shareholding by cancelling 14,577 shares.

Prizes awarded in the reporting period

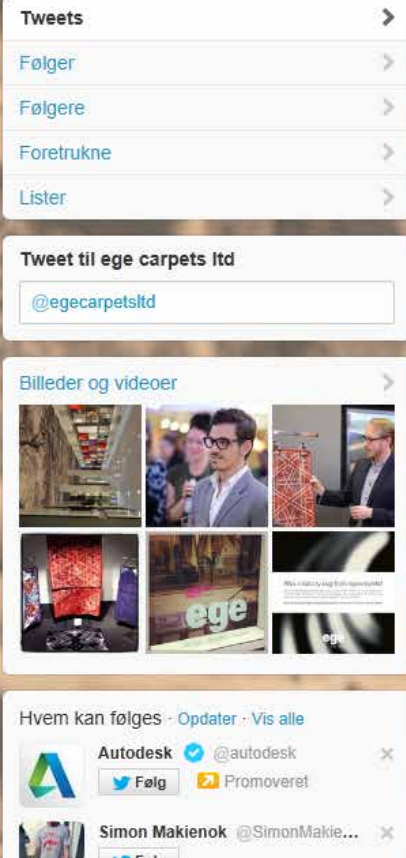
We have won no awards in the financial year.

Openness

In general, ege 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 newsletters, and half-yearly and annual reports. The Annual Report 2012/2013 provides information on ege's management organisation, financial results, assets, ownership, net sales and total capital value, etc.

In addition we publish this annual, statutory CSR Report, containing comprehensive factual data related to the Group's CSR activities. The CSR report is communicated to all individuals working for or on behalf of the group, and, of course, to selected stakeholder groups.

All reports and newsletters are publicly available on our website: www.egecarpets.com.



Follow ege on the social media

You can now get a glimpse of life behind the scenes at ege on Facebook, Twitter, LinkedIn, Pinterest, YouTube and Google+. The social media are an ideal platform by which to reach a large group of stakeholders – and to generate direct dialogue with them about things that interest them.

The social media provide stakeholders with opportuni-

ties to observe us as we take part in different cultural events (e.g. the world's highest fashion show) and in trade fairs across the globe, or when we run or cycle for charity. We also bring news items about design and innovations, and people can write to us via the social media and read about what we are doing to preserve the environment.

Follow us on:



www.facebook.com/egetaepper



www.twitter.com/ege_taepper



http://www.linkedin.com/company/egetaepper-as?trk=top_nav_home



<http://pinterest.com/egecarpets/>



<http://www.youtube.com/egecarpets>



<https://vimeo.com/user11249272>



<https://plus.google.com/u/0/b/115553688869456745247/115553688869456745247/posts>



http://instagram.com/ege_carpet

CSR on the agenda

ege really has taken CSR to heart. A great many exciting things have happened in the last year, which will affect the direction in which the company will move and how we will act in future years.

Since the last financial year, CSR has become a central and visible element in ege's business strategy. Our corporate mission and values include the word "respect" (for people and the environment). Our CSR strategy means that we aim to demonstrate high-level responsibility in the development and running of the business in order to contribute to sustainability in the entire value chain, while showing full respect inside our company and in all our activities.

Our work with CSR is in line with our UN Global Compact obligation and we comply with the Dansk Fashion and Textile Code of Conduct, which we joined in 2010. We have chosen to concentrate our efforts in three focus areas which we believe are important: the environment, employees, and health and safety.

Most important new initiatives

During autumn 2012 we began to work towards achieving DS 49001 certification. DS 49001 is a business assurance system which enables businesses and organisations to operate in a socially responsible way. We use the system to document our efforts in this field. Our documentation is verified by an external partner. To achieve the certificate, we are obliged to meet a large number of requirements within the following areas:

- Management excellence
- Human rights
- Working conditions
- Environmental conditions
- Best practice
- Consumer conditions
- Developing and involving the local community

DS 49001 is the Danish CSR standard. It is based on the international management standard, ISO 26000. Implementation is in progress and we expect to achieve certification in 2013.

We have also established a group CSR function. Along with communication inside and outside the company,

the CSR department will introduce relevant CSR activities and projects. The CSR department is determined to signal to our employees and the world around us that we consider CSR to be an important element of ege's corporate identity.

Where we previously operated with a series of policies in a variety of areas, we have now prepared a single CSR policy, which provides a brief and accurate description of our current goals and activities. This provides a simple overview for employees and other stakeholders, showing how ege seeks to act within the company and in the world around us. Our CSR policy establishes general guidelines. Behind the policy there is a series of different sets of guidelines which describe in detail what CSR means for ege and for the individual employee.

We have prepared a set of anti-bribery and corruption guidelines, which make it clear to everyone employed by ege how they are expected to act if they encounter bribery and corruption in their work. At the same time, we have introduced a whistleblower scheme, which ensures that illegal activities and other serious anomalies can be communicated to senior management via our website.

Diversity in the workplace is another new item on the agenda. We have recently prepared a set of guidelines to help ensure that all our employees have the opportunity to use their skills in the best possible way, regardless of their gender, ethnic origins, religious convictions, political standpoint, age, handicap, sexual orientation etc. We have never worked systematically with these matters in the past so this is an interesting new field of activity within the company.

Last but not least, we are pleased to announce that, having worked with cradle-to-cradle principles for several years, we have succeeded in achieving Cradle to Cradle^{CM} silver certification for our first carpet tile product, Barcode Ecoline Modular. The Cradle to Cradle^{CM} Products Innovation Institute rated ege on a number of parameters, including our work with CSR, for which we received a gold award.

Systems and labelling schemes

At ege we believe that our environmental responsibilities extend far beyond general legal requirements. For many years now we have striven consistently to reduce our impact on the environment. In 1996, we commenced the implementation of ISO 14001 and EMAS at the Group's factories in Herning and Gram. We are currently working to achieve ISO 14001 certification at UAB Litspin, our factory in Lithuania, which we acquired in 2012. The rigorous requirements specified in these environmental management systems help us to ensure that the environmental impacts of our production and products are as low as possible. We are also committed to continually reducing our environmental impact as much as possible.

We focus strongly on labelling our products to ensure that we can substantiate that they are safe and healthy to use. In addition to Cradle to Cradle^{CM} Silver certification, our products are qualified to carry many other building-related certificates, including LEED and BRE.

ege's employees are the driving force of the company. We believe that a good working environment is important and desirable. To ensure that we maintain a good working environment, our work environmental management system is certified in accordance with DS/OH-SAS 18001 (since 2006). The objective of the system is to monitor and minimise risks related to safety and health. Moreover, we offer our employees a number of services and benefits that help make ege an attractive workplace for current and potential employees.

On the right track

This year, responsibility and respect have been strongly characterised by many of the activities we have carried out. We have a new CSR policy, guidelines, environmental labels, etc. We have ambitious goals and we work consistently towards their realisation. There's no doubt in our minds: We know we are on the right track – and we will succeed.

Herning, Denmark, 19 August 2013




Svend Aage Færch Nielsen
CEO


John Vestergaard
CFO

Process description

Flow for tufting production

Stock of raw materials

The following types of raw material are used for the production of tufted carpets:

Pile

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.

Backing

Substrate for tufting of yarns. Rubber backing consisting of latex, which is a fluid, water-based rubber, together with filler and auxiliary chemicals. In addition, various types of textile backing are used (felt and woven textile).

Tufting department

The yarn, which can be natural white or pre-dyed, 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 pre-dyed or natural white for subsequent dyeing.

Tip-shearer

The ground tissue (only for cut pile carpets) is tip-sheared in order to finish and even out the surface.

Dye plant

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

Adhesive

The dyed ground tissue is pre-coated with a latex compound, after which the backing is attached. The backing may be:

- Rubber backing
- Textile backing (glued on with latex compound)

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

Tile system

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

Stock

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



One loom can produce up to 800 m² carpet per hour

Organisational anchorage

Since 2010 ege's CSR activities have been managed by a CSR steering committee chaired by our Quality and Environment Manager, Jan Ladefoged. However, in December 2012, we decided to go all the way and set up a group CSR function. At that time, we integrated the Quality and Environment department into CSR, so that the CSR department is an umbrella covering all activities related to CSR. Jan Ladefoged is our CSR Manager.

Along with communication inside and outside the company, the CSR department will introduce relevant CSR activities and projects. The CSR department is determined to signal to our employees and the world around us that we consider CSR to be an important element of ege's corporate identity.

The work of the CSR department is regularly reported to the ege strategy group, which is comprised of members of the executive management body and management group, as well as key employees. Particularly important CSR initiatives and activities are also presented to ege's Board of Directors.

Increased focus on stakeholders

In connection with DS 49001 certification, we are required to involve our stakeholders in seven focus areas and a large number of topics within each of these areas. This means that in future we will work more systematically with stakeholder involvement.

To ensure that we have an optimal basis for this work, we have prepared a very detailed analysis of our stakeholders.

This work includes defining precisely what we mean by the word "stakeholder" and a specific assessment of each stakeholder group, including a number of specific criteria to indicate the importance of the stakeholder to ege.

Who are our stakeholders?

A stakeholder is a party that affects or is affected by the company's decisions and actions. Stakeholders are groups of people, e.g. customers, employees and the local community, who are directly affected by the company's business. Stakeholders may also be parties

which make requirements on behalf of other groups or the environment, which are not able to defend themselves.

ege's most important stakeholders are:

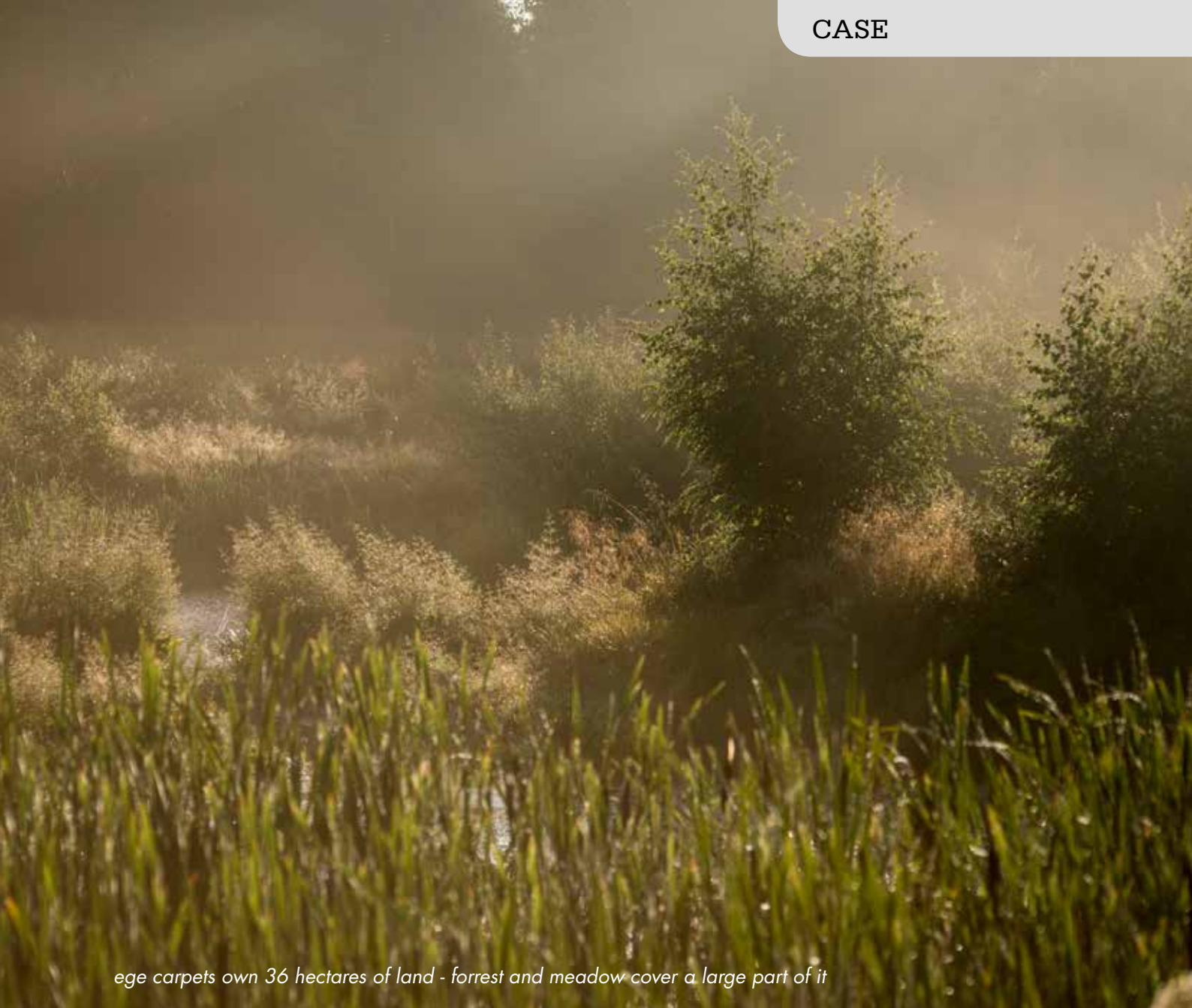
- Shareholders/owners
- Employees
- Customers
- Suppliers
- Architects/designers
- Local authorities

In future these are the principal stakeholders, to whom our work with CSR will be addressed.

In November 2012, we sent a brochure to some of our stakeholders, describing each of the focus areas we will be working with in accordance with DS 49001. The brochure described how ege prioritises each of these focus areas and we encouraged stakeholders to let us know how they personally would prioritise them.

The conclusion drawn from this survey was that ege should give highest priority to working conditions, consumer conditions, environment and best practise, and secondary priority to human rights, social development and involvement.

Our next step will be to discover how our stakeholders prioritise a large number of elements within each focus area. There is a total of 40 elements, which we can ask stakeholders to consider. However, we have assessed that only 27 of these are relevant to ege. We have already conducted focus group interviews with employee representatives and their trade unions, and with shareholders/owners, respectively. In the coming year, we will conduct further interviews with representatives of the remaining stakeholder groups. The overall results of the survey are intended to help us to prioritise the elements which our stakeholders believe are most important.



ege carpets own 36 hectares of land - forest and meadow cover a large part of it

ege protects the natural environment around its factories

In the past, when he was at the helm, ege's founder, Mads Eg Damgaard, believed it was important that everything was neat and tidy in and around the factories. He bought large plots of land, which have been carefully tended ever since. In Herning, ege owns 36 hectares of land, of which 45,000 m² are developed. The land comprises areas of parkland with large lawns, woods, fields and lakes. There are many wild animals on ege's estates, including deer and pheasants. We also keep a small herd of North American bison in a large enclosure next to the factory.

In Gram, we own 7.2 hectares of land, of which 24,000 m² are developed. In addition to lawns around the factory, most of the land is planted with fir trees. We produce Christmas trees, which we sell to Juletræskultur (a forestry company), and every year we offer ege employees an opportunity to fell their own Christmas tree free of charge.

CSR policy

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

At ege we see CSR not only as a means by which to attract and retain employees, customers, end-users, stakeholders and suppliers, but also as a framework within which to develop partnerships throughout the value chain. CSR also expresses our desire to develop new and consistently more sustainable products and production methods, as well as new ways of using and disposing of our carpets.

The point of departure for our CSR policy is essentially that we comply with all the legislative requirements, regulations and standards with which we are obliged to comply, and also with the relevant best practices and customs in our industry. We will also respect and promote the ten principles for social responsibility in the UN Global Compact and the Dansk Fashion and Textile Code of Conduct.

Our CSR policy includes seven DS 49001 focus areas and quality.

1. Focus areas

1.1 Human rights

We will operate a policy of non-discrimination and equal rights. This will apply within the company for our employees and externally in our value chain.

We will show respect and support human rights endeavours: civil and political rights as well as financial, social and cultural rights. In countries where there is a risk of human rights violations, we will seek to take steps to avoid any violation of human rights inflicted on the people with whom we work and have a business relationship.

1.2 Employees and working conditions

We will provide good working conditions for our employees and we will comply with the collective agreements in our fields.

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 negotiations. If independent trade unions are discouraged or prohibited in an area in which we work, we will seek to promote alternative means by which the employees are free to meet and discuss labour market issues.

We will ensure a healthy and positive work environment for our employees and we will strive consistently to improve working conditions. We will work for diversity and we will carry out activities to promote health. Our work environment management system is certified 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

Through focused activity and by setting environmental targets, ege will strive to prevent and reduce the environmental impacts of its production activities and the use and disposal of its products, and continue to improve its efforts in the working environment area.

This applies to our surroundings, the working environment at our factories, and the indoor climate in environments fitted with our carpets. Our environmental management system is certified in accordance with ISO 14001.

We will reduce our company's CO₂ emissions and thus reduce our carbon footprint. We will use the Renewable Energy Certificate System (RECS) to guarantee that ege produces the agreed volume of renewable energy. Through climate partnership with DONG Energy, ege will help maintain investment in new renewable energy systems.

1.4 Best practice

We will run every aspect of our business in an honest and ethical way. We will prevent and suppress cor-



Out of a total of 317 employees at ege carpets in Denmark, 190 persons work in the production

ruption and bribery, and we have a zero tolerance approach to corruption and bribery.

We will suppress illegal conduct and anomalies within and in relation to our company, including non-compliance with this CSR policy. Therefore we give employees and other stakeholders an opportunity to complain anonymously via our whistle blower scheme.

We will encourage social responsibility throughout our value chain.

1.5 Consumer conditions: The safety and health of our end-users

We will encourage a safe and healthy indoor climate in the buildings, in which our carpets are fitted, thus protecting the safety and health of our end-users.

We will promote sustainable use of our products by means of labelling and certification, and via product information and declarations describing our impact on the environment in connection with the fitting, use, main-

tenance and disposal of our products. Furthermore, we will encourage sustainable use of our products via the development of cradle-to-cradle products, which, rather than becoming waste, can be transformed into nutrients or recycled.

1.6 Local community involvement and development

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

1.7 Organisation management

An open dialogue with the company's stakeholders is one of the cornerstones of the ege management philosophy. We will therefore actively engage in dialogue with employees, customers and end-users, NGOs, suppliers and our owners on themes and activities that fall within and are of significance to CSR. We will also ensure that our CSR work is made accessible to the

general public and to everyone who works for or on behalf of ege.

ege's executive management has overarching responsibility for ege's CSR policy and strategy. The CSR department develops and implements CSR goals and activities. The work of the CSR department is regularly reported to the ege strategy group, which is comprised of members of the executive management body and management group, as well as key employees.

2. Quality

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

Quality is the keyword for all our products and services. We define quality as the sense of security that is created when we achieve a balance between the client's expectations of our products and services, and his experience of these.

We use a certified quality assurance system to ensure that we meet our quality goals and that we persist in developing and supplying our products and services at a high and uniform quality level.

3. Communications

We aim to maintain a high level of information in communication with our employees and our external stakeholders concerning ege's development and activities. We will therefore ensure that the CSR policy is easily accessible to all interested parties. In particular, we will work to achieve lasting ownership of the CSR policy among ege's employees.

4. Monitoring and reporting

We seek to substantiate all important conditions applicable to our social, environmental and financial impact on our surroundings. We will present relevant CSR data in our annual CSR report and a CSR summary will be included in our annual report. All reports and newsletters are publicly available on 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. Auditing the CSR policy

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

6. Labels and certifications

All ege 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 certificates 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

ege has established a series of internal guidelines, which apply to employees and others in our employ, who work on ege's behalf.

The purpose of these guidelines is to ensure compliance with the CSR policy in daily life at ege. We currently have guidelines in all of the following areas:

- Anti-corruption and bribery
- Whistleblowing
- More women in managerial positions
- Environment
- Climate
- Quality
- Working environment
 - Accommodating diversity in the labour force
 - Alcohol
 - Smoking
 - Promoting health
- IT
- Travel
- Vehicle loan

Furthermore, we are working to formulate guidelines for responsibility in the supply chain.

Results

Environment

The environment was an important factor at ege long before CSR became a buzzword. The factories in Herning and Gram are environmentally approved by their respective local authorities.⁶ ege in Herning has also achieved environmental approval for our CHP and Twistset plants. The factories at Herning and Gram are both categorised as Level 1 companies, which is the highest achievable level.

ege's strongest impacts and effects on the environment are presented in Appendix 3.

ege's environmental and work environmental management systems cover all group activities in connection with development, production and sales of tufted carpets at our factories in Herning and Gram.

The factories were not inspected in the period in question, nor were there environmental cases or environmental complaints from the general public.

ISO 14001

At ege we believe that our environmental responsibilities extend far beyond general legal requirements. Therefore, in 1996, we implemented ISO 14001 at the factory in Herning, followed by Gram in 1997. 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 environ-

ment, 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 include improved environmental activities, employee involvement, 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. ege registered for EMAS verification in 1996 as we believe that EMAS improves the quality of our environmental management system. In addition to the ISO 14001 requirements, we are also obliged to prepare a detailed environmental report, which must be verified by an accredited verifier. This year our Environmental Report is included in the present CSR Report.

Deviations

In connection with wastewater analyses in Gram performed at the local authority's request, on two occasions, the COD values measured were above the legally determined limits. The excessive values occurred in connection with the transition to a new wastewater treatment plant. We have taken steps to establish a flocculation plant, which will reduce COD values in the wastewater. These deviations have not led to any serious environmental impacts, however, a corrective action has been initiated to prevent recurrence.

Climate strategy

We signed a climate partnership agreement with DONG Energy in 2011. The climate partnership is based on a firm conviction that respect for the climate

⁶ Framework Approval: 18 October 1996
Environmental Approval, Herning, CHP plant: 18 December 2008
Supplement to Environmental Approval, Herning, Twistset plant: 7 September 2012
Environmental Approval of disposal of wastewater sludge from textile dyeing process, Herning: 12 December 1996 with supplement of 30 March 2004.
Approval of waste water discharge, Herning: 11 March 1992 with supplementary approval of boiler centre of 23 April 2009 and Twistset of 16 May 2012.
Environmental Approval, Gram: 29 June 1998
Discharge permit, Haderslev Municipality, permission to discharge surface water: 09 January 2009
Connection permit, Gram Municipality: 06 September 2006
The company's waste disposal procedures according to: Commercial waste regulations, Haderslev Municipality 14 June 2012

and good business can go hand in hand. The result is a climate strategy comprising a series of ambitious goals which will ensure that ege is an energy-efficient company, in which management and employees assume active responsibility for the climate.

In specific terms, DONG Energy is helping ege to create an overview of the Group's energy consumption and the initiatives that can be introduced to optimise and reduce both consumption and CO₂ emissions. ege's goal is to achieve a 20% reduction in the company's energy consumption and CO₂ emissions by 2015, measured by comparing the base period 2006-2008 to 2013/2014. A number of energy-saving projects have been defined, including:

- more recovery in production
- more focus on recycling by means of Cradle-to-Cradle certification
- encouraging the use of renewable energy

We have also signed a five-year agreement to purchase renewable energy. The investment will be made via the purchase of RECS certificates from the DONG Energy offshore wind farm at Horns Rev II (off the west coast of Denmark).

During the first year, we purchased renewable energy corresponding to 50% of actual consumption, and expected energy-savings, as well as energy consumption on our carpet tile-making plant. In subsequent years, purchases will increase by 50% of the new realised energy savings.

Within the company, we have put the climate strategy on the agenda when we train our sales force, introducing them to the content of the strategy itself and teaching them how the climate strategy can help increase ege's credibility, and how they can guide customers to differentiate between greenwashing and real "green" choices.

Carbon footprint

ege has prepared group greenhouse gas accounts since 2009. Greenhouse gas accounting provides figures for the company's total CO₂ emissions – also called our carbon footprint. By accounting for emissions,

we can target initiatives to minimise emissions and thus consistently reduce our carbon footprint. Greenhouse Gas Accounting documents how our activities contribute to global warming and climate change.⁷

It is important that the Greenhouse Gas Account shows ongoing development in the company's greenhouse gas emissions. The first step is therefore to prepare greenhouse gas data for a base year. This base year is the standard of reference for all subsequent greenhouse gas accounting years. The Greenhouse Gas Account for the current year is always compared to the Greenhouse Gas Account for the base year.

If there is extraordinary activity in a particular year, for example due to expansion of production, emissions related to the extraordinary activities are accounted for separately. This separate account is added to the Greenhouse Gas Account for the base year, so that the Greenhouse Gas Account for the current year always presents a reliable picture compared to the base year.

This year, there have been many changes to the base year, for example, we are now able to present figures for CO₂ emissions from transporting our carpets. The figures cover transportation by road, air and sea, when we have purchased transportation of our carpets from the factory to their final destination. To help make the calculations, we have applied The Climate Compass, which is a web-based calculation model developed by the Confederation of Danish Industry, the Danish Business Authority and FORCE. The calculations reveal that in the base year we emitted 0.58 kg of CO₂ per m² of carpets sold. In 2012/2013, we emitted 0.97 kg CO₂ per m² of carpets sold. The large increase is primarily due to the fact that we are now transporting more carpets overseas by air and that our carpets are now generally transported longer distances than in the past.

In 2012/2013 we emitted 15,403 tons of CO₂, corresponding to a 17% reduction relative to the base year. There is a detailed review of our greenhouse gas accounting in the Greenhouse Gas Accounting section on page 40.

⁷ From this year, calculation of CO₂ emissions will be made in CEMAsys, which is a web application designed to facilitate energy and climate reporting. The program calculates the company's CO₂ emissions.

Cradle to Cradle^{CM} silver certification⁸

We are pleased to announce that, having worked with the Cradle to Cradle organisation in Denmark for several years, we have succeeded in achieving Cradle to Cradle^{CM} silver certification for our first carpet tile product, Barcode Ecoline Modular. Cradle to Cradle^{CM} is one of the world's most comprehensive product certifications. To achieve the certificate, the product is assessed in five different categories:

- Materials in the product
- Eco-friendly design
- Energy consumption
- Water consumption
- Social Responsibility (CSR)

Barcode Ecoline Modular has been awarded a silver certificate. The table below shows how the product scored in each category.

One of the biggest challenges we faced in our endeavours to achieve the certificate was for ege to cajole our suppliers into notifying us of the component substances in the materials used in the product. In future, we aim to continue to focus on this area. The certificate has to be renewed every year. We are currently in the throes of preparing specific goals for our work with Cradle to Cradle in the coming years.

Code of Conduct

Three years ago, ege joined the Dansk Fashion & Textile Code of Conduct. We are obliged to work in accordance with the UN Global Compact and with three additional principles formulated by Dansk Fashion & Textile. We have also signed a large number of codes of conduct from our partners. Signing a

code of conduct is becoming normal practice in any partnership.

A code of conduct is an ethical code, prescribing how the signatory company is obliged to act socially responsibly in many different areas, which are listed in the code. Most codes of conduct include a duty to ensure that the company's subcontractors and other partners meet the same behavioural standards.

Bearing this in mind, and the fact that, in connection with DS 49001, we are obligated to work systematically with supplier management, we at ege are now developing our own code of conduct. In future, we will submit our code of conduct to all our suppliers around the world.

Animal welfare

ege 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 anaesthesia. ege is strongly opposed to this practice. Dansk 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.

During 2011 our wool suppliers in New Zealand confirmed in writing that they meet the requirements stipulated in Dansk Fashion & Textile's Code of Conduct, principle no. 11, which require that sheep are fed, reared and put down with dignity and respect.

Barcode Ecoline Modular				
Criterion	Basic	Silver	Gold	Platinum
Material		✓		
Material Reutilization/Design for Environment		✓		
Energy		✓		
Water			✓	
Social Responsibility			✓	

⁸ Cradle to Cradle^{CM} Certification is a certificate licensed by the Cradle to Cradle Products Innovation Institute.

Employees

We are aware of our corporate social responsibility to our employees and we wish to make ege an attractive and pleasant workplace for our employees. Creating a safe and healthy working environment is therefore an important element of our CSR 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 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 ege 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 CSR policy 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 and indoor climate in Herning, and space issues, pressure of work, heavy lifting and noise in Gram.

In our work to create a safe and healthy working environment, we are very keen to involve our employees. We have set up an interdisciplinary Occupational Health and Safety Committee which regularly inves-

tigates and assesses the need for activities that can help promote the well-being of our employees. For example, employees are offered weekly physiotherapy at the workplace, healthy and nutritional meals in the canteen and, in Herning, we have acquired a massage chair which employees can use whenever they need to. In addition, we have a number of Occupational Health and Safety Groups charged with the task of resolving health and safety issues in the individual groups' areas of work.

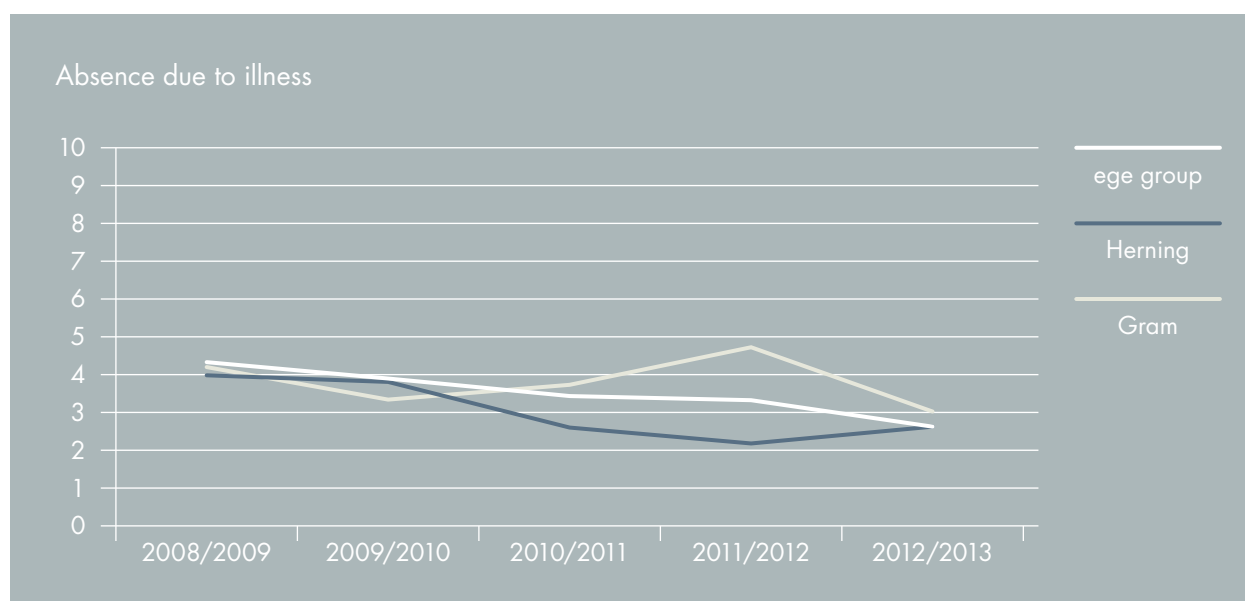
To enhance employee safety, Herning and Gram have established internal safety teams which consist of a fire fighting team and first aid teams. Safety team members are given the necessary training and refresher courses. There are defibrillators at both factories, which are part of the Danish Defibrillator Network.

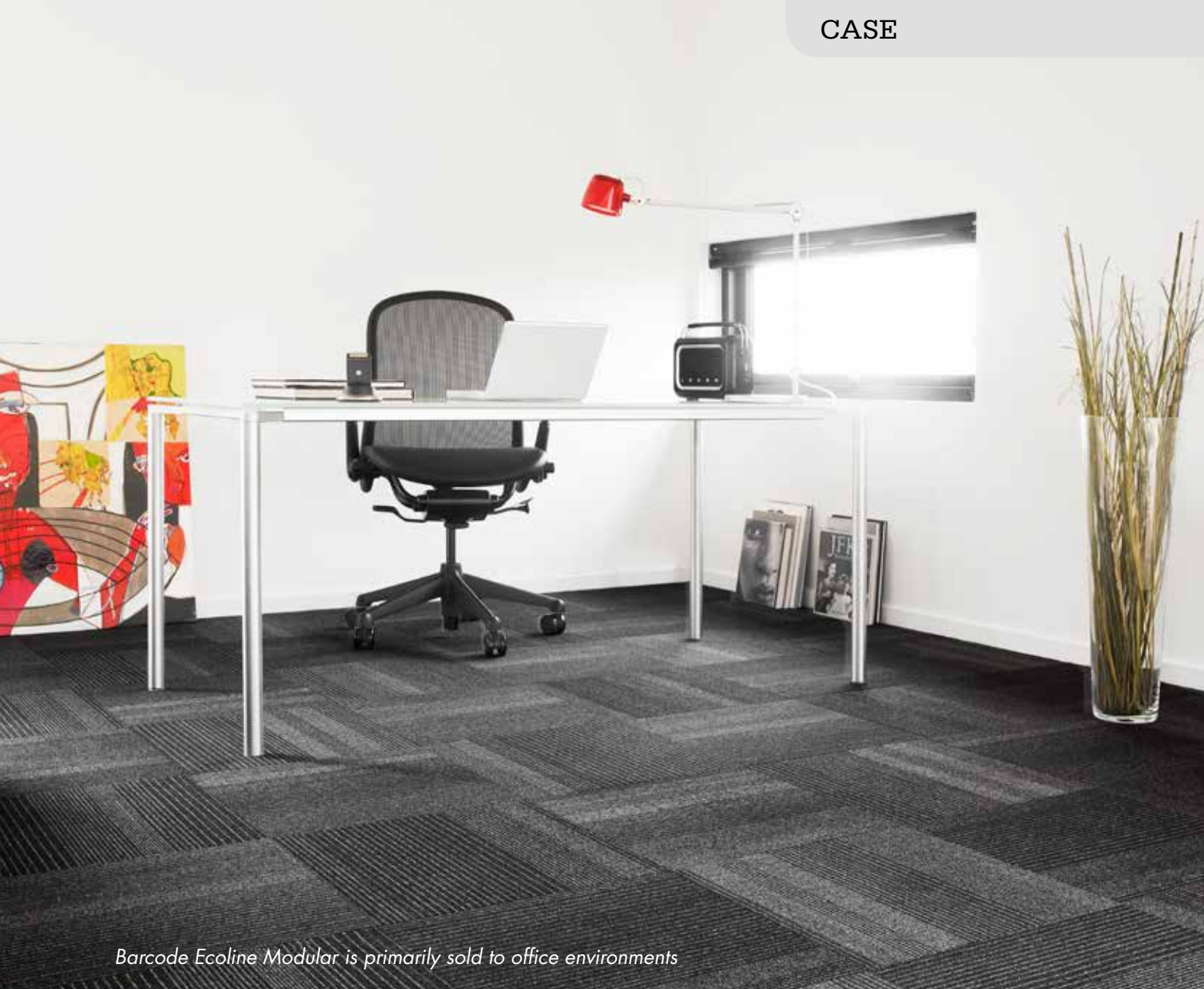
Absence due to illness

The overall target for the Group is maximum 4% absence due to illness. With absence due to illness measured at 2.7% for the year, this target has been achieved. In Gram, absence due to illness is 3%. In Herning, absence due to illness is the same as the average level for the group, i.e. 2.7%.

Diversity

ege wishes to accommodate diversity among its employees. For example, if an employee becomes ill or





Barcode Ecoline Modular is primarily sold to office environments

Ecoline & Ecotrust: 100% recycled fibre in ege's most popular products

ege's Ecoline range of carpets includes a number of products, in which the pile is made from 100% recycled fibres made from industrial and consumption waste, e.g. discarded fishing nets.

ege's Ecotrust tile backing is also made from 100% recycled fibres, most of which is from recycled plastic bottles. Ecotrust backing is used on all ege carpet tiles. Ecoline and Ecotrust help to reduce ege's CO₂ emissions. These products are a huge step on the road to fulfilling our declared intention to use recycled materials in our products.

Ecoline is used in Highline 1100 Ecoline and Highline 1100 Ecoline Modular, which are our two most popular products. For example, many hotels and high-profile customers have chosen Highline 1100 Ecoline for their custom-designed carpets. Ecoline is also used in two other carpet collections, Barcode Ecoline Modular and Carré Ecoline.

In 2012/2013, we have used a total of 620,412 kg of recycled fibres. We are extremely proud to note that this is an increase of 605,871 kg compared to last year.

worn down, we find them alternative tasks or light duties. In 2012/2013 we had four employees employed under flexible employment schemes: three in Herning and one in Gram. We have a further six employees employed under the so-called §56 scheme: four in Herning and two in Gram. Under the Danish § 56 scheme, the company can claim salary compensation from the local authority when an employee suffering from a chronic disorder is absent due to their chronic condition. The §56 employees receive remuneration corresponding to the maximum sickness benefit payment for days they are absent due to their chronic condition.

Rights

egedøpper is a member of the branch association Dansk Fashion & Textile. In Herning and Gram, the company complies with the collective bargaining agreements between the Confederation of Danish Employers (DA) and 3F (trade union), Dansk Metal (metalworkers' union), HK Privat (commercial and clerical workers' union) and Teknisk Landsforbund (the Danish Association of Professional Technicians), respectively. 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. We offer all employee groups a 12% labour-market pension scheme, where ege 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.

Supplementary education and training

In order to be seen as an attractive employer, ege must not only ensure that employees can do their work as well as possible, but also give them opportunities to develop their competences. During the last year, ege has maintained strong focus on staff training. The customary training courses and programmes for employees are now supplemented by new training programmes of different kinds. All our employees have now had the opportunity to enrol in IT, mathematics and Danish courses. The courses are run during normal working hours and employees receive full pay. A total of 50 employees followed these voluntary training courses this year.

ege Academy continues. This is an ambitious sales training programme to ensure that our sales force fo-

cuses uniformly and that sales representatives are optimally equipped to represent ege in contact with our customers. This long-term and ambitious programme not only builds our sales representatives' personal skills but also helps create closer ties between the head office and the individual salesman, and between the sales forces in the different countries. The training also helps us identify particularly talented sales personnel and thus retain them in our organisation.

The training comprises two modules of up to six days' duration. To date, 22 ege sales representatives from all over the world have completed the training.

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 ege 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 IF. Employees can also choose to insure their spouse and children.

Other benefits include: ege employees receive their normal salary during acute visits to their own doctor or acute treatment during working hours. We offer all employees the opportunity to have physiotherapy at the company and production workers are supplied with workwear. ege also offers staff associations, discounts (on fuel and paint, for example) and the opportunity to rent a summer cottage on the island of Læsø.

Women in managerial positions

New legislation came into force in Denmark on 1 April 2013. The legislation obliges companies to address the issue of whether gender distribution is equal in company management. The new legislation entails an obligation for ege to adopt a policy to encourage more women to take management positions and to describe how we will achieve policy targets. According to the new legislation, we must also report annually on our policy and targets, how we will implement these in practice, and our results in this area.

At ege we are not accustomed to working with the gender distribution of managerial positions. The carpet

industry is generally a male-dominated industry. ege is no exception. 32% of our employees at the factories in Herning and Gram are female and 68% are male. At group level, there were 24% female managers⁹ in 2012. All of these women are at middle management level.

We have incorporated our intention to work towards increasing the number of female employees in managerial positions into our CSR policy. To this end, we have two specific goals for the ege Group:

- 30% of all newly appointed managers will in future be women.
- By 2017, 30% of all managers will 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.

We have drawn up an action plan to achieve the targets set. Our plan includes the following initiatives:

- in future, when we recruit managers, we will call more female candidates to interview
- in 2014/2015, we will identify potential leadership talent among women at the sub-managerial level and make goal-orientated career development plans for them
- in 2014/2015 we will draw up a plan for our existing female managers, and work with them to provide personal leadership and career development plans.

Our first step on the road to implementing the above initiatives will be to discover what female employees think of management at ege. We will conduct individual interviews and ask whether they see barriers to career development for women and what initiatives are needed to help them progress. Then, we will describe women's career development in several ways, applying more focus to e.g. mentor schemes and special networks for women.

The male-female distribution on the ege Board is currently 25% women and 75% men. The new legislation stipulates that we must strive to achieve a 40-60 distribution between women and men. In practice, it is difficult to attract women to Board responsibilities in the carpet industry. For this reason, ege's Board has decided to maintain the current distribution for the next four years. In four years' time, the Board will establish new goals and in future will focus more on nominating female candidates to seats on the Board.

Human rights

Until now we have paid no special attention to human rights issues in our CSR activities because we have produced exclusively in Denmark, where workers' rights are very well protected by legislation and trade union membership. Furthermore, our DS/OHSAS 18001 work environment system ensures that ege's employees have a safe and healthy working environment.

In Lithuania, we meet Lithuanian legislative requirements and the employees at our factory in Lithuania are organised in an association which works to secure the best possible working conditions for its members.

As part of our new CSR policy, we oblige ourselves to uphold a policy of non-discrimination and to provide equal opportunities. We will respect and support human rights and we will do our utmost to avoid any violation of human rights inflicted on people with whom we work and do business.

Our CSR policy also obliged us to take a more active approach to human rights in the future.

Anti-corruption and whistleblower scheme

Our CSR policy states that we will strive to prevent corruption and bribery. In the past year we have developed and implemented a set of guidelines which aims to support these goals. All employees across the globe connected with ege have been notified in writing of these intentions and they are obliged to comply with our guidelines in this area.

⁹ Definition of management levels: At ege we have three management levels: executive management, senior management and middle management. Senior managers report to the executive management body. Middle managers report to senior managers or other middle managers and may hold responsibility for a department, team or function area. Middle managers may thus also be employees without responsibility for staff.

We have a zero-tolerance policy towards corruption and bribery. To ensure that anomalies are exposed and tackled, we have introduced a whistleblower scheme, which ensures that illegal activities and other serious anomalies can be communicated – anonymously or otherwise – to senior management via our website. The whistleblower scheme is approved by the Danish Data Protection Agency. The whistleblower scheme system is run by a professional company, which ensures that data is encrypted and confidential information is protected.

The anti-bribery and corruption guidelines and the whistleblower scheme clearly signal to our employees and the world around us that we do not tolerate unethical business practices at ege.

Charity work

We have worked with the KidsAid Foundation again this year. The foundation's main objective is to support sick and underprivileged children in Denmark. We raise money for KidsAid by means of fitness campaigns for our employees and their families. This year, the funds raised by the KidsAid campaign were donated to the Christmas Seal Homes in Hobro and Kollund. The total sum raised was DKK 100,000.

We will continue to work with KidsAid in the next financial year and this time the money raised will be donated to The Danish Hospital Clowns.

"Ege Foundation - the Vibeke and Mads Eg Damgaard Foundation" also makes annual donations to deserving causes. The foundation's capital derives from the yields on egetæpper shares. This year the Ege Foundation paid out about DKK 1.5 million. The money is donated to local charities. This year the Ege Foundation made contributions to young singers at Den Jyske Sangskole (The Jutland School of Singing), The Rebild National Park Society, culture and conference centre Kulturremisen in Brande, and the local history association for Gram and surrounding area. This year the Ege Foundation has also made an extraordinary contribution of DKK 2 million to Museum Midtjylland. This is Herning's new museum, which will open in Textilforum and Herning Klædefabrik's (textile factory's) buildings. ege has especially strong ties to these buildings as it was ege's founder, Mads Eg Damgaard, who originally donated the buildings for the purpose of housing a museum. The donation will not be paid to the museum until construction work begins in 2014.



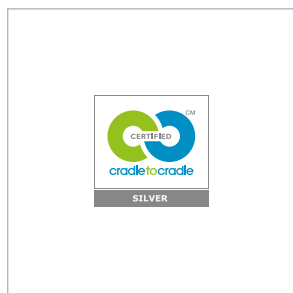
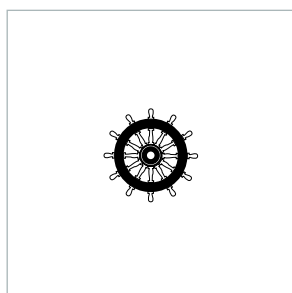
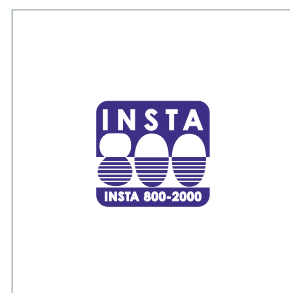
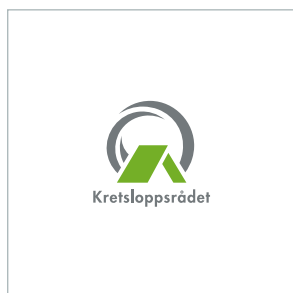
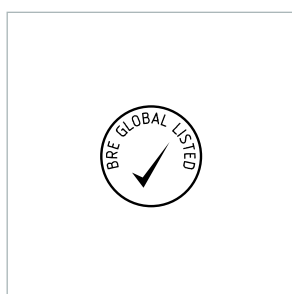
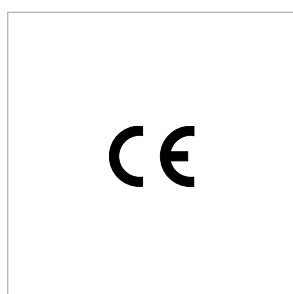
ege carpets has supported the KidsAid Foundations work for sick and underprivileged children in Denmark since 2011

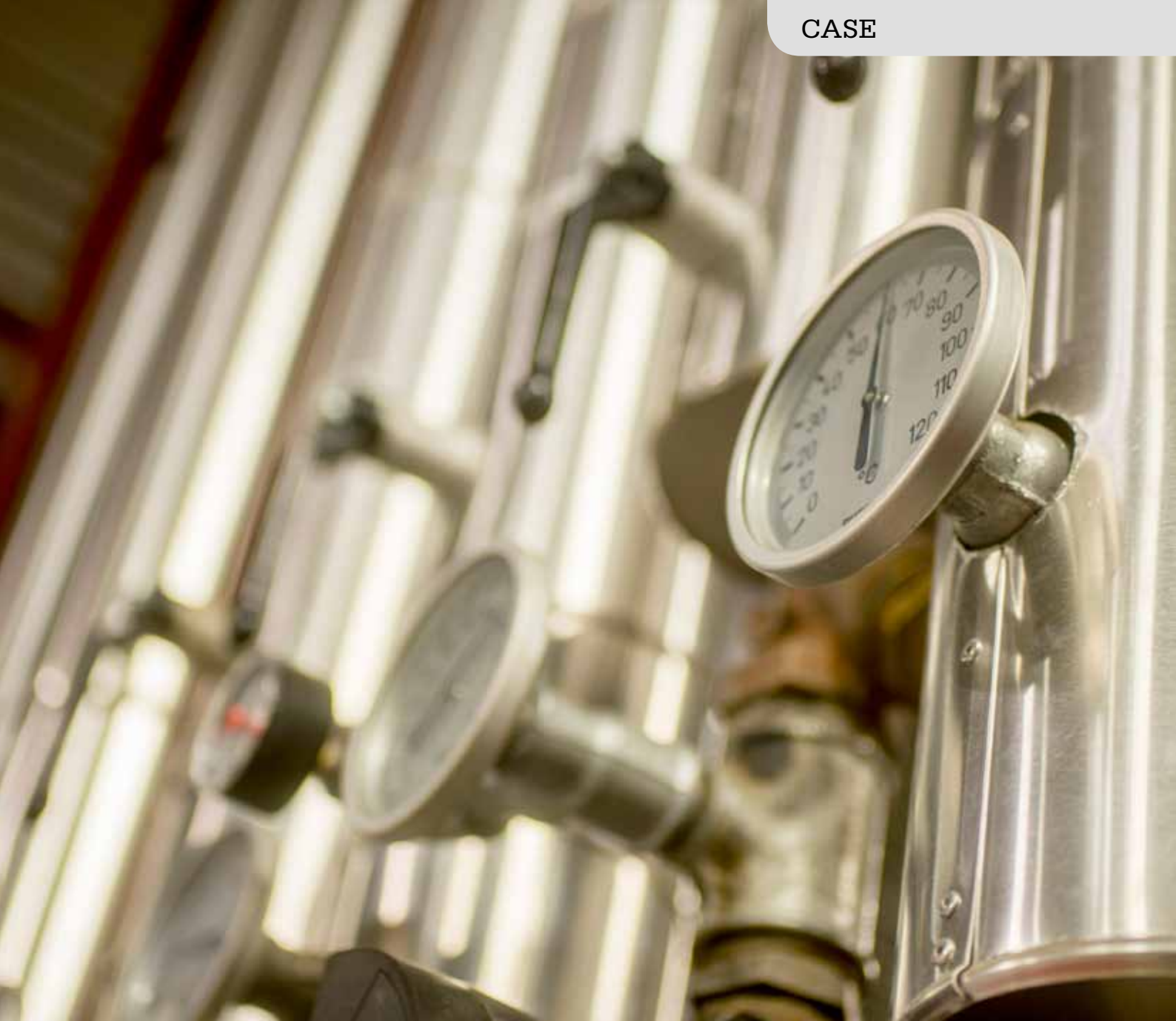
Health and safety

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 used. The health and safety of our employees is detailed in the Employees section. This section, however, is dedicated to health and safety in relation to our products and the people who use them. 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.

All in all, our certificates cover a very wide range of issues, including safety, health, indoor climate and environment, life cycle analyses, sustainable architecture, construction products declarations, cleaning quality and maritime safety.





Major savings achieved by introducing new technology

ege has invested about DKK 10 million in integrating a water purification plant into the dyeing plants in both Gram and Herning. Using state-of-the-art technology, the factories are now able to purify wastewater and extract thickening agent for recycling.

The process means that we can recycle about 70% of wastewater and about 20% of the thickening agent. The recycled water will reduce total water consumption in the dye house by 30% in Herning and 70% in Gram.

The water saved corresponds to the average annual water consumption of 750 people. The effects of these measures will be apparent from next year.

ege received a DKK 276,000 subsidy from the Danish Ministry of the Environment to develop the technology. We have an excellent track record of working with public authorities on environmental projects. There are currently several other projects in progress which are subsidised by public authorities.

GRI indicators



EN1 – Consumption of materials

Herning: 3.13 kg materials per m² of carpet

Gram: 2.46 kg materials per m² of carpet

Environment

EN1 – Materials 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 and acid). We also use various materials for operation, cleaning and maintenance (oil, chemicals) and packaging (cardboard and plastic carpet tubes, wrapping foil and cardboard).

	Herning	Gram
Pile	3,078,881 kg	833,439 kg
Dyeing Dept.	97,217 kg	199,654 kg
Backing	7,595,887 kg	4,112,641 kg
Operations, cleaning, maintenance	76,562 kg	9,031 kg
Packaging	444,330 kg	222,823 kg
Twistset plant	6,689 kg	–
Total	11,299,566 kg	5,377,588 kg

EN3 – Direct energy consumption

Our direct energy consumption comprises natural gas and bottled gas in Herning and Gram, and natural gas used to produce electricity at the combined heat and power plant in Herning.

	Herning	Gram
Natural gas	64,426 GJ	43,576 GJ
Bottled gas	330 GJ	156 GJ
Natural gas for electricity generation	9,344 GJ	–
Total	74,100 GJ	43,732 GJ

EN4 – Indirect energy consumption

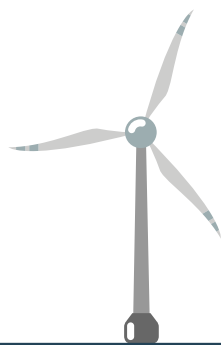
As ege does not use district heating, our indirect energy consumption includes only electricity consumption for buildings and production.

Herning	18,072 GJ
Gram	8,710 GJ
Total	26,782 GJ



EN3 – Direct energy consumption

Herning: 18.78 MJ per m² of carpet
Gram: 20.92 MJ per m² of carpet



EN4 – Indirect energy consumption

Herning: 5.26 MJ per m² of carpet
Gram: 4.18 MJ per m² of carpet



EN8 – Water consumption

Herning: 18.37 litres of water consumed per m² of carpet
Gram: 15.02 litres of water consumed per m² of carpet

EN5 – Energy-savings

We have implemented energy-saving projects in Herning in connection with converting natural gas-fired heating to heating using steam on the Twistset plant, introducing automatic start/stop on the steam system, recovering heat from exhaust air in the dye lab and shutting down the compressed air system at weekends. In Gram, energy-saving projects have included reducing pressure in the steam boiler during production downtime, reducing fan operating times on the drying oven (so that the fan stops when there is no carpet in the oven), recovering wastewater, insulating the wastewater recovery tank and several instances of adding extra insulation. Total energy savings in Herning and Gram amount to 11,495 GJ.

EN7 – Initiatives taken to reduce indirect energy consumption

ege's indirect energy consumption is mostly related to air travel and leased vehicles. We have not introduced initiatives to reduce indirect energy consumption in the reporting period.

EN8 – Water consumption

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

Herning	63,357 m ³
Gram	31,396 m ³
Total	94,753 m³

EN10 – Water recovery

At Gram we have more than doubled the proportion of recovered water since last year. In Herning water recovery is at a slightly lower level than last year.

	m ³	% of total water consumption
Herning	approx. 3,000	4.7
Gram	754	2.4
Total	3,754	4.0

EN16 – Greenhouse gas emissions

ege'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, bottled gas in production, and diesel and petrol in the vehicles owned by the company. Total direct greenhouse gas emissions in 2012/2013 were 7,516 tons of CO₂. In addition, we emitted 2,922 tons of CO₂ as indirect greenhouse gas emissions from electricity for production and buildings, as well as district heating. We therefore emitted a total of 10,438 tons CO₂ as direct and indirect emissions. See Greenhouse Gas Account section on page 40 for more details about our CO₂ emissions.

Direct	7,516 tons CO ₂
Indirect	2,922 tons CO ₂
Total	10,438 tons CO₂

EN18 – Initiatives taken to reduce greenhouse gas emissions

Greenhouse gas emissions have been reduced in connection with the energy-saving projects in Herning and Gram (see EN5). The total savings achieved represent a reduction of greenhouse gas emissions by 680.7 tons of CO₂. These represent significantly larger savings than last year, where energy-saving projects led to a reduction in CO₂ emissions of 287.7 tons.

EN21 – Water discharge

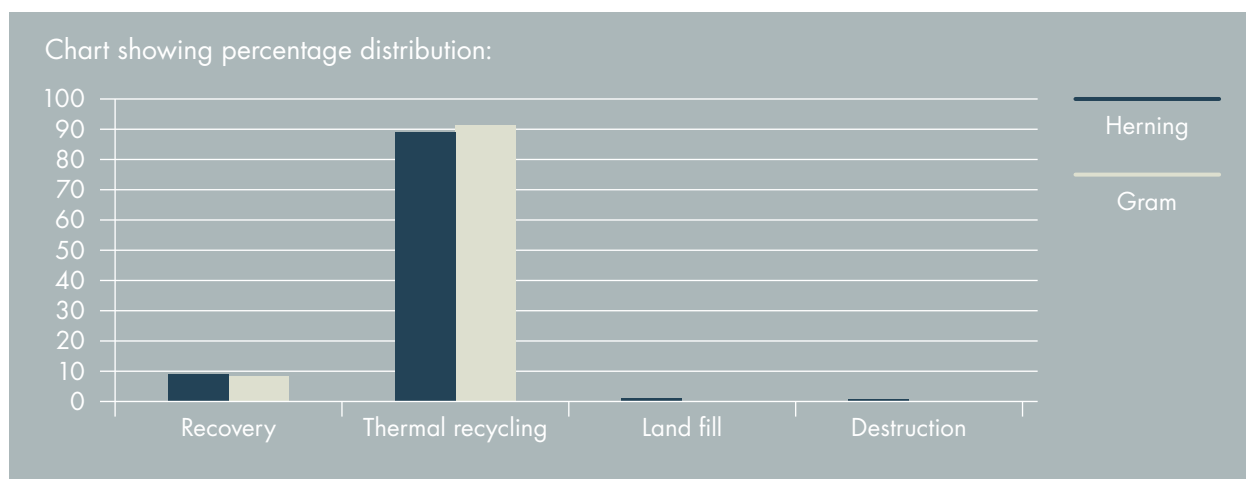
All processed water from our factories is piped into the local water purification plant, while sanitary water is piped into the sewers. In Herning, water discharges are measured in m³. In Gram, they are calculated as 83% of total water consumption in production in the first quarter, after which time water discharges are also measured as m³ in Gram.

Herning	50,498 m ³
Gram	21,558 m ³
Total	72,056 m³

EN 22 – Weight of waste and disposal methods

We dispose of our waste using recovery, thermal recycling, deposit in land fills and destruction. See "Statement of consumption, waste and discharges", where we describe the methods we use to dispose of the different materials.

	Herning	Gram
Recovery	111,180 kg	43,599 kg
Thermal recycling	1,123,911 kg	462,658 kg
Land fill	16,880 kg	0 kg
Destruction	9,809 kg	0 kg



EN 24 – Weight of transported hazardous waste

All our hazardous waste is transported away to be destroyed. 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.

Herning	9,809 kg
Gram	0 kg
Total	9,809 kg

This is 4 tons more than last year, which, to a great extent, is due to the Twistset plant which has been moved to Herning from the closed factory in Vejle.

EN26 – Limiting environmental impacts

All our carpet tiles have Ecotrust backing, which is made from 100% recycled materials. We also produce the Eco-line collection. The range includes different qualities of carpet, including Highline 1100 Ecoline, which is our most popular product. 100% of the carpet fibres are recycled. For the yarn manufacturer, this means there is a reduction in energy used, compared to producing new fibres. In 2012/2013, we have used a total of 620,412 kg of recycled fibres. This is a very sharp increase of 605,871 kg, compared to last year's figure.

This year we have been awarded Cradle to Cradle^{CM} silver certification on our first carpet tile product, Barcode Ecoline Modular. We are currently in the throes of preparing specific goals for our work with Cradle to Cradle in the coming years.

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, and uses less water than conventional cleaning methods on the market. Moreover, the method requires a shorter drying period, so the carpets can be used sooner after cleaning.

Carpets generally reduce noise levels. Our "NONO No Noise" 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.

Finance

EC1 – Direct financial value

Our reporting in this indicator is included in ege's Annual Report 2012/2013. The Annual Report is available on our website: www.egecarpets.com.

Employee conditions

LA1 – The workforce

We employ most people in Herning: a total of 249. The chart below shows the distribution of the workforce at the end of the financial year, i.e. hourly-paid and salaried employees, and full-time and part-time employment at our factories. This year for the first time we have also made the male-female split.

No. of employees	Herning		Gram		ege contract		Total		Grand-total
	males	females	males	females	males	females	males	females	
No. of hourly-paid employees	116	27	41	6	0	0	157	33	190
Salaried employees	49	57	5	5	9	2	63	64	127
Total	165	84	46	11	9	2	220	97	317

Salaried employees	Herning		Gram		ege contract		Total		Grand-total
	males	females	males	females	males	females	males	females	
Full-time	48	51	5	4	8	1	61	56	117
Part-time	1	6	0	1	1	1	2	8	10
Total	49	57	5	5	9	2	63	64	127

LA2 – Staff turnover

Staff turnover in this financial year has been relatively low. A total of 28 have left a position, while there were 39 new appointments. The table shows terminated employees by gender and age, and new appointees by gender.

Terminated employees	Herning		Gram		ege contract	
	males	females	males	females	males	females
Age						
< 20	0	0	1	0	0	0
20-29	6	3	0	0	0	0
30-39	2	0	0	2	0	0
40-49	1	0	1	0	0	0
50-59	1	1	1	0	0	0
> 60	5	2	2	0	0	0
Total	15	6	5	2	0	0

New employees	Herning		Gram		ege contract	
	males	females	males	females	males	females
	22	14	2	0	0	1

LA3 – Employee benefits

The company complies with the collective bargaining agreements between the Confederation of Danish Employers (DA) and 3F (trade union), Dansk Metal (metalworkers' union), HK Privat (commercial and clerical workers' union) and Teknisk Landsforbund (the Danish Association of Professional Technicians), respectively. We offer all employee groups a 12% labour-market pension scheme, where ege 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

At ege we have both an Occupational Health and Safety (OHS) committee and OHS groups. The Occupational Health and Safety Committee is the decision-making body, determining guidelines for health and safety issues, while the Health and 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.

	Employees serving on work environment committee	Employees serving in work environment groups	Total number	% of total workforce
Herning	6	12	12	4.9%
Gram	7	8	10	17.5%

LA7 – Industrial injuries, accidents at work, absenteeism

During the past year, there was one registered industrial accident in Herning and three in Gram. None of these accidents has resulted in permanent injury or death.

	Registered industrial accidents	Work days lost	Time lost	Other incidents without absence	% time lost relative to total hours worked
Herning	1	3	22.2	5	0.0049
Gram	3	6	44.4	6	0.0392
Total	4	9	66.6	11	0.0118

Product liability

PR1 – Product assessment

ege is working to resolve health and safety issues throughout our products' life cycles. At 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 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.

Storage, distribution and delivery

At ege 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. 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. ege's carpet tiles are easier to lift, transport and fit.

Use and service

Our products are supplied 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; EC1 in the lowest degasification class. We also recommend the Chem-Dry® cleaning method, which contains no surfactants and uses warm carbonic acid as a cleaning agent. This method uses less water than conventional cleaning methods.

Disposal, recycling and recovery

Used carpets are disposed of in different ways in different countries. In Denmark, carpets are disposed of by thermal recycling. In ege's Ecoline series, which consists of two carpet tile collections, 100% of the carpet fibres are recycled.

PR3 – Product information

All our products carry the CE label, which means that they meet all relevant European legislative requirements, the objective of which is to protect health, safety and the environment. Our products are also certified according to a large number of voluntary labelling schemes, the objective of which is to protect health, safety and/or the environment. These are BRE, LEED, BASTA, Cradle to Cradle^{CM} Silver, the Danish Indoor Climate Label, INSTA 800, BVD3, BVB, EPD and IMO.

Dansk Fashion & Textile 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 of "Best Management Practises 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 the 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, the BMP cannot be considered to be specific documentation that our wool suppliers adhere to these principles.

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 the suppliers have confirmed in writing that they meet these requirements and will continue to work in future in accordance with principle no. 11 of the Code of Conduct.

Principle 12 – Charity

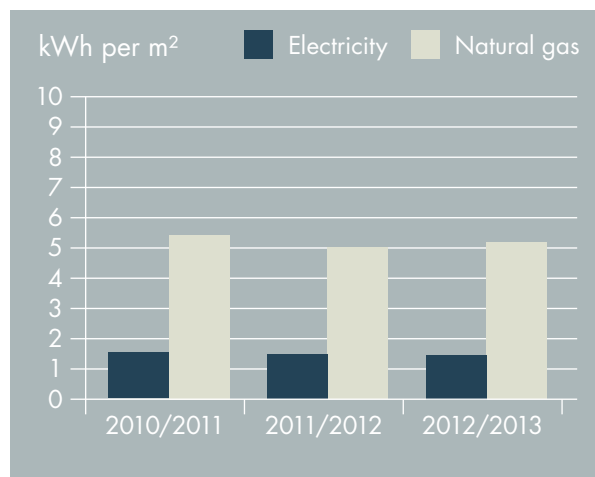
Via the "Ege Foundation - the Vibeke and Mads Eg Damgaard Foundation" annual donations to deserving causes are made from the yields on egetæpper a/s shares. The funds are primarily donated to non-profit making activities. In Herning we have worked with the KidsAid Foundation since 2011. The foundation's main objective is to support sick and underprivileged children in Denmark. By means of fitness campaigns for our employees and their families, we raise money for charity. This year, the funds raised by the KidsAid campaign were donated to the Christmas Seal Homes in Hobro and Kollund. The total sum raised was DKK 100,000.

Principle 13 – Monitoring

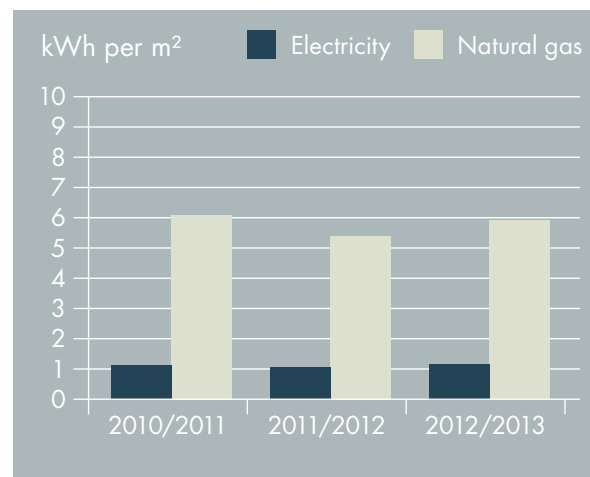
ege is not subject to an external audit in connection with the monitoring and control of compliance with the Code of Conduct. However, we have started work on developing procedures for monitoring our suppliers. This will partly be achieved by means of our future code of conduct. In 2013/2014 we will send our code of conduct in writing to our suppliers and we will require them to sign that they are prepared to comply with it. ege's whistleblower system ensures that illegal activities and other serious anomalies can be communicated to senior management, including any failure on the part of suppliers to comply with legal requirements. In future we plan to develop a system by which to monitor if our suppliers really do live up to the promise they made when they signed our code of conduct.

Statement of consumption, waste and discharges

Energy consumption in Herning



Energy consumption in Gram



In the following, we present input and output statements for carpet production in Herning and Gram for the financial year (1 May 2012 – 30 April 2013). In Herning consumption of electricity, gas and water is based on the 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 counted manually. Quantities and volumes of other goods and waste are based on invoices. In Herning, the consumption of oil and chemicals for production and maintenance is equivalent to the purchased quantities. In Gram, however, this is equivalent to purchased goods less stocks. In Herning, wastewater discharges are calculated based on internal registrations of discharges from production. In Gram, the figures are a percentage share of total water consumption in the first quarter, and then based on internal registration of wastewater discharges by an approved flow meter.

Energy consumption

Total energy consumption is the total consumption of electricity, truck gas, natural gas, fuel oil and diesel.

Natural gas is used primarily to produce heating and steam for industrial processes, and for heating buildings.

Natural gas for electricity production is calculated se-

parately. Since 1996, the combined heat and power plant at ege's factory in Herning has generated electricity which is sold to the local power station.

Renewable energy

In 2013 we have purchased RECS certificates corresponding to 4,790,231 kWh, or 65.8% of total electricity consumption in Herning and Gram in 2012. The quantity of renewable energy purchased corresponds to the average electricity consumption of 1,065 households.

Water consumption

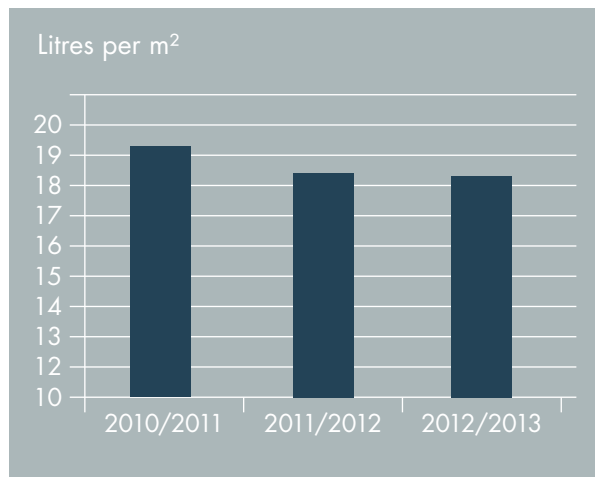
The total water consumption includes production and buildings.

Waste

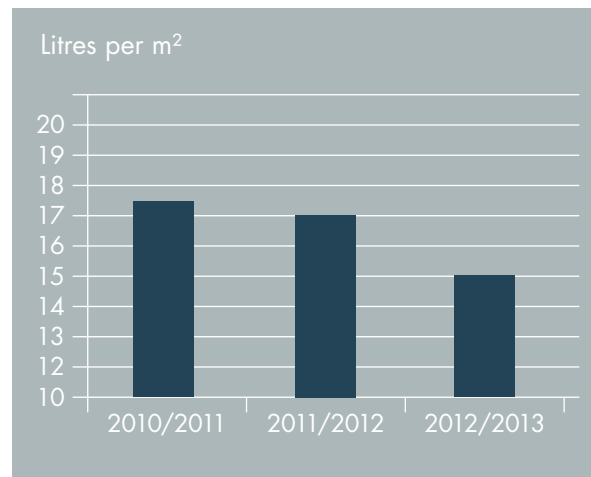
Waste is sorted and disposed of in the following main groups:

- **Recovery:** This includes the groups of waste from which it is possible to recover waste either for new production, or as a component in another product.
- **Thermal recycling:** The following waste is sent for thermal recycling: yarn residues, cardboard bobbins, carpet residue, sludge from the glueing works, and packaging that is not recyclable. The volumes of each waste type are registered as a single figure.
- **Deposit as land fill:** Sludge from the dyeing pro-

Water consumption in Herning



Water consumption in Gram



cess, non-flammable waste and the waste that cannot be handled in the incineration plant are all deposited in land fills.

- **Destruction:** Waste for destruction includes waste oil, chemical and raw material residues, batteries and fluorescent tubes.

Discharge

Wastewater

In Herning and Gram, internal wastewater purification is performed before discharge to the municipal purification plant.

Emissions

Environmental approvals set limit values for emissions made by companies. Previous measurements in Herning and Gram show that emissions of organic and inorganic substances comply with all the limit values laid down in guideline no. 2/2001.

As alterations have been made to the natural gas-fired processing plant, a supplement to the environmental approval has been made for the Twistset plant, which has been moved to Herning after the factory closure in Vejle.

CO₂ emissions

Having installed the Twistset plant at the factory in

Herning, the total thermal effect is now 20.7 MW, which means that ege is once again obliged to monitor and report CO₂ emissions. CO₂ emissions from the ege Group are included in the Greenhouse Gas Account section of this report.

Noise

In cooperation with the municipal authorities, it has been evaluated that the external noise from the companies does not exceed the requirement of 60 dB in the environmental approvals, and in the current period no changes have been made to the processes to indicate any change in the external noise level.

Work is ongoing to improve the internal noise level. In the event of changes to production processes, new measurements will be taken.

In accordance with statutory requirements, hearing tests are offered to employees working in areas with noise levels exceeding 80 dB.

Total input/output – for the ege Group's carpet production in Herning and Gram

Input	2012/13		2011/12		2010/11	
Energy consumption	MWh	KWh/m²	MWh	KWh/m²	MWh	KWh/m²
Energy	37,575	6.78	35,335	6.49	37,181	7.08
Gas used to produce electricity	2,596		1,658		2,152	
Renewable energy	4,790	0.86	3,276	0.60	0	0.00
Water consumption	m³	Litres/m²	m³	Litres/m²	m³	Litres/m²
	94,753	17.11	97,038	17.83	97,656	18.60
Consumption of materials	Tons	Kg/m²	Tons	Kg/m²	Tons	Kg/m²
Total consumption of materials	16,677	3.01	16,141	2.97	16,033	3.05
For carpet production	15,924	2.88	15,407	2.83	15,461	2.94
Packaging	667	0.12	653	0.12	521	0.10
Operations and maintenance	86	0.02	81	0.01	50	0.01
Waste	Tons	Kg/m²	Tons	Kg/m²	Tons	Kg/m²
Recovery	155	0.03	163	0.03	110	0.02
Thermal recycling	1,587	0.29	1,431	0.26	1,352	0.26
Land fill	17	0.00	18	0.00	84	0.02
Destruction, hazardous waste	10	0.00	6	0.00	7	0.00
Discharge	m³	Litres/m²	m³	Litres/m²	m³	Litres/m²
Wastewater	72,056	13.01	77,176	14.18	77,882	14.83
Emissions	Tons	Kg/m²	Tons	Kg/m²	Tons	Kg/m²
Greenhouse gases ¹ :						
CO ₂ emissions	6,545	1.18	6,067	1.12	6,412	1.22
Air emissions ² :						
NO _x	5	-	4	-	5	-
SO ₂ , PM	-	-	-	-	-	-
Biodiversity	m²	m²/prod.m²	m²	m²/prod.m²	m²	m²/prod.m²
Developed area	69,500	0.01	69,500	0.01	69,500	0.01
Output	m²		m²		m²	
Carpet products	5,538,786		5,442,414		5,250,660	

All input/output data applies to Herning and Gram together, whereas the energy used to produce electricity, land fill deposits and hazardous waste apply only 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 is measured directly. The volume of wastewater in Gram in the first quarter amounted to 83% of total water consumption in production. The volume of wastewater has subsequently been measured directly by a flow meter.

In 2012/2013, the combined heat and power plant's consumption totalled 235,955 m³ of natural gas, resulting in electricity generation of 1,718,830 kWh.

Water consumption In Herning, the dyeing plant uses 80% of total water consumption.

Water consumption In Gram, the dyeing plant uses 92% of total water consumption.

Note 1. Greenhouse gases, CO₂-e : a conversion factor of 2,185 g of CO₂/m³ of natural gas is used, see Key2Green web tool. For 2012/2013 CO₂-e includes contribution of UHC (including methane), which totals 39 tons of CO₂-e.

Note 2. Air emissions, NO_x: For 2011/2012 and 2012/2013, the emissions from motor systems and boilers are based on measurements on these systems.

Data from previous years is based on theoretical calculations made in collaboration with FORCE.

Air emissions, SO₂ and PM: Not relevant for ege's production.



One of the great qualities found in products from ege is the environmentally friendly carpet backings

Greenhouse Gas Account

The purpose of the Greenhouse Gas Account is first and foremost to create an overview of ege's emissions of greenhouse gases, with the objective of reducing these emissions. As there is no international standard for greenhouse gas accounting, we have decided to account for our emissions of greenhouse gas according to the guidelines in the Greenhouse Gas Protocol (GGP)¹⁰, which is the closest you can get to an international standard in this field. GGP is in line with the basic requirements of the ISO 14064 standard. The method produces uniform and systematic figures.

As fluctuating rates of production affect the greenhouse gas account, we have also chosen to calculate our emissions per m² of carpet.

GGP operates with three categories for calculation of a greenhouse gas account:

Category 1: Direct greenhouse gas emissions

Category 2: Indirect emissions

Category 3: Other indirect greenhouse gas emissions

Emissions from ege

The following describes the parameters on which ege's Greenhouse Gas Account is based.

Category 1: Direct emissions of greenhouse gases

In this category direct emissions of greenhouse gases from sources owned or controlled by the company are accounted for. In ege's case, these are:

- Burning natural gas in order to produce heating. Our total consumption is calculated, including the proportion of electricity that is generated and sold externally.
- Burning fuel oils to produce heating. This includes emissions of greenhouse gases from our processes.
- Burning petrol, diesel and liquid gas from vehicles owned by ege. This includes consumption of means of transport owned and managed by ege. Internal transport in and between production facilities, and the proportion of passenger transport that takes place in ege's own vehicles, are included.

These calculations also include fuel extraction. Transport in leased vehicles is included in category 3.

Category 2: Indirect emissions

Indirect emissions are defined solely as the emissions related to purchased electricity. At ege this includes the following activities:

- Consumption of electricity in Denmark (production facilities as well as office buildings and sales offices).

Category 2 calculations of electricity consumption also include fuel extraction, since the data source used only includes the overall figure.

- Consumption of district heating in Denmark
 - Consumption of electricity in the subsidiaries
- These calculations also include fuel extraction.

Category 3: Other indirect emissions of greenhouse gases

Reporting of emissions in category 3 is optional in the GGP system. This category comprises a wide range of activities that may be included. At ege we have decided to include the following activities:

- Transport in leased vehicles
- Travel by air, train and ferry
- Goods transportation

New calculation method

For the first time, we are using the CEMAsys database to calculate ege's CO₂ emissions. This system applies slightly different basic data to calculate CO₂, than used in previous years. Furthermore, many groups are merged, e.g. natural gas, fuel oil and LPG are counted as a single group. In the past these were reported individually.

Development since the base year

The base year for ege is an average of the Greenhouse Gas Account years 2006/2007 and 2007/2008, adjusted by estimated data. This base year is the

¹⁰ World Business Council for Sustainable Development and World Resources Institute (2004) The Greenhouse Gas Protocol. A Corporate Accounting and reporting Standard, Revised Edition.

standard of reference for the Greenhouse Gas Account for the current year, 2012/2013.

There have been a number of changes during the year, which mean that we are required to make changes to the base year. There is no longer production in Vejle, but energy consumption in the buildings is still calculated as they are used as warehouses. One of the process lines has been moved to the factory in Herning and another to Litspin in Lithuania. Data from Litspin and from our Chinese office are included in this year's account. The most significant change is, however, that we now include CO₂ emissions for the transportation of our carpets from the factory to the customer.

Chart 1: Statement of categories 1, 2 and 3 by base year and year 2012/2013

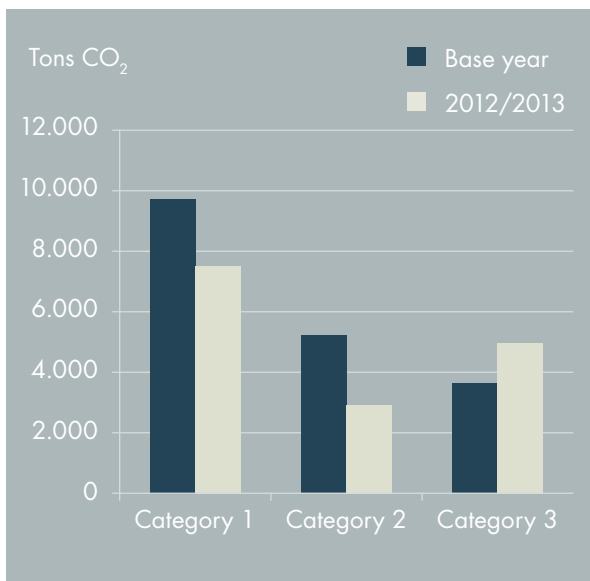
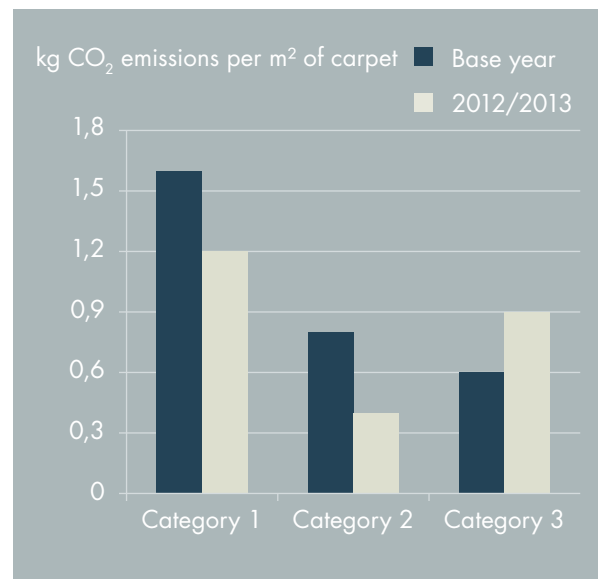


Chart 1 shows that the direct emissions of greenhouse gases in category 1 have been reduced from 9,725 tons of CO₂ in the base year to 7,516 tons of CO₂ this year, equivalent to a 23% reduction. The indirect emissions of greenhouse gases in category 2 have been reduced from 5,213 tons of CO₂ to 2,922 tons of CO₂, equivalent to a 44% reduction. The reductions in category 1 and 2 are primarily due to the fact that there is no production in Vejle (although one process line has been moved to the factory in Herning). Energy consumption at the Litspin mill in Lithuania is also included in this year's figures.

Category 3 CO₂ emissions have increased, mainly due to the inclusion of emissions caused by transporting finished carpets. However, there has also been a minor increase in travel activities. Goods transportation emissions caused emissions of 3,370 tons CO₂ in the base year and 4,612 tons CO₂ in this financial year.

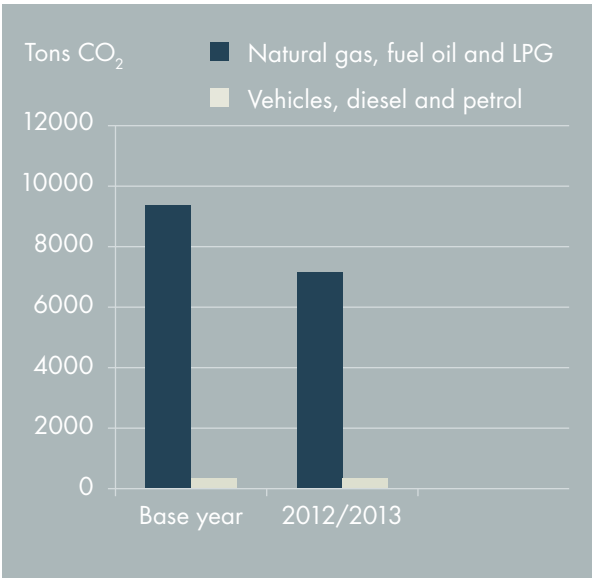
Chart 2: CO₂ emissions per m² of carpet (Herning + Gram)



The next pages present charts for each category specifying the distribution of the emissions in the base year and the year 2012/2013, respectively .

Category 1: The ege Group's direct greenhouse gas emissions

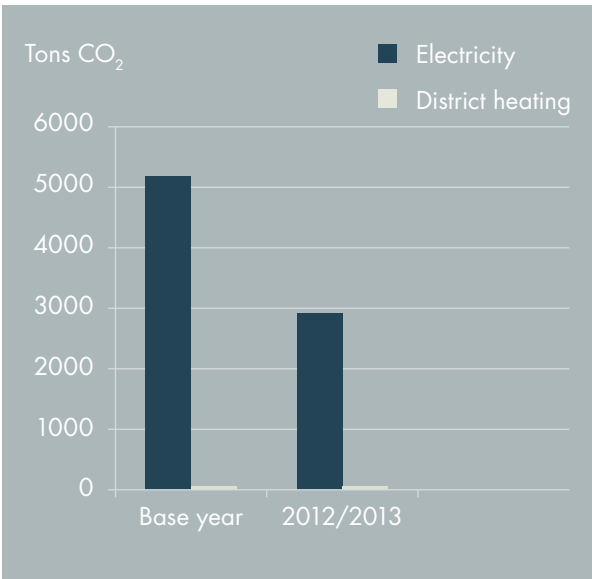
Chart 3: Direct greenhouse gas emissions



Most direct CO₂ emissions come from natural gas used in production. A smaller quantity is produced by building heating and electricity production. There have been no significant changes in this distribution since the base year. Total fossil fuel consumption is reduced by 24%, while transportation in our own vehicles has increased by 2%.

Category 2: The ege Group's indirect greenhouse gas emissions

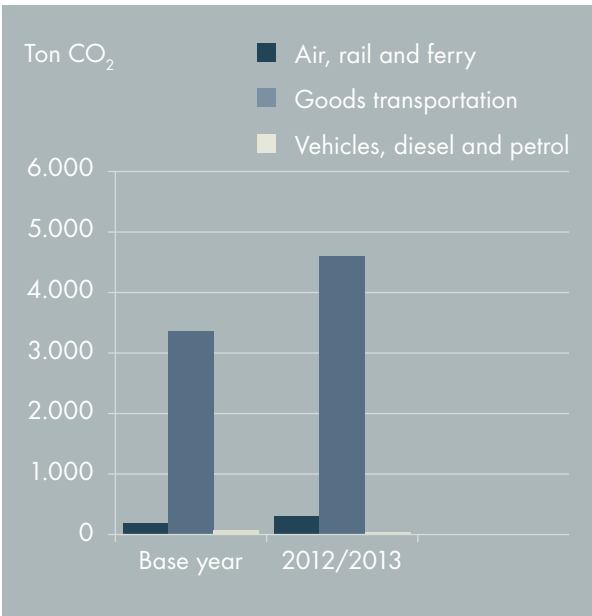
Chart 4: Indirect emissions



Indirect CO₂ emissions come from electricity used in buildings and production, and district heating. There have been no significant changes in this distribution since the base year. However, there has been a 44% reduction in electricity and 99% reduction in district heating. While reduced emissions from electricity are due to a fall in consumption, the lion's share of the reduced emissions from district heating is due to changes in the calculation factor.

Category 3: The ege Group's other indirect greenhouse gas emissions

Chart 5: Other indirect greenhouse gas emissions



In 2012/2013, CO₂ emissions from transportation of finished carpets (goods transportation) are included for the first time. These account for a large increase in category 3 CO₂ emissions compared to previous years. As we have transported more carpets and over longer distances this year compared to the base year, the increase is 37%. Air travel has also increased significantly since the base year, i.e. by 59%.



ege produces on average approx. 113,000 m² carpet per week

Objectives and targets

Each year we set ourselves a number of environmental and work environmental targets in both Herning and Gram. We set targets based on a desire to improve environmental conditions at the company, reduce our carbon footprint and create a better working environment. Our objectives are based on our CSR policy and the opportunities available to us to improve. Each

factory defines objectives with appurtenant environmental targets, after which action plans are prepared to ensure that these targets are fulfilled.

On the following pages we list last year's objectives and current status. These data are followed by a list of new targets for the coming year.

Objectives and targets for 2012/2013 – Herning

Environment

Area for improvement	Target(s)	Status
Reduction of energy consumption by 75% per mixer	It is estimated that rebuilding mixers with frequency converters will reduce energy consumption by approximately 75% per replacement. This corresponds to estimated energy savings of about 24,000 kWh, compared to consumption in 2008/2009. Replacements are made as and when the old mixers break down.	Completed The majority of our mixers are now rebuilt and we have achieved the estimated savings on them. The few remaining mixers will be rebuilt in due course.
Reduction of water and chemicals consumption	To follow up on an earlier pilot project, purification of the waste water from the washing section of the dye house has been established. This is expected to achieve a saving of 20% of the total water consumption from the dye works in 2012/2013 compared to 2010/2011. This will also entail a 20% saving on consumption of thickening agent. The project is expected to be completed before the end of the 2012/2013 financial year.	In progress The project is completed. Wastewater purification and recovery of thickening agent are both working well. Implementation was completed in May 2013. A final calculation of savings achieved will be made at the closing of the accounts 2013/2014.
Recycling of fibrous materials	Before 2012/2013 we will expand the extent to which fibrous material from production is recycled.	In progress We have established systems to collect and sort fibre. Further sales channels are being investigated.
Reduction of water and energy consumption	The Twistset plant from Vejle will be installed in Herning before the end of 2012. We will subsequently evaluate the opportunities for achieving savings on energy and water consumption.	Completed In conjunction with the installation of the plant, several changes were made which will reduce water and energy consumption, including more efficient steam heat exchangers.
Reduction of gas and electricity consumption	In 2012/2013 we will install valves on steam pipes in the boiler centre, so that steam and compressed air can be regulated to meet requirements. Calculated energy savings on steam in 2013/2014 are expected to be 13,500 m ³ of gas a year and on compressed air 10,300 kWh a year, compared to 2011/2012.	Completed The project has been completed as planned and the expected energy savings are considered to have been successfully achieved.
Establishment of measuring devices with a view to saving energy	In 2012/2013 we will install measuring devices on the adhesive furnace with a view to reducing energy consumption. Potential energy savings will be evaluated and documented.	Completed Based on tests, we have installed a measuring and optimising system, which will reduce energy consumption. Final calculations of the savings achieved will be made and assessed at the closing of the accounts 2013/2014.



Working environment

Area for improvement	Target(s)	Status
Improve physical and ergonomic conditions	Before the end of 2012/2013 an automatic splicing robot will be established in the new tufting hall to eliminate manual splicing.	Completed We have installed a splicing robot. Further optimisations will be introduced on an ongoing basis.
Improve working conditions	During the financial year 2012/2013, a further three tufting machines will be moved from the old to the new tufting hall, in order to improve working conditions related to repetitive work, noise and heavy lifts.	Completed The tufting machines have recently come into operation. Working conditions will be improved in connection with their implementation and the project is expected to be completed within six months.
Improved indoor climate conditions	In financial year 2012/2013, we will install a ventilation system in order to improve air quality in the dye lab, at the tip-shearer and at the repairs bench.	Completed The ventilation system is installed and has improved indoor air.
Improving ergonomics in the cutting hall	In financial year 2012/2013, we will install a new roller bench in the cutting hall.	Completed A new roller bench has been installed in the cutting hall. It is height-adjustable and makes handling easier.

New targets for 2013/2014 – Herning

Environment

Area for improvement	Target(s)
Reduction of water and chemicals consumption	Following on from an earlier pilot project, we will install a wastewater purification plant to purify wastewater from the washing section of the dye house. Installation is expected to bring about a 20% saving on total water consumption on the dyeing plant in 2012/2013, relative to 2010/2011. Installation will also help save 20% of thickening agent consumption. The project is expected to be completed before the end of the 2013/2014 financial year.
Recycling of fibrous materials	Before the end of the period 2013/2014, we will expand the extent to which fibrous material from production is recycled.
Replace gas trucks with hydrogen-fuelled or electric trucks	Before the end of 2013 gas trucks will be replaced by hydrogen-fuelled or electric trucks. This will reduce consumption of bottled gas and thus also our carbon footprint.
Reduce energy consumption by insulating steam pipes	Before the end of the financial year 2013/2014, we will further reduce energy consumption. We will insulate steam pipes. This is estimated to create savings of 404,029 kWh a year.

Working environment

Area for improvement	Target(s)
Improve lighting at tufting machines	During the financial year 2013/2014, new LED lighting will be installed at six tufting machines in order to improve working conditions in connection with maintenance and repairs.
Minimise quantity of exhaust gas and noise	Before the end of 2013, the indoor climate in production areas will be improved by replacing gas trucks with hydrogen-fuelled and electric trucks. These improvements will reduce exhaust gas to a minimum and reduce noise levels.



egetæpper celebrates 75th anniversary in 2013 and in connection with this a fully renovated showroom is presented at the factory in Herning, Denmark

Objectives and targets for 2012/2013 – Gram

Environment

Area for improvement	Target(s)	Status
Improve wastewater purification	In 2009/2010 we will work to improve wastewater purification in order to significantly reduce the COD content. The target in 2009/2010 is to reduce the COD content of the discharge water by more than 50% to 2,000 mg/l from the present average COD content of 5,500 mg/l.	In process The average COD content in 2012/2013 was 6,711 mg/l. This is an increase compared to the average level in 2009/2010. Our target was not achieved as we are still in the process of restoring, extending and commissioning the new plant. New figures will be available at the closing of the accounts 2014/2015.
Recovery of dye bath residue for thermal recycling	To recover dye bath residue for thermal recycling so that discharge water does not contain COD, phosphorus and nitrogen. Expected to be completed by 2013/2014.	In progress Experiments to recover dye bath residue on a pilot plant using adjuvants are under way.
Reduction of dye bath residue	In 2009 dye bath waste was approximately 10%. This waste is expected to be reduced by 50% in 2012/2013 compared to 2008/2009. The reduction will be feasible if we recover and reuse dye bath residue from squeegeeing.	Completed The target is achieved. Recovery of dye bath residue is in progress and in 2012/2013 reduced from about 10% to 4.6%. We have therefore achieved a 54% reduction in waste from 2009 to 2012/2013.
Reduction of wastewater	On commissioning the new wastewater purification plant, the volume of wastewater is expected to be reduced by 50% per m ² in 2012/2013, compared to the volume in 2010/2011.	In progress The volume of waste water per m ² is reduced by 29.4%, compared to 2010/2011. We did not reach our target because, due to technical difficulties, the wastewater purification plant has only been in operation half of the time. New figures and project completion deferred until 2014/2015.
Reuse of excess heat	Reuse of excess heat from furnaces is expected to reduce energy consumption by 10% in 2012/2013, compared to 2009/2010.	In progress The completion of this project is deferred until completion of the wastewater project in 2013/2014, as it will not be possible to introduce heat recovery before then.
Energy reduction and capacity increase on the adhesive furnace	An energy reduction of 10% and increased capacity of 10% in 2012/2013, compared to 2010/2011.	In progress Refurbishment of the furnace and other measures are expected to result in the calculated savings. As optimisation and reconstruction work will take place in July/August 2013, the effects will not be measurable for a full year until the closing of the accounts in 2014/2015.



Working environment

Area for improvement	Target(s)	Status
Improve vacuum cleaning	Establish centralised vacuum cleaning system in the adhesive furnace.	Completed The equipment is fitted, commissioned and working well.
Expansion and improvement of office workplace in the adhesive works	Expansion and improvement including a larger height-adjustable desk, noise reduction and regulation of temperature and daylight. Expected to be completed by 2013/2014 at the latest.	In progress The project is in progress. Many of these measures have been implemented and the project is expected to be completed on schedule.
Simplify production of colour strips collection	Change production of colour strips collection to reduce manual work and maintain quality. Expected to be completed by 2013/2014.	In progress The labels heating section is fitted and working well. We are investigating the opportunities to introduce a robot to handle the colour strips collection.

New targets for 2013/2014 – Gram

Environment

Area for improvement	Target(s)
Improve wastewater purification	In 2009/2010 we will work to improve wastewater purification in order to significantly reduce the COD content. The target is to reduce the wastewater COD content by more than 50% to 2,000 mg/l in 2012/2013 from the average COD content of 5,500 mg/l in 2009/2010. Results and project completion are deferred until 2014/2015.
Reuse of excess heat	Reuse of excess heat from furnaces is expected to reduce energy consumption by 10% in 2012/2013, compared to 2009/2010. Results deferred until 2014/2015 because the equipment is not yet complete.
Recovery of dye bath residue for thermal recycling	To recover dye bath residue for thermal recycling so that discharge water does not contain COD, phosphorus and nitrogen. The project is expected to be completed in 2014/2015.
Reduction of wastewater	On commissioning the new wastewater purification plant, the volume of wastewater is expected to be reduced by 50% per m ² in 2012/2013, compared to the volume in 2010/2011. A realistic calculation proved impossible in 2012/2013 because the wastewater purification plant has only operated half of the time. New figures and project completion deferred until 2014/2015.
Energy reduction and capacity increase on the adhesive furnace	An energy reduction of 10% and increased capacity of 10% in 2012/2013, compared to 2010/2011. Renovation and commissioning of new equipment will take place midway through 2013. Completion and project evaluation deferred until 2014/2015.
Recycle rainwater	Rainwater recycling is expected to be established by 2014/2015.



Working environment

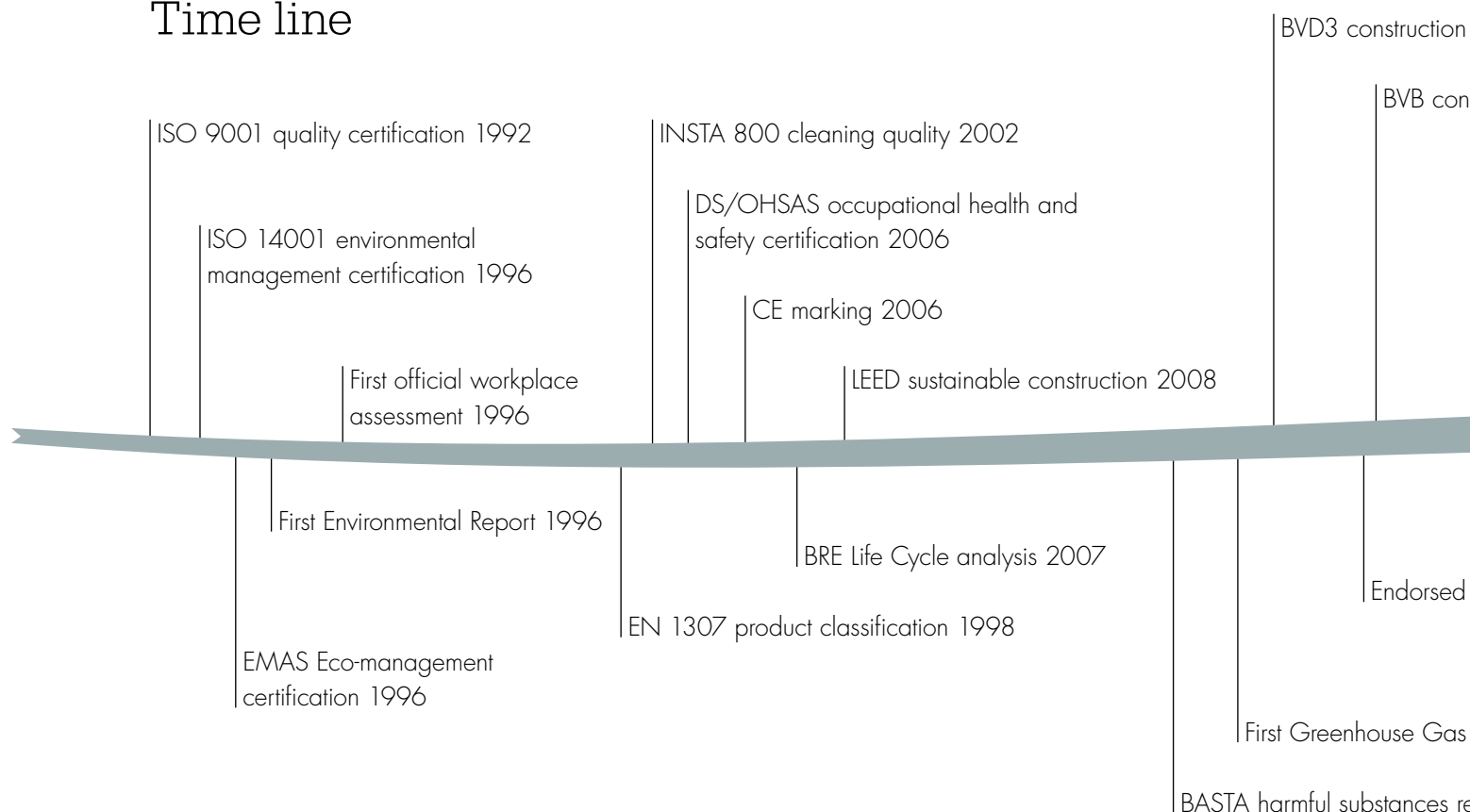
Area for improvement	Target(s)
Expansion and improvement of office workplace in the adhesive works	Expansion and improvement including a larger height-adjustable desk, noise reduction and regulation of temperature and daylight. Expected to be completed by 2013/2014 at the latest.
Simplify production of colour strips collection	Change production of colour strips collection to reduce manual work and maintain quality. Expected to be completed by 2013/2014.
Automatic pumping of CHT additives	Automatic pumping of CHT additives. Expected to be completed midway through 2013.
Improve office workspace in maintenance department	Improvements to office workspaces in the maintenance department will be made in 2013/2014.

CSR in the future

In the past year we have done our utmost to ensure that CSR becomes a permanent feature of our company. We have introduced many new initiatives, which are currently being rolled out. And, of course, we're not going to stop here. With DS 49001 certification on the horizon, we will introduce many new CSR activities in the future. For example, we will begin to work systematically with supplier management and with encouraging more women to take managerial positions.

We will of course continue to develop workforce competences by means of education and training and, in the environmental area, there are many interesting projects in progress, based on the cradle-to-cradle philosophy. We will continue to do all of these things in the future.

Time line

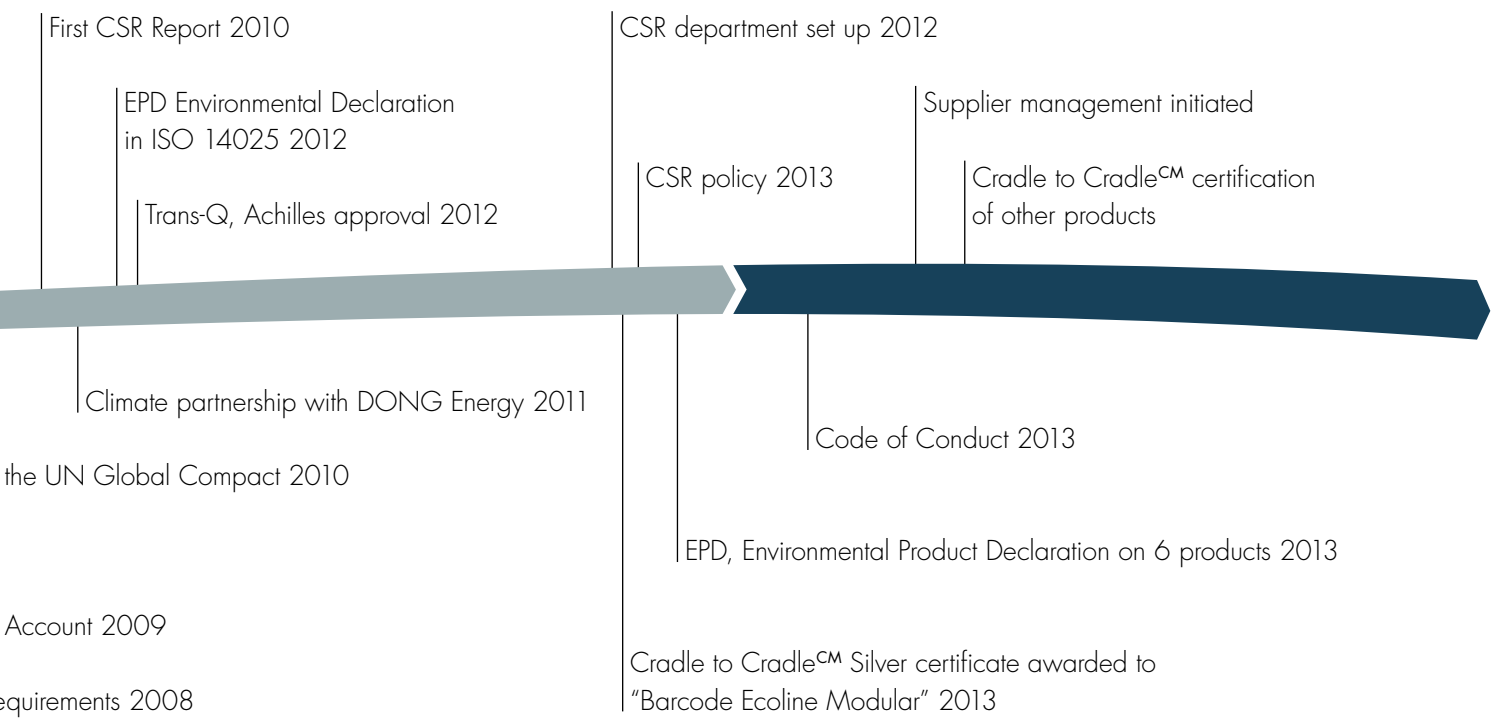




ege carpets factory in Herning covers 45,000 m²

products declaration 2009

struction products assessments 2010



Appendix 1: GRI index of contents

No.	Topic	Section	Page
Strategy and analysis			
1.1	Management endorsement	CSR on the agenda	8-9
Organisation profile			
2.1	Organisation name	Profile	5
2.2	Primary products and markets	Profile	5
2.3	Organisational structure	Profile	5
2.4	Location of main office	Profile	6
2.5	No. of countries in which the organisation operates	Profile	6
2.6	Ownership structure	Referral to the Annual Report 2012/2013	6
2.7	Markets	Profile	5
2.8	Key figures for the organisation	Referral to the Annual Report 2012/2013	6
2.9	Significant changes	Profile	6
2.10	Awards won in reporting period	Profile	6
Report structure			
3.1	Reporting period	ege's CSR report in a new format	2
3.2	Latest report date	ege's CSR report in a new format	9
3.3	Reporting frequency	Profile	6
3.4	Contact us	ege's CSR report in a new format	2
3.5	Limitation basis	Organisational anchorage	12
3.6	Limits	ege's CSR report in a new format CSR on the agenda	2 8
3.7	Limitations	ege's CSR report in a new format	2
3.8	Subsidiaries, etc.	ege's CSR report in a new format	2
3.10	The effect of changes compared to the previous report	CSR on the agenda	6 8
3.11	Significant changes compared to the previous report	ege's CSR report in a new format	-
Management, obligations and stakeholder involvement			
4.1	Management structure	Profile – referral to the Annual Report 2012/2013	6
4.2	Chairman	Profile – referral to the Annual Report 2012/2013	6
4.3	Independent status	Profile – referral to the Annual Report 2012/2013	6
4.4	Shareholders' and employees' opportunities to exert influence	Profile – referral to the Annual Report 2012/2013	6
4.14	Stakeholder groups	Organisational anchorage	12
4.15	Identification of stakeholders	Organisational anchorage	12

No.	Company CSR indicators	Section	Page
Finance			
EC 1	Direct financial value	Profile – referral to the Annual Report 2012/2013 GRI indicators	6 32
Environment			
EN1	Materials distributed by weight	GRI indicators	28
EN3	Direct energy consumption	GRI indicators	28
EN4	Indirect energy consumption	GRI indicators	28
EN5	Energy savings	GRI indicators	29
EN7	Initiatives to reduce indirect energy consumption	GRI indicators	29
EN8	Water consumption	Results – Environment GRI indicators	29
EN10	Water recycling	GRI indicators	29
EN16	Greenhouse gas emissions	Results – Environment GRI indicators	18 30
EN18	Initiatives to reduce greenhouse gas emissions	GRI indicators	30
EN21	Water discharge	GRI indicators	30
EN22	Weight of waste and method of disposal	GRI indicators	30
EN24	Weight of transported waste	GRI indicators	31
EN26	Limiting environmental impact	GRI indicators	31
Employee conditions			
LA 1	The workforce	GRI indicators	32
LA2	Employee turnover	GRI indicators	32
LA3	Employee benefits	Results – Employees GRI indicators	22 33
LA6	Employees in safety organisation	Results – Employees GRI indicators	33
LA7	Industrial injuries, accidents at work, absenteeism	Results – Employees GRI indicators	33
Product liability			
PR 1	Product evaluations	GRI indicators	34
PR3	Product information	Results - Health and safety GRI indicators	26 34
Dansk Fashion & Textile			
Principle 11	Animal welfare	Results – Environment GRI indicators	19 35
Principle 12	Charity work	Results – Employees GRI indicators	22-23 35
Principle 13	Monitoring	Results – Employees GRI indicators	23 35



The development and history of ege carpets can now be seen in the "ege museum" at the factory in Herning, Denmark

Appendix 2: EMAS index of contents

Topic	Section	Page
Reporting period	ege's CSR report in a new format	2
	Statement of consumption, waste and discharges	36-37
EMAS registration	ege's CSR report in a new format, note 2	2
Environmental verifier and validation date	ege's CSR report in a new format	2
Communications	Profile	5-6
	CSR policy	14
Next verification	ege's CSR report in a new format, note 1	2
Declaration	ege's CSR report in a new format	2
The ege Group/company profile	Profile	5-6
Significant changes	Profile	6
Management Statement	CSR on the agenda	8-9
Product description	Profile	5
Company location	Profile, note 4 and note 5	5
Employee involvement	Results/Employees	20
Process description	Process description	10
The organisation's environmental policy	CSR policy	14
The organisation's OHS policy	CSR policy	14
Climate policy	CSR policy	14
Scope	Results/Environment	17
Environmental approvals	Results/Environment	17
	Results/Environment, note 6	17
Reference to applicable environmental legislative requirements	CSR policy	14
Current environmental cases	Results/Environment	17
Deviations	Results/Environment	17
Enquiries	Results/Environment	17
Environmental objectives and targets	Objectives and targets	44-51
Description of the environmental management system and EMAS	Results/Environment	17
Most important environmental impacts and effects	Appendix 3: Most important environmental impacts and effects	58
Consumption statements/statement period and form	Statement of consumption, waste and discharges	36
Energy consumption	Statement of consumption, waste and discharges	36
Energy production	Statement of consumption, waste and discharges	36
Renewable energy	Statement of consumption, waste and discharges	36
Water consumption	Statement of consumption, waste and discharges	36
Waste	Statement of consumption, waste and discharges	36
Discharge	Statement of consumption, waste and discharges	37
Total input/output	Total input/output – for the ege Group's carpet production in Herning and Gram	38

Appendix 3: Most important environmental impacts and effects

The environmental impacts and effects are related to the factories in Herning and Gram

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. We have strict requirements, which are well in excess of the legislative requirements and we make thorough market investigations in order to select products with low environmental impacts. As yarns, carpet bases, backing materials and packaging primarily comprise synthetic materials, they are considered to have a significant environmental impact. The dyes and chemicals that are considered to be toxic are likewise considered to be significant impacts. Based on this assessment, we seek to influence the supplier to show greater environmental responsibility.

We are aware that, as a production company, we have a high consumption of energy. This makes it all the more important to systematically reduce our consumption of electricity, gas and water. Our atmosphere is affected by emissions of CO₂ and NO_x, and our water consumption affects groundwater levels.

In connection with production we strive to optimise our utilisation of resources with a view to minimising total consumption of resources and 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 the factories. Emissions from process facilities where processing temperatures exceed 75°C, and if such emissions are subject to current statutory provisions, are considered to be significant. Emissions from dyeing, adhesive and fixation plant are considered to be significant.

Wastewater and waste are also environmental impacts which are regulated by legislation 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 recycling is concerned, the external environment is affected by greenhouse gases and acidification, because CO₂, NO_x and SO₂ are given off in the incineration process. However, we choose to incinerate waste at large incineration plants, where the incineration process is most efficient and therefore has less 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

ege's working environment is subject to continuous evaluation on the basis of workplace assessments (called APVs), safety inspections, accidents, "near misses" and evaluation of the psychosocial working environment. Noise is considered to be significant if it is covered by statutory provisions and complaints are made.

Transport

Transport of products is associated with certain environmental impacts, e.g. CO₂ emissions.

Product information, fitting and applications

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

ege recommends that only floor adhesives with the lowest possible emissions are used. These are called the EC 1 classified floor adhesives. Other types of floor adhesive are considered to contribute significantly higher environmental impacts.

Appendix 4: Calculation basis and data sources

The Greenhouse Gas Account is based on a number of data sources that make it possible to convert our energy consumption to CO₂ emissions

The CEMAsys calculation method is generally applied. CEMAsys complies with international standards and meets the requirements of the Greenhouse Gas Protocol. The Energinet.dk declaration and the 125% method are used to calculate Danish emissions. The district heating works' own emissions are used to calculate ege's district heating emissions. With exception of electricity and district heating, the same emissions factors are used in all the different countries. However,

in some areas, we distinguish between international and national transport (applicable to air and train travel). VIA Egencia supplies ege with greenhouse gas accounts for CO₂ emissions from air travel ordered from ege's main office in Herning. To help make the calculations for goods transportation, we have applied The Climate Compass, which is a web-based calculation model developed by the Confederation of Danish Industry, the Danish Business Authority and FORCE.

Appendix 5: GRI application levels

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	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 OUTPUT	Not required.		Management Approach Disclosures for each Indicator category.		Management Approach disclosed for each Indicator category.	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	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							

www.egecarpets.com

ege[®]

design · quality · respect

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 • www.egecarpets.com