

UN Global Compact Kvadrat A/S

Communication on progress

Report 2014



kvadrat

COP report, UN Global Compact, April 2014.

Statement from our CEO

During 2013 Kvadrat have sustained the high focus on CSR and as part of this the principles in the UN Global Compact and especially the environmental area.

At Kvadrat a responsible approach to our production and our processes is part of our corporate and design philosophy. Ever since our company was founded in 1968, we have had a strong focus on minimising our environmental impact throughout all processes from design to delivery, while ensuring a healthy working environment.

Following the ISO 14001 certification of our headquarters in 1997, we began a systematic approach to reducing our impact on the environment. Our continuous focus on this topic is reflected in every one of our processes and products. For instance, a number of our products have been awarded an EU Ecolabel and it is our ambition to gain many more.

We apply strict standards to our suppliers which are focused on demands, for high quality products, the environmental impact of their products and services and we also require that they offer a healthy working environment. On top of this they must commit to and sign our Company Social Responsibility.

As a member of UN Global Compact we believe that our business incorporate the 10 principles from the UN Global Compact, through our Company Social Responsibility and our work on environmental topics. Through our support to the UN Global Compact we aim to move the agenda forward on performance related to human rights, labour rights, the environment and the fight against corruption. In our annual report we have summarized the progress we have made in the areas of the 10 principles. We will continue our work in these areas and will report on the progress in our future reports.

In this report we will describe the positive developments for the CSR part of our business, especially concerning the environmental focus areas.

Anders Byriel

CEO

Policy

We aim to maintain a good balance between our strict quality standards, environmental concerns, social responsibility and our economy. We focus on ensuring that all our products and processes live up to these standards. In a number of areas, we go beyond existing legislation while respecting necessary functional requirements. We also ensure that a number of our products comply with the relevant EU Ecolabel criteria.

We apply strict standards to our suppliers, which are focused on our demands, for doing a high quality production of our exclusive products, the environmental impact of production and services and we also require that they offer a healthy working environment. All suppliers must commit to and sign our Company Social Responsibility. Furthermore, we expect them to regularly document how they are meeting our requirements.

The standards we adhere to provide us with a framework for continually reducing the environmental impact of our production and internal processes, minimising the unnecessary use of raw materials, and creating a secure and healthy environment for employees.

We aim, in all matters within our control, to support and respect the protection of internationally proclaimed human rights and labour rights.

We are strongly opposed to any kind of corruption, including extortion and bribery.

Finally, we ensure that our management systems are efficiently implemented and are capable of supporting our organisation.

Introduction

Kvadrat was established in Denmark in 1968. Kvadrat A/S, the headquarters, is located in Ebeltoft

The company is owned and managed by the Rasmussen and Byriel families. The second generation of both families took over in July 2000.

At Kvadrat we continuously seek to push the aesthetic, artistic and technological boundaries of textile design. We create high quality products that help architects to shape architectural spaces, designers and furniture manufacturers to produce and craft furniture, and consumers to bring tactility and colour in their private homes. This is our way to contribute to contemporary design culture.

The Kvadrat collection is comprised of upholstery, curtains, acoustic panels, rugs and textile tiles. It includes: Over 150 designs and 3,500 colours. Numerous materials, such as wool, silk, linen, Trevira CS and cotton. A very wide choice of styles and constructions. Our products reflect our commitment to colour, pioneering, technological innovation and experimentation in design.

Respect for both environment and people have been a key value for Kvadrat from the very beginning. Health certified since 2008. Environmentally certified ISO 14001 since 1997, we evaluate the environmental impact of all our products. We use the latest technology to enhance the quality of our products and reduce their impact on the environment.

Furthermore, we are carrying out life-cycle assessment on all our textiles. Doing so gives us valuable data on the different ways our products impact on the environment. This, in turn, helps us to identify opportunities for further reducing their environmental impact.

Many of our textiles are awarded according to the EU Ecoflower. Products are only awarded after the product's complete life cycle has been evaluated and confirmed to be among the best on the market in its category, by EU commission.

Kvadrat uses specialised textile mills and print-works in Western Europe and Japan.

Networking and specialisation ensure that Kvadrat helps to set standards for the industry.

Prioritization of effort

Working towards sustainability targets, a self-assessment was performed according to the 10 principles in the UN Global Compact. The results of the potential and relevance assessment are illustrated in Table B.

Table A

Green indicates a current high performance with limited potential for further improvement.

Yellow indicates principles where practices can be enhanced.

Red indicates the main principles where focus should be emphasized on improving our performance.

It is important to note that the assessment was performed qualitatively according to the potential of increasing performance. This means that red can still indicate a good performance compared to other companies.

Table B

Based on the results from the self-assessment and on the progress we have made in the past our focus areas are listed in Table A.

We believe that we will achieve the best results by continuously focusing on the environmental topics. However, we are also convinced that we can make improvements in the other areas, and we will evaluate our processes to set up new focus areas for the other 7 principles for the coming years.

We will report on this in our next COP report for 2015.

Table A: Business potential and relevance assessment

	UN Global Compact principle	Risk/Impact	Activity	Target/Strategy
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	Low	Covered by legislation and our Company Social Responsibility	
	2. and make sure that they are not complicit in human rights abuses	Low	Covered by legislation and our Company Social Responsibility	
Labour rights	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Low	Covered by legislation and our Company Social Responsibility	
	4. the elimination of all forms of forced and compulsory labour	Low	Covered by legislation and our Company Social Responsibility	
	5. the effective abolition of child labour; and	Low	Covered by legislation and our Company Social Responsibility	
	6. the elimination of discrimination in respect of employment and occupation	Low	Covered by legislation and our Company Social Responsibility	
Environment	7. Businesses should support a precautionary approach to environmental challenges	Medium	Focus on substances used for textiles production and increase Customer involvement to raise awareness.	More textiles certified according to the EU Ecolabel
	8. undertake initiatives to promote greater environmental responsibility; and	Medium		Being part of the LAUNCH Nordic, new innovations and transparency
	9. encourage the development and diffusion of environmentally friendly technologies	High		
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	Low	Covered by legislation and our Company Social Responsibility	

Table B: Focus areas and achievements 2013 / 2014

	Target 2013	Outcomes 2013	Target 2014
People & Health	We must collect ideas and inspiration as to how to extend our health work to our subsidiaries	We visited both NOVO Nordic and Nordea Liv og Pension to learn from them and to be inspired with new ideas	Extending our health work to our subsidiaries
	Focus on health and food for our employees	We arranged an event for all employees about fish and food and how this will impact positively on your health	Offer health check to all employees based in our headquarters
	We will educate our employees in how to react if an incident occurs	First aid course for employees based in our headquarters	
Environment & Climate	We require that our suppliers continuously focus on reducing their impact on the environment and delivering healthy working conditions	Our biggest supplier have installed solar cells to cover a small percentage of their energy consumption.	Continue to challenge and support our suppliers in their effort to reduce their footprint
	We aim to reduce our CO2 emissions	We have reduced our energy consumption with 6,3% in 2013 compared to 2011	Reduce our energy consumption 5-10% compared to 2013
		We have reduced our heat consumption with 21% compared to 2011	Reduce our heat consumption 10% compared to 2013
	We aim to increase the number of our textiles certified with the EU Ecolabel	3 wool textiles certified with the EU Ecolabel	Certification of Trevira CS in the 2nd quarter of 2014.
			75% of our wool textiles should be certified with the EU Ecolabel
We shall implement life-cycle assessment (LCA) on our textiles in 2013	We now have, in corporation with FORCE, prepared a database on the platform GaBi, which gives us the opportunity to create LCA data for each textile design, if requested	Update LCA database with new and improved knowledge, data and materials	

Human rights, labour rights and anti-corruption

We work actively with sustaining and improving our performance in relation to the seven principles for human rights, labour rights and anti-corruption:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Progress

The majority of our suppliers are located in Western Europe, with the largest supplier in England and one supplier located in Japan. We conclude that we do not operate in high risk countries and as a result, human rights, labour rights and the fight against corruption are covered by local laws and regulations.

To make sure that suppliers show responsibility and for intent to become action, we have developed a set of guidelines, our Company Social Responsibility including our attitude against corruption. Our Company Social Responsibility is based on internationally recognized principles. All suppliers must accept, comply and sign up to this.

We always, as a minimum, fulfil Danish legislation concerning human and labour rights.

The guidelines in our Company Social Responsibility are not least about human rights. We oppose the violation of internationally proclaimed human rights and we will oblige both ourselves and our suppliers, to comply with local laws and standards. Furthermore the guidelines include numerous requirements for workers' rights. Our Company Social Responsibility must

also ensure that both we and our suppliers act responsibly in relation to the work environment. Finally the guidelines commit the suppliers to discourage all forms of corruption.

Further actions

We always support our customers and share experiences concerning social responsibility, to ensure that we are looking into all the elements in the supply chain.

We work with students from different educational institutions and offer them the possibility to write their final projects using Kvadrat as the case.

We are supporting the initiative against cancer – ‘Stafet for livet’. Once a year in Denmark it is arranged that people support this initiative. ‘Stafet for Livet’ is a day (24 hours) where we focus on the fight against cancer, fight together and celebrating life. It is an occasion to remember those who lost the battle against cancer and give hope to those who are struggling. ‘Stafet for Livet’ is community awareness and fundraising in the fight against cancer.

We support, with our textiles, the socio-economic project – Place de Bleu. Place de Bleu is a social-economic enterprise that produces and sells exclusive design products, while offers continuing and employs women with different ethnic background than Danish. The vision is to create jobs in alternative conditions of marginalized groups contribute to a more inclusive labour market and test business models for social economy enterprises.

Every day we serve lunch for our employees. As much as possible of our daily lunch are organic produce.

Our employees are offered free fruit every day.

Our employees are offered massage for a low fee given financial support of the arrangement by Kvadrat to reduce physical health problems.

Besides the national health insurance, Kvadrat are financing a private health insurance for our employees which cover further types of illness.

Environment

We work actively to improve our environmental performance in relation to the 3 principles in the UN Global Compact

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Progress

We are focusing on different environmental topics. We have for many years been focusing on both internal projects, external projects involving our suppliers, and projects concerning reduction of the environmental impacts from our textiles.

First of all:

- 1) Our suppliers are obliged to comply with local laws and standards related to environmental issues
- 2) Our suppliers must commit to proactively take necessary precautions and take necessary initiatives to reduce the environmental impacts of their activities

Further actions

In the following we will account for the actions taken in 2013 to achieve and sustain our environmental targets.

It is a natural part of our business to incorporate environmental topics in our daily life.

Environmental concerns are part of all our processes from developing a new textile until it is not usable anymore.

As a result we always set up environmental demands that our suppliers must fulfil.

We have, for many years now, been focusing on the EU ecolabel certification for our textiles. Fulfilment of the demands in the EU Ecolabel is a natural part of our business.

On top of this we have now the possibility to work on LCA for our textiles. This can be a helpful tool in reducing the environmental impacts from our textiles.

We participate in different projects regarding recycling of textiles and textiles waste. Scarcity of resources is and will be an important issue in the future.

We have joined the global initiative, LAUNCH Nordic as we see it as important to be active both locally and globally.

We are buying only 'green energy' for our house in Ebeltoft, electricity from new Danish windmills less than 2 years old. The heating comes from the local heating plant using wood bricks as fuel. Both sources considered as CO₂ neutral.

Though our energy consumption is CO₂ neutral we still work on possibilities to reduce the consumption. We have installed a CTS system which will help us to reduce our consumption.

Summarizing

Being a responsible company is a long and never ending journey. Our aim is to work and improve our effort around the 10 principles in the UN Global Compact by setting new targets for our company and our partners, both suppliers and customers. We believe, that the targets for 2014, will help us move in the right direction and make the necessary improvements.