

CSR-REPORT

2009/2010

WITH RESPECT FOR PEOPLE
AND THE ENVIROMENT



ege[®]

we create more than carpets

About egetæpper and the CSR report

It is our pleasure to present egetæpper's first Corporate Social Responsibility (CSR) report. The report provides an overview of our internal and external CSR activities during the financial period 2009/2010 (from 1 May 2009 to 30 April 2010).

CSR is all about results, initiatives and opportunities for improvement, seen in relation to the environmental, social and financial challenges involved in sustainability and social responsibility. If we are to preserve our planet so that future generations can live here too, it is imperative that we, as a company, assume responsibility for the way we act internally and vis-à-vis our surroundings.

In this report we present egetæpper's results and detailed information on the parameters we see as signifi-

cant and on which we have therefore chosen to focus our CSR activities. These are the environment, employees, and occupational safety and health. The report is primarily¹ based on conditions at our three factories at Herning, Gram and Vejle in Denmark. The report is just the start of a task that in future also will include our subsidiary companies.

As this CSR report is only the first step on the way, it has not been verified by a third party. Nevertheless, the report is the result of comprehensive efforts to collect and internally verify the information in it.

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

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures 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 enviroment.		Report on a minimum of 20 Performance Indicators, at least one from each of: economic, enviroment, 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							

If you have questions about the contents of this report, please contact:
PR and communications officer Dorthe Aaboe Kallestrup, Email dak@ege.dk, Tel.: +45 97 11 88 11.
or Quality and Environment Manager Jan Ladefoged, Email jlj@ege.dk, Tel.: +45 97 11 88 11.

¹ With the exception of parameters related to our Greenhouse Gas Account, which include CO₂ emissions from our subsidiaries.



Table of contents

4	Profile
6	A sustainable company philosophy
6	Organisational anchorage
8	Results
22	GRI-indicators
29	CSR in the future
30	Index of GRI contents



Profile

In 1938, Mads Eg Damgaard founded egetæpper, which is today one of Europe's largest manufacturers of textile floorings. 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 egetæpper. We still believe that quality and the ability to supply groundbreaking design is the way ahead for ege.

Activities

In 1985, egetæpper was listed for the first time as a public limited company: 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 for the contract market and 26 standard domestic products and we use advanced technology to produce these in a multitude of colours and patterns. This year we produced 2,897,989 m² carpet in Herning and 2,061,325 m² in Gram. This gives a total production of 4,959,314 m² carpet.

Production takes place at our three factories in Denmark.
Herning: Production and sales of patterned, tufted and flat-woven carpets.

Gram: Production of tufted and flat-woven carpets

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

We buy undyed flat-woven carpets from Bentzon Carpets, located at Røjle, near Middelfart in Denmark. On 1 May 2010 we acquired 51% of the shares in Bentzon Carpets. We dye the carpets from Bentzon Carpets ourselves. egetæpper outsources isolated maintenance tasks, including cleaning, maintenance of lawns and gardens, and supply of indoor pot plants.

Markets

In addition to the factories in Denmark, the ege group comprises subsidiaries in our primary markets: Denmark, France, Germany, Norway, Sweden, the UK and a sales office in the United Arab Emirates. We have greatest potential in the contract market, where we sell to five different segments: hotels, offices, the healthcare sector, institutions and the transport sector. Within these sectors, our principal clients are: hotels, restaurants, retail stores, offices in public and privately-owned firms, airports, schools and institutions, hospitals and nursing homes, shipbuilders and train manufacturers. On the domestic market, egetæpper concentrates its efforts in Denmark. Our customers are retail flooring chains (Garant, Tæppeland, etc.) and independent carpet retailers.

egetæpper's sales organisation takes care of carpet sales from the main office in Herning and through our six subsidiary companies, and agents and distributors in 48 countries. The sales department in Vejle takes care of yarn sales. We also undertake outsourced production for other suppliers in the industry.



Vejle



Gram

Significant changes

In June 2009 the Danish subsidiary, egetæpper, which sells contract carpets on the Danish market, was amalgamated with the domestic carpet sales unit in Denmark based at the main office in Herning.

The global financial crisis has caused a fall in revenue and we have therefore been forced to reduce the workforce. The majority of redundancies in the financial year 2009/2010 has been in production but white-collar positions have also been axed. In all, 24 employees have been laid off in Herning, 8 in Gram, 11 in Vejle and 3 at egetæpper. During the period 2009/2010, there were a total of 46 redundancies due to the financial crisis. In addition, a number of employees has voluntarily resigned or gone into retirement. We currently employ 353 at the three factories, compared to 381 last year.

Recognition for our climate and energy initiatives

In December 2009, egetæpper received recognition from Herning Municipality and Climate Network (Klimanetværk) Herning for the egetæpper group's climate and energy initiatives. For Herning Municipality, which is nominated an Energy City in 2009 and 2010, the occasion was to honour local players who make a special effort in the fields of climate and energy. The acclaim to egetæpper was for reducing CO₂ emissions, preparing public Greenhouse Gas Account, and implementing the environmental management system ISO 14001 and EMAS registration.

Openness

In general, egetæpper has a declared intention to maintain a high level of information to interested parties and employees on development and activities in the group. This is why we publish quarterly, half-yearly and annual updates. The Annual Report 2009/2010 provides information about egetæpper's management organisation, our financial results, assets, ownership, net sales, total capital value, etc. We also publish an annual environmental report and annual Greenhouse Gas Account. These reports include factual information about the group's environmental activities. As a supplement to these reports, we also publish our "Green profile" - a report that covers all our environmental initiatives and labelling schemes, including focus on the soft values and de facto cases. The annual CSR report is also included for the first time this year.

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

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

A sustainable company philosophy

There is no doubt that society is today facing a number of complex challenges related to ensuring sustainable development – in the environmental, social and financial contexts. These challenges concern all of us, as individuals, as companies and as a society. As a company, we are willing to assume our share of the responsibility and make our contribution to resolving the challenges. And we do so through a variety of CSR activities.

egetæpper's core value is Respect for people and the environment. This means that a large number of CSR activities are already firmly anchored in egetæpper's company philosophy and operations. For the future, we will be intensifying our efforts. On 1 May 2010 we joined the UN Global Compact and the Dansk Fashion & Textile Code of Conduct, which is more specific for our industry. We have chosen to concentrate our work with CSR in three main areas which are highly relevant for egetæpper: Environment, employees and occupational health and safety.

At egetæpper we work consistently to reduce our impact on the environment. We believe that our environmental responsibilities extend far beyond general legal requirements. In 1996 we began to implement ISO 14001 and EMAS in our three factories at Herning, Gram and Vejle. These strict environmental management systems help us ensure that the impacts of our production and products on the environment are maintained at as low

a level as possible. We are also committed to continually limiting our environmental impact as much as possible. Furthermore, we are working in cooperation with EPEA Copenhagen ApS on the introduction of Cradle to Cradle certification. We also prepare and publish the group's annual Greenhouse Gas Account in accordance with the Greenhouse Gas Protocol.

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

Within the company, we conduct a number of activities that are intended to promote the health and safety of our employees, including safety inspections and workplace assessments. We offer employees health-care insurance, physiotherapy and provide healthy food in the canteen (the Canteen Diploma scheme). We also focus strongly on health and safety in connection with our products. egetæpper's mission states that "We help our clients by providing beautiful and strong flooring solutions creating well-being". We do our utmost to create carpets that have a positive effect on health and safety. To document this, we actively use

Organisational anchorage

egetæpper's strategy group is responsible for the overall corporate strategy. The strategy group, comprising both egetæpper directors, the management team and selected employees, resolved at the start of the financial year (May 2009) to form a CSR steering committee with responsibility for developing egetæpper's CSR strategy. Under the leadership of Quality and Environment Manager Jan Ladefoged, the CSR steering committee has since defined the framework for work

in CSR, based on a stakeholder survey and a situation analysis. It was on this basis that the CSR focus areas (environment, employees and occupational health and safety), were determined and topics prioritised. A plan for communication, crisis and risk management, implementation and monitoring was prepared.

The work of the CSR steering committee was presented at regular intervals to the strategy group, which in fact

a large number of labelling schemes, all of which indicate what effect egetæpper products have on safety and health. These are BRE, CE certification, the Danish Indoor Climate Label, LEED, INSTA 800, Construction Products Declaration (BVD3) and IMO.

During the past year, the financial crisis has curbed egetæpper's revenue and this has had serious consequences for the workforce. Job-sharing was introduced, redundancies made and some projects have been postponed. These are the sad facts. However, by means of positive focus and a proactive approach, egetæpper has succeeded in maintaining a high level of sustainability, which is imperative for the group's stakeholders and our continued existence. To strengthen the business further, we acquired May 1, 2010 the majority share

(51%) of Bentzon Carpets, who produces flat-woven carpets for egetæpper. Bentzon Carpets continues to operate as an independent company. In time, management and environmental systems there will be adapted to match the level at egetæpper.

egetæpper's declared CSR objective is to contribute to a more sustainable world by continually striving to improve how we handle environmental, social and financial challenges for the benefit of future generations. It is simply a matter of responsibility and ethics. And it is a matter of acknowledging who we are, identifying what we do well and how we can become better – and taking up the gauntlet to ensure that it will happen.

Herning, August 1, 2010



Svend Aage Færch Nielsen
Managing Director, CEO

A handwritten signature in black ink, appearing to read 'Svend Aage Færch Nielsen'.



John Vestergaard
Director

A handwritten signature in black ink, appearing to read 'John Vestergaard'.

means that the CSR focus areas are incorporated into egetæpper's corporate strategy for the future.

The stakeholders' role and importance at egetæpper

Open dialogue with the company's stakeholders is one of the cornerstones of the egetæpper management philosophy. We maintain continuous dialogue with clients, suppliers, employees, the authorities and other stakeholders.

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

Results

Environment

The environment has been important to egetæpper for many years. Our environmental policy is to prevent and reduce our environmental impact caused by production, use and disposal of our products and to continue to improve our efforts in the working environment area. And we achieve this through focused activity and persistently setting environment-based targets that are based on the following policies.

We will

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

ISO 14001

At egetæpper, 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 and Vejle in 2003. ISO 140001 is one of the environmental management standards most frequently used in the world today. To receive certification, a company must meet a number of different requirements, related to environmental policy, planning, implementation, execution, remedial action and management review, etc. The system obliges us to monitor any areas in which our activities have some kind of impact on the environment and helps us to continually improve and prevent by setting new targets.

EMAS

EMAS is an EU directive formulated for the purpose of promoting environmental initiatives in all kinds of companies. EMAS takes the requirements in ISO 14001 a step further as the EMAS requirements for an improved environmental effort include employee involvement, verification of compliance with applicable legislation and that environmental policy is communicated to stakeholders. EMAS allows companies to respond directly to some of the key principles in EU plans of action for the environment and to the challenges facing us in securing sustainable development. egetæpper has registered for EMAS verification as we believe that EMAS improves the quality of our environmental management system. In addition to ISO 14001 requirements, we also have to prepare a detailed environmental report which must be verified by an accredited verifier.

Greenhouse Gas Account

In 2009 egetæpper prepared the group's first Greenhouse Gas Account. Greenhouse Gas Accounts are a statement of the company's total CO₂ emissions, including documentation for the extent to which the group contributes to global warming. Greenhouse Gas Accounts are calculated in accordance with the Greenhouse Gas Protocol, which has been developed by the World Business Council for Sustainable Development and the World Resources Institute. Our



CASE

Major reductions in CO₂

In any large manufacturing company there are many buttons you can press to reduce CO₂ emissions. One of the biggest success stories at egetæpper was achieved by the combined heat and power plant at the Herning factory. New boilers were fitted here in 2008. The new boilers with two gas-powered engines supply steam and heat for production and heating for 45,500 m² factory buildings. The new equipment runs

far more efficiently than the old plant, resulting in savings on gas at 12-15% per produced m². In 2009 this meant savings of 1,430 tons CO₂. The new boilers have also had a positive effect on the physical working environment at the combined heat and power plant, which was previously subject to extremely high temperatures. Today, ambient temperatures are approaching normal room temperature.



Greenhouse Gas Account for 2008/2009 showed that we emitted a total of 21,932 tons CO₂, corresponding to a 6.5% reduction compared to the Base year (i.e. the average of the two previous financial years). In 2009/2010 we emitted 18,177 tons CO₂, corresponding to a 22.5% reduction relative to the Base year.

Cradle to Cradle certification

For some years, egetæpper has been working with the Cradle to Grave concept for selected products. This means that we have assessed product life cycles relative to how the products impact on the environment during their lifetime. Meanwhile, there is now greater focus on a new philosophy which we consider very interesting. The new philosophy is called Cradle to Cradle. Instead of producing products that will end up as waste, the idea is that we will design products so that the resulting waste comprises nutrients or other substances that can be recycled in future generations of products or raw materials.

There is still some way to go before egetæpper products can be Cradle to Cradle-certified. However, we have taken the initial steps on that road by entering a cooperation agreement with EPEA Copenhagen ApS

on working towards such certification. We expect that Cradle to Cradle certification will be initiated for selected carpet tiles during the coming financial year.

Animal welfare

egetæpper uses sheep's wool in production of the yarns used to make carpets. The bulk of our wool is purchased from New Zealand and the remainder from the UK. Manufacturers in the textile industry often buy wool from sheep that have been subjected to mulesing, i.e. that wool-bearing skin and hair are surgically removed from the animals' breech (buttocks) without analgesics. egetæpper has expressed strong opposition 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.

We have never previously focused on ensuring that sheep are fed, reared and put down with dignity and respect. However, since we have endorsed the Dansk Fashion & Textile Code of Conduct, we are now obliged to ensure and monitor that sheep are treated well. In future, we will aim to develop procedures and practices related to animal welfare.



Arla – Denmark. Barcode Econyl 70 modular

CASE

Recycled fibre contents in carpets

The egetæpper carpet tiles collection, Barcode Econyl 70, is produced with at least 70% recycled fibre contents from egetæpper's own waste yarn. Due to the high contents of recycled fibres, 50% less energy is used to produce yarn in this product. Moreover, the carpet tile

backing is 100% textile and produced 100% free of PVC and bitumen. This means that Barcode Econyl 70 is a very eco-friendly product that does not compromise on design or potential applications.

Employees

Working environment

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

DS/OHSAS 18001 is an international management tool for working environment and safety, which aims to help companies manage and minimise safety and health risks. In order to achieve DS/OHSAS 18001 certification, we were obliged to document that the working environment at egetæpper is both safe and healthy. We have therefore resolved all obvious and significant problems in the working environment and we consistently seek to improve our efforts by revising our policies and setting new targets for both the working environment and safety. The issues on which we are currently focusing are associated with the physical working environment, including noise, dust, indoor climate, space issues, pressure of time and heavy lifting. The psychological working environment is assessed by means of regular workplace assessments, most recently in 2008/2009. This assessment showed no

signs of major problems in the psychological aspects of the working environment.

Our working environment policy:

- ensures a healthy, positive working environment
- continually improves working environment conditions
- works to accommodate diversity and activities that promote health

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

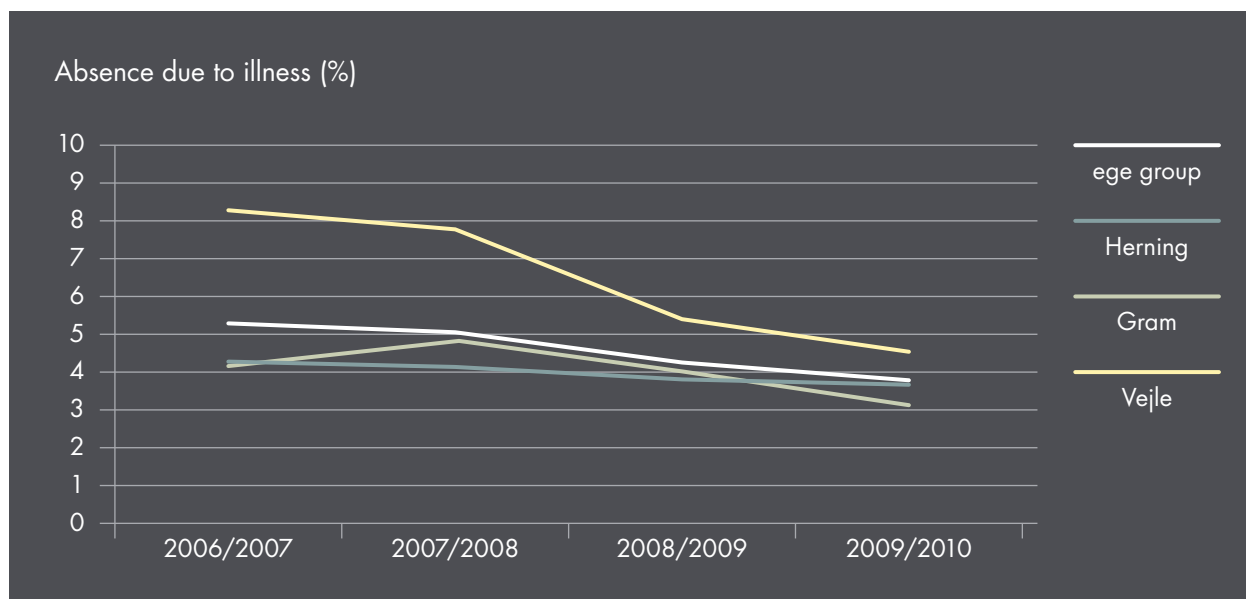




Improved working environment in new factory building

In 2008 egetæpper commissioned a new weaving facility at the factory in Herning. The main objective of the 5,000 m² facility was to improve the working environment for production workers. The looms in the new facility are automated and robots do all the heavy lifting that previously caused employees much strain. At the same time, environmental considerations have

been incorporated in all elements of the building. For example, wiring is PVC-free and paints are as environmentally friendly as possible. According to Rambøll Danmark A/S, consultant engineers, annual savings on CO₂ emissions at the building are equal to the emission of a family car driving about 100,000 km.



Absence due to illness

The overall target for the group is maximum 4% absence due to illness. With absence due to illness measured at 3.9%, this target has been achieved. The best results were in Gram where absence due to illness was 3.3% and in Herning 3.8%. In Vejle, absence due to illness is 4.7% which slightly exceeds the target. However, seen over the last four years, absence due to illness in Vejle has been reduced from 8.4% to the current 4.7%. This has been achieved by means of a scheme where sick employees are contacted by a nurse, the introduction of regular contact to employees while they are off sick, and internal publication of absence statistics.

Accommodating diversity in the labour force

egetæpper wishes to accommodate diversity among its employees. For example, if an employee becomes ill or worn down, we find them alternative work or light duties. In 2009/2010, we have 5 employees employed under flexible employment schemes: 2 in Herning, 2 in Vejle and 1 in Gram. We have a further 7 employees employed under the so-called §56 scheme: 4 in Herning, 2 in Vejle and 1 in Gram. Under the Danish §56 scheme, the company can claim salary compensation from the municipal authority when an employee suffering from a chronic disorder is absent due to a chronic illness. The §56 employees receive an amount corresponding to the maximum sickness benefit payment for days they are absent due to chronic illness.

Company commitments

egetæpper is a member of the branch association Dansk Fashion & Textile. In Herning, Gram and Vejle, 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 and parental leave, industrial injury insurance, liability and accident insurance, terms of notice, etc. are concerned. This means, for example, that most of our employees are entitled to 4 weeks of maternity leave with pay before confinement and 14 weeks after the child is born. Subsequently, parents are entitled to a total of 9 weeks of parental leave with pay. Finally, fathers are entitled to a further 2 weeks of parental leave with pay (earmarked for fathers only).

We administer a 12% company pension scheme, where egetæpper pays a premium corresponding to 8% of the employee's salary and the employee pays 4%. The individual employee can choose to pay extra pension payments.

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-range



CASE

Visible values

It is important that the company's values are visible to employees. At egetæpper in Herning, this has been achieved in a way that is unconventional and very visible: the eget values are printed on the carpet running

from production to the staff canteen. Just by looking down as they walk to the canteen, employees can read that the eget values are respect, pride, responsibility, commitment, team spirit and creativity.



ing package of benefits. The most important benefit at egetæpper is the collective monthly bonus scheme, where bonus depends on a variety of factors including revenue and production.

Then, we offer employees supplementary healthcare insurance via International Health Insurance. This costs about DKK 60 a month after tax and is offered to all employees. Employees can also choose to insure their partner and children.

Other benefits include: egetæpper employees receive their normal salary for acute visits to their own doctor or acute treatment during working hours. Production workers are supplied with workwear shortly after starting work at egetæpper. egetæpper also offers staff associations, discounts e.g. on fuel and paint, sponsored tickets to football matches, and more.

Charity

In 1997, Mads Eg Damgaard and his wife founded "Ege Fonden – Vibeke og Mads Eg Damgaards Fond"

(the ege Foundation) with the objective of making contributions to charitable causes. The foundation is funded by the dividends on egetæpper shares. The ege Foundation makes annual contributions of about DKK 2 million. Contributions are presented to non-profit making public activities, such as donations to old people's centres, Ventilen (a day centre for psychiatric outpatients), scout camps, Herning School of Music, etc.

egetæpper has donated carpets to artists on various occasions and to local projects, such as scouts and civic associations. Since we have endorsed the Dansk Fashion & Textile Code of Conduct, we will for the future give more attention to charity. A minor step in this direction was taken in May 2010 when we participated in FashionAid Day, an event at which a large number of textile companies and their employees collected secondhand clothing for the Danish Red Cross. We are currently considering how best to tackle this new obligation.



CASE

Green buildings

As the name suggests, the Scottish Natural Heritage is an organisation that plays an important role in the protection of Scotland's natural heritage. The organisation's main office, Great Glen House, has a great number of eco-friendly features and the building complies with some of the strictest environmental standards. Building materials used in the project had to be at least BRE Class A.

When the project was underway, egetæpper's

products had not yet become BRE-certified. The architect had our products assessed on his own initiative and was completely satisfied with the results. egetæpper highline loop modular was subsequently chosen as the product complied with all the project's strict environmental requirements. This product, along with nine other egetæpper products, is now BRE-certified at egetæpper's profile no. ENP 368.

Health and safety

We believe that health and safety is also a matter of producing carpets that contribute to a safe and healthy indoor climate where they are used². We focus on product characteristics and we work consistently to reduce any negative impacts our products may have. We have a total of 32 standard products for the contract market and 26 for the domestic market. Each of these is certified according to a range of standards ensuring that the carpets meet the highest quality requirements including health and safety.

CE labelling

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

BRE Life Cycle Assessment

The British organisation, BRE Certification Ltd. prepares environmental profiles that make it possible to register products in a universal measurement system. Environmental profiles describe the environmental impacts of products throughout their lifecycle, making it possible for architects, designers and purchasers, etc. to include the environmental aspect in their choice of carpets. The BRE certificate provides information on the environmental characteristics of an individual product in relation to a battery of pre-defined requirements. Points are given to products where the manufacturer has succeeded in using low-impact materials at every stage of their lifecycle. egetæpper has 10 BRE-certified products, and 9

of these are certified as Class A or A+ products, which are the highest scores.

Sustainable construction with LEED

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

The LEED system is appropriate for use in all kinds of construction projects and at all stages of a building's lifecycle, from design and construction to retrofitting. Buildings constructed according to LEED use resources more efficiently than conventional buildings. Furthermore, these "green buildings" provide healthier living and working environments as materials used all have a low impact on the environment and the indoor climate. egetæpper's products first qualified for LEED in 2008 and today all our products with synthetic tufting and textile backing are LEED-qualified (28 products in all).

Harmful substances requirements via BASTA

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

Through BASTA, the Swedish construction sector has reached consensus on a common definition of harmful chemical properties. This definition is then used to determine whether a product is acceptable or not. It is up to the supplier to confirm whether the product con-

² Safety and health of course also means the safety and health of our employees. However, we dedicate this section to safety and health in relation to our products and the people who use them.



CASE

Carpets as an acoustic aid

Carpets are useful as acoustic aids because they absorb the sound rather than reflecting it. Carpets can make big difference especially to rooms with many hard surfaces and glass screens, e.g. open office environments and hotel lobbies. In schools too, carpets can help reduce much of the noise in a classroom. A school in Vejle, Denmark found this out. Pupils at the school had learning difficulties and showed signs

of stress. In cooperation with Feng Shui Company, the school worked on optimising pupils' physical surroundings. And in this connection, one of the solutions was to install egetæpper carpets at the school. According to Feng Shui Company's director, the project overall has resulted in more relaxed pupils and development has been very positive.

cerned meets these predefined criteria. To ensure its credibility, the system is subject to a quality-assurance audit. Carpets delivered to the Swedish market meet the BASTA criteria.

Healthy indoor climate via Danish Indoor Climate Labelling

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

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

Top-quality cleaning through INSTA 800

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

The Technical Research Institute of Sweden has tested

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

Environmental profiles with construction products declarations

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

The system that prepares BVD3s for flooring is under the auspices of the Swedish Flooring Trade Association (Golvbranchen - GBR) in cooperation with the Ecocycle Council (Kretsloppsrådet). GBR's declared intention for the construction products declaration is to create transparency concerning the environmental impact of individual products. At present, 23 of our products are BVD3-declared.

Maritime safety through IMO

The international maritime organisation IMO has developed a certificate for products that are used aboard passenger ships. Certification is according to EU Directive 96/98/EC and approval of the U.S. Coast Guard. The tests include fire spreading, smoke and toxicity. There are 11 egetæpper products that meet the IMO requirements and these are certified by Det Norske Veritas.



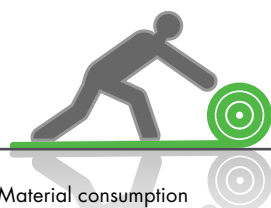
CASE

Carpets for the healthcare sector

Among other countries, in the UK, carpets are often used as flooring in healthcare sector buildings. ege Performance has been specially developed for the healthcare sector. The carpet fibres in ege Performance are pretreated with antibacterial technology, which gives the carpets a shield that makes certain that no microorganisms (e.g. bacteria) can survive. This highly efficient carpet treatment is completely non-toxic. The technology attacks the cell structure of the bacteria and the bacteria then die.

The technology, which is called ÆGIS Microbe Shields Technology, is more than 20 years old and is already widely used in the healthcare sector, e.g. in operating cloths. Other hygienic advantages of ege Performance are that the carpet resists powerful cleaning products and disinfectants, and is impervious.

GRI indicators



EN1 – Material consumption

Herning: 3.31 kg materials per m² carpet
Gram: 2.67 kg materials per m² carpet



EN1 – Material consumption

Vejlø: 1 kg material per kg yarn

Environment

EN1 – Materials by weight

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

	Herning:	Gram:
Pile:	2,571,787 kg	987,941 kg
Dyeing:	102,060 kg	202,691 kg
Backing:	6,506,294 kg	4,105,290 kg
Operation, cleaning, maintenance:	94,010 kg	9,480 kg
Packaging:	320,139 kg	211,652 kg
Total:	9,594,290 kg	5,517,054 kg

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

	Vejlø:
Yarn:	2,587,311 kg
Operation, cleaning, maintenance:	23,460 kg
Packaging:	12,243 kg
Total:	2,623,014 kg

EN3 – Direct energy consumption

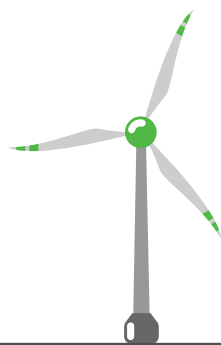
Our direct energy consumption comprises natural gas and bottled gas at all three factories, and natural gas is used to produce electricity at the combined heat and power plant in Herning.

	Herning:	Gram:	Vejlø:
Natural gas:	16,472,192 kWh	12,958,440 kWh	4,065,820 kWh
Bottled gas:	104,028 kWh	59,805 kWh	6,845 kWh
Natural gas for electricity production:	1,627,065 kWh	-	-



EN3 – Direct energy consumption

Herning:	5.68 kWh per m ² carpet
Gram:	6.29 kWh per m ² carpet
Vejle:	1.11 kWh per kg yarn



EN4 – Indirect energy consumption

Herning:	1.62 kWh per m ² carpet
Gram:	1.15 kWh per m ² carpet
Vejle:	1.14 kWh per kg yarn



EN8 – Water consumption

Herning:	20.42 litres water consumption per m ² carpet
Gram:	18.8 litres water consumption per m ² carpet
Vejle:	5.2 litres water consumption per kg yarn

EN4 – Indirect energy consumption

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

Herning:	4,681,904 kWh
Gram:	2,362,430 kWh
Vejle:	4,173,010 kWh
Total:	11,217,344 kWh

EN5 – Energy savings

In Herning, a project aimed at saving energy on the tipshearer (machine that cuts the top of the carpet pile) has resulted in 1,642 kWh energy saved. In Vejle, replacement of a number of fittings and installation of a movement/light-sensitive sensor in a passage have led to 6,950 kWh energy saved.

EN7 – Initiatives to reduce indirect energy consumption

egetæpper's indirect energy consumption consists of air travel and leased vehicles. Via air travel we have indirectly emitted 179 tons CO₂, which is 3.47% more than the last financial year. Our consumption of diesel fuel represented CO₂ emissions of 28 tons, which is a 33.3% increase. Petrol consumption has increased by 16.67% to 28 tons CO₂ emissions. In total egetæpper's indirect energy consumption has increased 7.8%, corresponding to emission of 235 tons CO₂. We have not introduced initiatives to reduce indirect energy consumption.

EN8 – Water consumption

We use large quantities of water during production. In Herning and Gram we use water only from the municipal water supply in the respective municipalities. In Vejle the water comes from our own water drilling. There is no shortage of water in any of these areas.

Herning:	59,166 m ³
Gram:	38,758 m ³
Vejle:	13,707 m ³
Total:	111,631 m ³

EN10 – Water recycling

In Vejle we have recycled 9,619 m³ of the water consumed, which represents 70% of water consumption in Vejle. In Herning, a smaller proportion of water consumption was recycled, estimated at about 3,000 m³. This corresponds to 5% of Herning's water consumption. In Gram, 55.6 m³ water was recycled, corresponding to 0.1% of Gram's water consumption. This means that the ege group has recycled 11.35% of total water consumption at the three factories.

EN16 – Greenhouse gas emissions

eggetæpper's direct emissions of greenhouse gases come from natural gas used in production, buildings and in producing electricity. Fuel oil is used in buildings, bottled gas in production, and diesel and petrol in vehicles owned by the company. Total direct greenhouse gas emissions in 2009/2010 were 7,840 tons CO₂. In addition, we emitted 8,680 tons CO₂ in the form of indirect greenhouse gas emissions from electricity in production and buildings, and distance heating. In total, therefore, we have emitted 16,520 tons CO₂. Greenhouse gas emissions are calculated in accordance with the Greenhouse Gas protocol, which has been developed by the World Business Council for Sustainable Development and the World Resources Institute.

EN18 – Initiatives to reduce greenhouse gas emissions

The combined heat and power plant in Herning was renovated in 2008, which resulted in a CO₂ reduction of 1,430 tons in 2009, corresponding to a 26% CO₂ reduction compared with the previous year. Replacement of mechanical speed regulation with VLT regulation on the tipshearer (the machine that cuts the top of carpet pile) has further reduced emissions from the Herning factory by 1.3 tons CO₂.

In Vejle, total electricity consumption has been reduced by 0.20% by replacing a number of fittings with HF control gear and installing a movement/light-sensitive sensor in a passage. This represents a reduction of 5.32 tons CO₂. There has also been savings on natural gas amounting to 52,000 kWh, as a result of reduced water loss on the Twistset plant, achieved by draining less water from the process. This represents a reduction of 10.6 tons CO₂.

EN21 – Water discharge

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

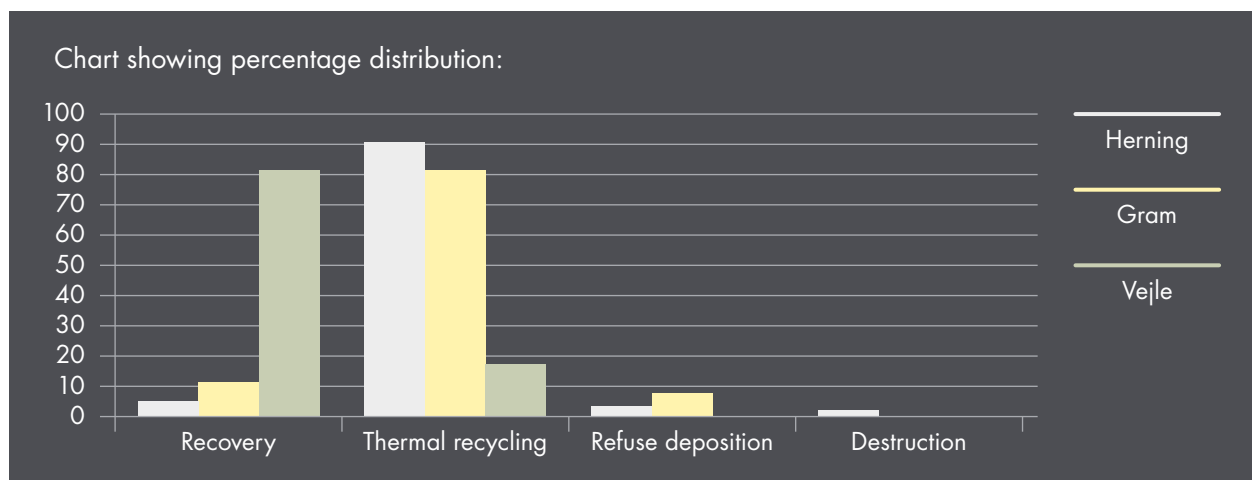
Herning:	44,483 m ³
Gram:	32,170 m ³
Vejle:	11,952 m ³
Total:	88,605 m ³



EN22 – Weight of waste and methods of disposal

We dispose of our waste using recovery, thermal recycling, refuse deposition and destruction. Details of the materials we dispose of and how we dispose of them are given in our environmental report.

	Herning:	Gram:	Vejlø:
Recovery:	51,974 kg	67,736 kg	212,573 kg
Thermal recycling:	853,640 kg	471,160 kg	46,970 kg
Refuse deposition:	37,840 kg	41,300 kg	0 kg
Destruction:	6,974 kg	0 kg	0 kg



EN24 – Weight of transported hazardous waste

All our hazardous waste is transported for destruction. The term 'hazardous waste' covers solid waste containing oil, waste oil, organic solvents, dye and paint containers, liquid latex, light sources containing mercury, accumulators and spray cans. A total of 6,974 kg hazardous waste was transported for destruction from Herning. There was no hazardous waste in Gram and Vejlø in this period.

EN26 – Limiting environmental impacts

In our Barcode Econyl 70 carpet tiles collection, 70% of the carpet fibres are recycled. For the manufacturer, this means there is a 50% reduction in energy used, compared to producing new fibres. In 2009/2010, we have used a total of 13,126 kg recycled fibres.

Our "NONO No Noise" carpet collection comprises carpet runners specially developed for wooden floors where the carpet's noise-reducing properties are important. The noise-reducing effect is due to acoustic absorption and damping the sound of footsteps.

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

We have entered into cooperation with EPEA Copenhagen ApS on initiating Cradle to Cradle certification of selected carpet tiles during the financial year 2010/2011. Cradle to Cradle certification is applied to manufactured products whose components can be recycled after use.

Finance

EC1 – Direct financial value

We have reported on this indicator in the egetæpper Annual Report 2009/2010.

Employee conditions

LA1 – The workforce

In Herning, we employ 204 people, of which 97 are white-collar workers and 107 hourly-paid workers. In Gram there is a total of 62 employees, 12 are white-collar workers and 50 hourly-paid workers. In Vejle, we employ 76 people, of which 6 are white-collar workers and 70 hourly-paid workers. In addition, there are 11 white-collar workers in ege contract. This represents a total of 126 white-collar workers and 227 hourly-paid workers at the three factories. The overall total is 353 employees.

All hourly-paid workers are employed full-time. Some of the white-collar workers are employed part-time. There are 10 part-time employees in Herning and 1 in Gram.

LA2 – Staff turnover

During the last financial year, there has been a larger turnover of staff than usual, due to the financial crisis. In all, 69 employees have been terminated, of which 38 were in Herning (23 men, 15 women), 14 in Gram (10 men, 4 women), 16 in Vejle (7 men, 9 women) and 1 in ege contract (1 woman).

During the period, we have employed a total of 28 employees, of which 14 were employed in Herning, 7 in Gram, 6 in Vejle and 1 in ege contract.

LA3 – Employee benefits

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

LA6 – Employee involvement in the safety organisation

At egetæpper we have both safety groups and a safety committee. The safety committee is the decision-making body, determining guidelines for work on safety issues, while the safety groups work with day-to-day safety issues in the area they represent. Some of the members of safety groups are elected to the safety committee.

	Safety committee	Safety groups	Total no.	% of total workforce
Herning:	7 people	12 people	14 people	6.5%
Gram:	7 people	7 people	9 people	14.5%
Vejle:	5 people	6 people	6 people	7.9%

LA7 – Industrial injuries, accidents at work, absenteeism

During the past year, there have been 10 registered industrial accidents in Herning, 5 in Gram and 2 in Vejle. These have resulted in 98 sick days or 725.2 hours of time lost. Sick days are registered from the first sick day. None of these accidents have resulted in permanent injury or death. There have been 10 minor accidents/incidents in Herning and 3 in Gram which did not result in sick days. The total percentage of time lost relative to the total number of hours worked by the workforce is 0.1%. No work-induced diseases have been registered in the past year.

Product liability

PR1 – Product assessment

egetæpper is working to resolve health and safety issues through our products' lifecycles. In each of the following stages in a product's lifecycle we evaluate the extent to which the product's impact on health and safety can be improved.

Development

We assess the environmental aspects when selecting raw materials and suppliers. When entering a contractual agreement, suppliers are required to sign a document to ensure that quality and environmental characteristics are upheld.

Manufacturing

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

Marketing and sales promotion activities

In our marketing, we actively use a variety of the environmental labelling carried out on our products. Marketing activities include press releases, newsletters, the company website and product catalogues. We also have an exhibition stand which all our subsidiaries and agents may loan. The exhibition stand is designed to send a strong signal about environmental awareness at egetæpper.

Storage, distribution and delivery

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

Use and service

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

Disposal, recycling and recovery

Used carpets are disposed of in different ways in different countries. In Denmark, carpets are disposed of via thermal recycling. egetæpper produces one product, Barcode Econyl 70, that contains at least 70% recycled fibres.

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. In addition, our products are also certified according to a series of voluntary labelling schemes, the objective of which is to protect health, safety and/or the environment. These are BRE, LEED, BASTA, the Danish Indoor Climate Label, INSTA 800, BVD3 and IMO. For details, see the safety and health section above.

Dansk Fashion & Textile Code of Conduct

Principle 11 – Animal welfare

We have never previously focused on ensuring that the sheep that produce the wool we use in our carpets are fed, reared and put down with dignity and respect. However, we do not use wool from sheep that are subjected to mulesing. According to Dansk Fashion & Textile research, mulesing is not used in connection with the production of wool for the carpet industry. We aim to develop procedures and practice to ensure animal welfare in the future.

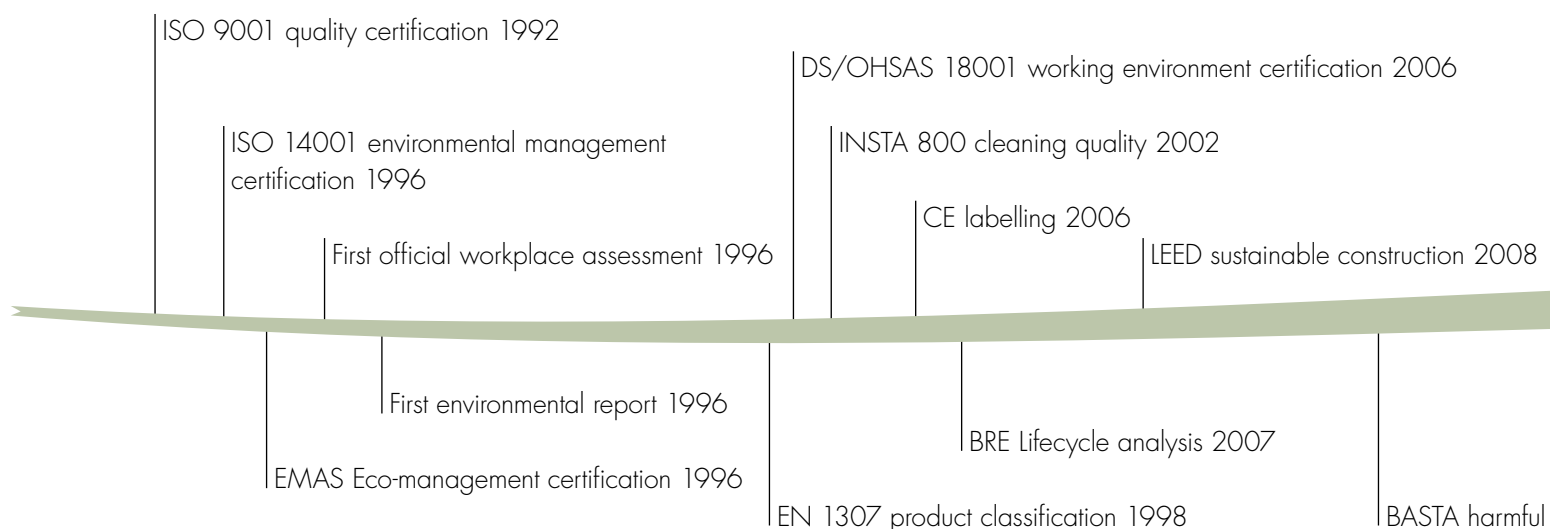
Principle 12 – Charity

Through “Ege Fonden – Vibeke og Mads Eg Damgaards Fond” (the ege Foundation) contributions are made, funded by the dividends on egetæpper shares. Contributions are presented to non-profit making public activities. Besides from that, charity work at egetæpper has been limited in the past but is now an area which will receive more attention. We are currently considering how best to tackle this new obligation.

Principle 13 – Monitoring

egetæpper will not be subject to an external audit in connection with management and maintenance of the Code of Conduct. As we have only recently endorsed the Dansk Fashion & Textile Code of Conduct (as of 1 May 2010), we have not yet developed a method for monitoring how our suppliers meet the Code of Conduct. In time we will inform all our suppliers and cooperative partners that we have endorsed the Code of Conduct and that we will be establishing a method for managing and monitoring these parties.

Timeline





CSR in the future

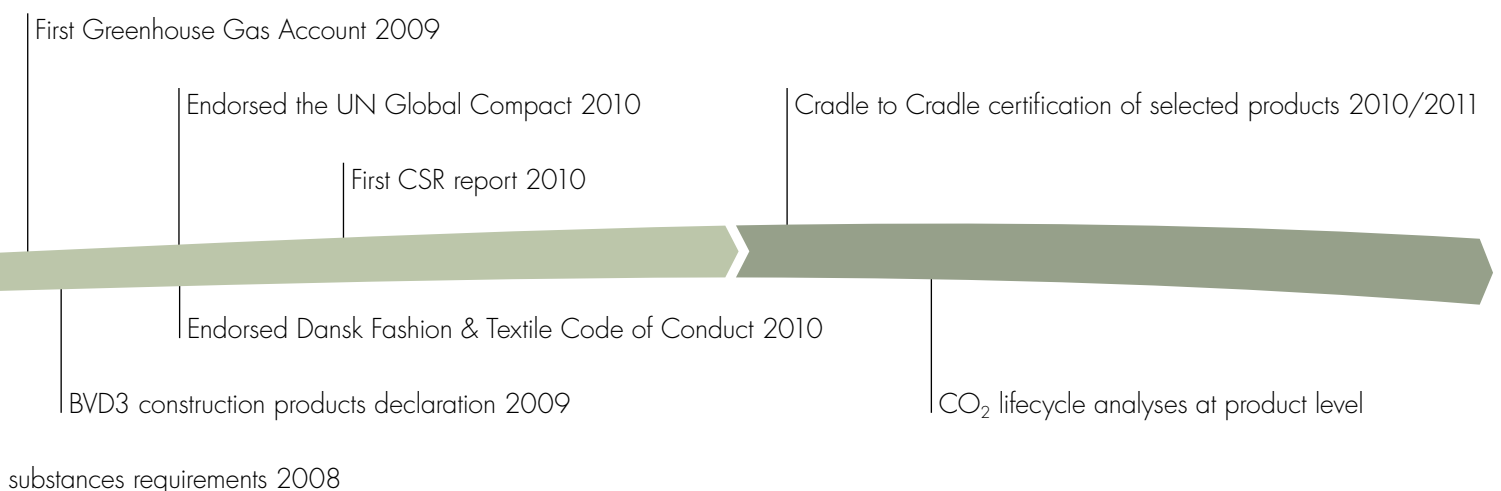
In joining the UN Global Compact and endorsing the Dansk Fashion & Textile Code of Conduct, we have chosen to intensify CSR activities at egetæpper. Plans will therefore be prepared to upgrade our efforts in a number of areas, as stated in the results section. These will include Cradle to Cradle certification, animal welfare, increased focus on charity, and management and monitoring of suppliers and co-operative partners.

In addition, we intend to prepare CO₂ lifecycle analyses for individual products for their emissions from

production up to and including disposal. This will constitute expansion of our current Greenhouse Gas Accounts, which currently register the company's emissions only.

CSR reports

We have a declared ambition to successively increase our level of reporting within the GRI standard. Similarly, we wish to add more indicators to our report on an ongoing basis. Finally, we aim in time to have our reports verified by an independent third party.



Index of GRI content

No.	Topic	Section	Page
Strategy and analysis			
1.1	Management endorsement	A sustainable company philosophy	6-7
Organisation profile			
2.1	Organisation name	Profile	4
2.2	Primary products and markets	Profile	4
2.3	Organisational structure	Profile	4
2.4	Location of main office	Profile	4
2.5	No. of countries in which the organisation operates	Profile	4
2.6	Ownership structure	Reference to the Annual Report 2009/2010	5
2.7	Markets	Profile	4
2.8	Key figures for the organisation	Reference to the Annual Report 2009/2010	5
2.9	Significant changes	Profile	5
2.10	Awards won in the reporting period	Profile	5
Report details			
3.1	Reporting period	About egetæpper and the CSR report	2
3.2	Latest report date	About egetæpper and the CSR report	7
3.3	Reporting frequency	Profile	5
3.4	Contact us	About egetæpper and the CSR report	2
3.5	Limitation basis	Organisational anchorage	6
3.6	Limits	About egetæpper and the CSR report A sustainable company philosophy	2 6
3.7	Limitations	About egetæpper and the CSR report	2
3.8	Subsidiaries, etc.	About egetæpper and the CSR report	4
3.10	The effect of changes compared to the previous report	As this is the first report, this is not relevant	-
3.11	Significant changes compared to the previous report	As this is the first report, this is not relevant	-
Management, obligations and stakeholder involvement			
4.1	Management structure	Profile - Reference to the Annual Report 2009/2010	5
4.2	Chairman	Profile - Reference to the Annual Report 2009/2010	5
4.3	Independent status	Profile - Reference to the Annual Report 2009/2010	5
4.4	Shareholders' and employees' opportunities to exert influence	Profile - Reference to the Annual Report 2009/2010	5
4.14	Stakeholder groups	Organisational anchorage	7
4.15	Identification of stakeholders	Organisational anchorage	6

No.	Company CST indicators	Section	Page
Finance			
EC1	Direct financial value	Profile - Reference to the Annual Report 2009/2010 GRI indicators	5 26
Environment			
EN1	Materials distributed by weight	GRI indicators	22
EN3	Direct energy consumption	GRI indicators	22
EN4	Indirect energy consumption	GRI indicators	23
EN5	Energy savings	GRI indicators	23
EN7	Initiatives to reduce indirect energy consumption	GRI indicators	23
EN8	Water consumption	GRI indicators	23
EN10	Water recycling	GRI indicators	23
EN16	Greenhouse gas emissions	Results - Environment GRI indicators	24
EN18	Initiatives to reduce greenhouse gas emissions	GRI indicators	24
EN21	Water discharge	GRI indicators	24
EN22	Weight of waste and method of disposal	GRI indicators	25
EN24	Weight of transported waste	GRI indicators	25
EN26	Limiting environmental impact	GRI indicators	25
Employee conditions			
LA1	The workforce	GRI indicators	26
LA2	Employee turnover	Profile A sustainable company philosophy GRI indicators	26
LA3	Employee benefits	Results - Employees GRI indicators	26
LA6	Employees in safety organisation	GRI indicators	26
LA7	Industrial injuries, accidents at work, absenteeism	Results - Environment GRI indicators	27
Product liability			
PR1	Product evaluations	GRI indicators	27
PR3	Product information	Results – Health and safety GRI indicators	18-20 27-28
Dansk Fashion & Textile			
Principle 11	Animal welfare	Results - Environment GRI indicators	10 28
Principle 12	Charity	Results - Employees GRI indicators	16 28
Principle 13	Monitoring	GRI indicators	28



ege inhouse 0610 - 8054001

ege[®]

we create more than carpets

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.egecarpet.com