



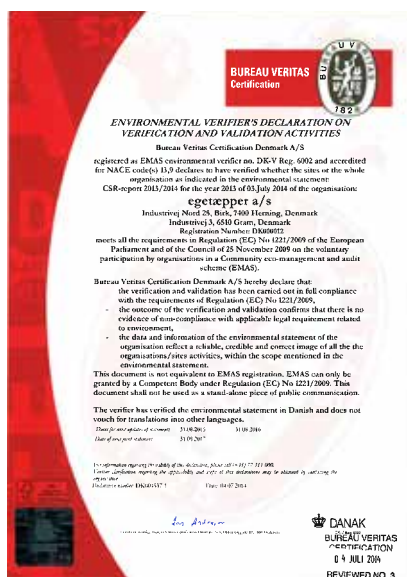
# CSR Report

2013/2014

**ege**<sup>®</sup>

THE URGE TO EXPLORE SPACE





## A new era for egetæpper's CSR reporting

It is our pleasure to present egetæpper's new Corporate Social Responsibility (CSR) Report. This year's CSR Report is structured according to a new template, in line with our recent certification under the DS 49001 CSR standard. This certification has led to major changes in how egetæpper works with CSR, which is also reflected in the report's far broader focus than previous reports. We are also implementing the latest edition of the Global Reporting Initiative (G4) Reporting Guidelines, which among other things set higher requirements of a CSR report's content and data collection.

This new reporting structure ensures the reader a wider overview of our CSR activities during the financial year from 1 May 2013 to 30 April 2014.<sup>1</sup>

For an overview of the content of this extensive CSR Report, we refer the reader to the Table of Contents on page 3 and to the Index of G4 Content on page 50. For readers with a particular interest in environmental data in accordance with EMAS, an overview of this data is presented in the Index of EMAS Content on page 53.

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

ness activities on a responsible basis and to preserve our world for future generations.

The report is primarily based on our two factories in Herning and Gram in Denmark.<sup>2</sup> Data for CO<sub>2</sub> emissions concerns the entire Group, however, including our subsidiaries, Litspin in Lithuania and Bentzon Carpets ApS, in which we hold a 51% interest. In the longer term, the intention is to include all subsidiaries in the report on a full basis.

The full CSR Report has not been verified by a third party. Nevertheless, the report is the result of comprehensive efforts to collect and internally verify the information presented. All environmental data related to EMAS verification in Herning and Gram have been verified by Bureau Veritas Certification.

Even though the report is presented in accordance with the G4 guidelines, there are deviations from these guidelines<sup>3</sup>, since in some respects they require a very high level of detail.

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<sup>1</sup> The previous CSR Report was published on 19 August 2013. The next report will be published and submitted to the Danish Environmental Protection Agency in August 2015.

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

<sup>3</sup> This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines.

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## History and renewal

Two major events in particular affected egetæpper during the past year. In October 2013, we celebrated our 75th anniversary. Much has taken place since 1938, when egetæpper's founder, Mads Eg Damgaard, purchased two tufting machines and moved into the 30-m<sup>2</sup> premises where he started the company that has grown into one of Europe's largest carpet manufacturers. The anniversary was celebrated in style, followed a month later by another important event for egetæpper: CSR certification in accordance with DS 49001.

We are proud to be the first carpet manufacturer in the world to achieve the extensive DS 49001 certification. As a consequence of this certification, egetæpper's ambition is to be the world's leading carpet manufacturer in terms of Corporate Social Responsibility. Our CSR strategy to achieve this ambitious objective is to demonstrate a high level of responsibility in the development and operation of the company, in order to contribute to sustainability throughout the value chain, while maintaining a high level of respect for our company and our activities. We work with CSR in accordance with the UN Global Compact and the trade association Danish Fashion & Textile's Code of Conduct, which we endorsed in 2010. After our DS 49001 certification, we are now focused on seven focus areas that affect egetæpper's CSR performance.

### Key new initiatives

DS 49001 has systematised and expanded how we work with CSR at egetæpper. Previously, our primary focus was on the environment, employees and health & safety, but now we take a structured approach to all of the standard's seven focus areas.

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

In this respect, we have expanded many different CSR activities. For example, we have set up a CSR steering group to follow up on action plans, ensuring that decisions are implemented and considering new CSR challenges. This is a good supplement to

the CSR department, which works with the development and implementation of the day-to-day activities.

Communication, both internal and external, is a key aspect of CSR. We have therefore developed a clear communication strategy towards our stakeholders. The "Pure Respect" communication strategy helps us to present complex messages on a clear and straightforward basis, reaching a wider audience.

We have also expanded our internal communication activities. In autumn 2013, the CSR department held over 20 briefing sessions at which all employees in Herning were updated on all of our CSR activities and their significance for employees. Our policy and guidelines were also published on our intranet, so that employees always have access to them.

As part of our wish to ensure sustainability throughout the value chain, during the past year we have reviewed egetæpper's principal suppliers and asked them to accept and sign egetæpper's Code of Conduct.

We have also launched a very exciting process to implement the Cradle to Cradle philosophy throughout our company. We are involved in a project under the Danish Business Authority/Grøn Omstillingsfond (green conversion fund) to ensure that, in the longer term, we are able to reuse all components from our used carpets in the production of new carpets. We are ready to take back our own carpet tiles after use and reuse them, either by cleaning and selling them again, or by recovering the components and using them in new products. Yet there is still a lot to be done before we can reuse the components in our own products.

### Systems and labelling schemes

In environmental terms, we are continuing our work to constantly reduce our environmental impacts. In 1996, we commenced the implementation of ISO 14001 and EMAS at our factories in Herning and Gram. We have now expanded this certification to also include our factory in Lithuania, and we are working to implement ISO 14001 at Bentzon Carpets. The strict environmental management system requirements help us to ensure the lowest possible environmental impacts from our production and products.

egetæpper gives high priority to labelling schemes for our products. In 2013, we achieved Cradle to Cradle<sup>CM</sup> Silver certification of the Barcode Ecoline carpet collection. We are now fully engaged in applying for Cradle to Cradle certification of a number of other products. Most of our products have already achieved approval according to a large number of different building certification schemes, including LEED and BREAM.

We also give high priority to the working environment. In 2006, we therefore implemented DS/OHSAS 18001, to ensure that we are constantly inspecting and minimising health and safety risks. We also offer our employees a number of services and benefits that help to make egetæpper an attractive workplace.

#### **Focus on sustainability**

In 2014, sustainability has become a key concept for our employees. Many initiatives are under way that, overall, will ensure that egetæpper's products, production processes and activities are generally more and more focused on the circular economy and sustainability. We are known for setting the bar high at egetæpper and with our new objective to be the world's best carpet manufacturer in CSR terms, we have taken on a major new challenge. We are ready to tackle this challenge and look forward to presenting the results.

*Herning, Denmark, 3 July 2014*



  
Svend Aage Færch Nielsen  
CEO

  
John Vestergaard  
CFO

# Profile

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

## egetæpper's mission

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

## egetæpper's vision

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

## Values

Design – Quality – Respect

## Activities

egetæpper became listed on the Copenhagen Stock Exchange in 1985 under the egetæpper a/s name. The Group's primary activities are the production and sale of tufted carpets for the contract and domestic markets. We produce 34 different standard carpet products and 18 carpet tile products for the contract market, as well as 22 standard domestic products, which we use advanced technology to produce in a multitude of colours and patterns. This year, we produced 3,542,496 m<sup>2</sup> of carpet in Herning and 2,055,097 m<sup>2</sup> in Gram. This gives a grand total of 5,597,593 m<sup>2</sup> of carpet produced.

Production takes place at two factories in Denmark.

Herning: Development, production and sale of tufted and flat-woven carpets<sup>4</sup>

Gram: Production of tufted and flat-woven carpets<sup>5</sup>

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

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

egetæpper also exploits the benefits of outsourcing individual maintenance tasks, such as cleaning and facilities maintenance (outdoor areas and office plants).

## Markets

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

- Denmark
- France
- Germany
- Norway
- Sweden
- UK
- Singapore
- China (Shanghai)
- United Arab Emirates

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

- Hotels
- Offices
- Healthcare sector
- Institutions
- Transport sector

Within these segments, our typical customers are:

- Hotels
- Restaurants
- Retail stores
- Offices – public and private
- Airports
- Schools and other institutions
- Hospitals and nursing homes
- Shipyards and train factories

In the domestic carpets market, egetæpper concentrates its efforts in Denmark. Our customers are mainly retail chains (Garant and Tæppeland).

egetæpper's sales organisation handles carpet sales from the main office in Herning, and via our nine subsidiary companies and agents/distributors in 57 countries.

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

## Employees

Overall, egetæpper has 480 employees worldwide. Most of our employees, 261 people, work in Herning. The factory in Gram has 60 employees.

<sup>4</sup> Production takes place at egetæpper a/s, Industrivej Nord 25, Birk, DK-7400 Herning, Denmark. The facility is located in an industrial park under District Plan no. 6.14.1 and within the limits set out in Section 15 of the Danish Planning Act. The facility site comprises Title nos. 3e, 4bf and 5a Birk By. The site area is approximately 36 hectares, of which approximately 45,000 m<sup>2</sup> have been developed.

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

### Suppliers

egetæpper is actively engaged in supply chain management of the 84 key suppliers of components for our products. Our suppliers, mostly European, provide the following components:

- Latex
- Fillers
- Adjuvants
- Dyes
- Yarns
- Backing
- Packaging
- Transport

All suppliers are subject to risk assessment in accordance with Corruption P. Index (CPI), Environmental P. Index (EPI), and the Human Rights Risk Index for "Human Rights" and "Working Conditions", respectively. These indexes rank the world's countries by their overall performance in the relevant area. If the supplier's country ranks as a medium-risk or high-risk country in just one index, we consider the supplier to be a medium- or high-risk supplier. egetæpper has a total of five high-risk suppliers and two medium-risk suppliers. All 84 suppliers have received egetæpper's Supplier Code of Conduct for acceptance and signature. Currently, acceptance from 24 suppliers is outstanding.

### External involvement

egetæpper applies a precautionary approach to environmental challenges and works very actively to minimise environmental

impacts, which is e.g. documented by our DS 49001 and ISO 14001 certifications. Since 1996 we have been registered under EMAS, which is a voluntary EU regulation to promote environmental initiatives. In 2010, we endorsed the UN Global Compact, as our commitment to work to ensure the observance of ten principles concerning human rights, the environment, working conditions and anti-corruption.

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

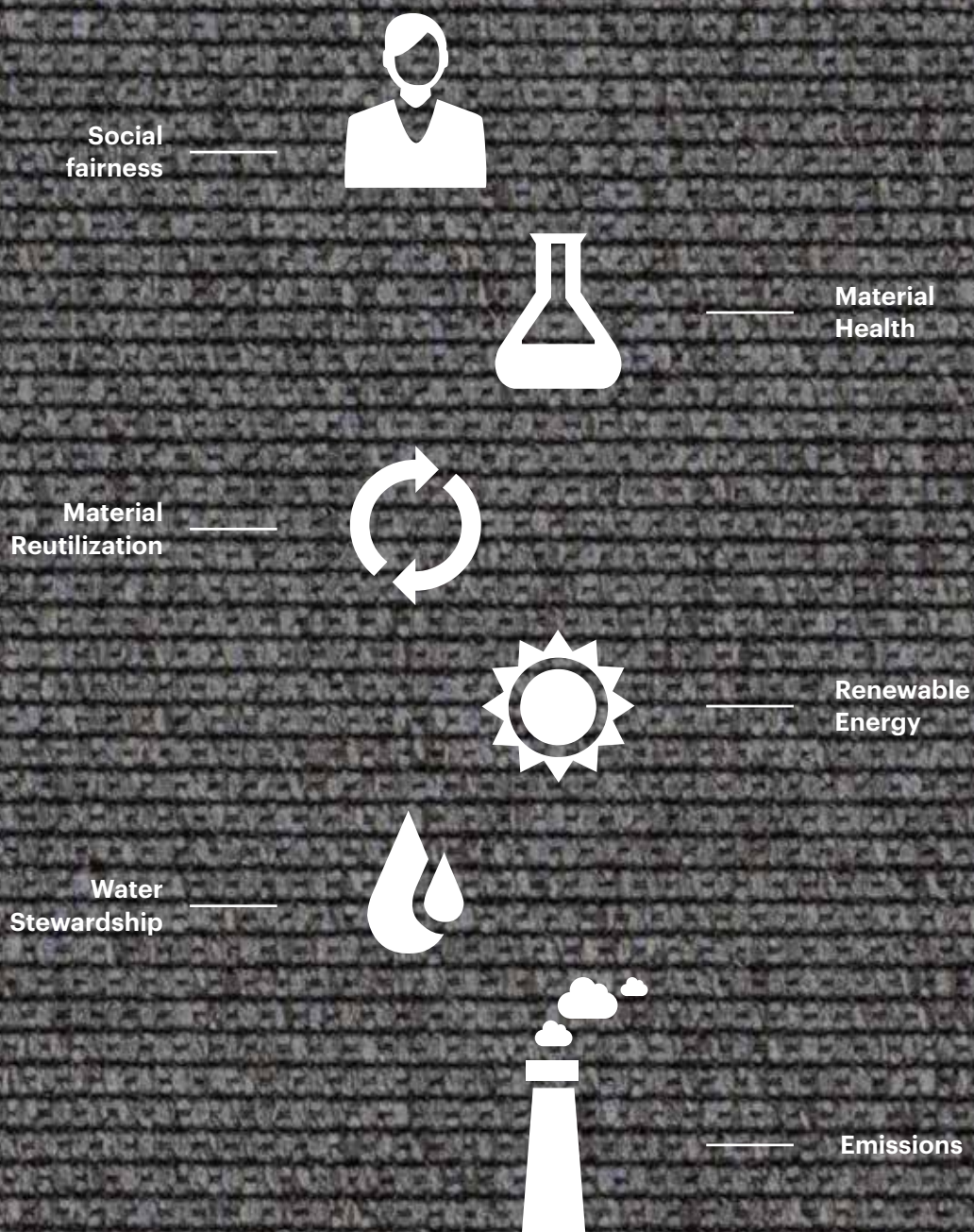
- Danish Business Council for Sustainable Development (RBE)
- European Carpet and Rug Association (ECRA)
- CEN TC 134 (European technical committee for standardisation in the floor industry)
- Danish Standards
- Gulvbranchen (the Floor Industry)/the Danish Construction Association
- Carpet Recycling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

### Significant changes

There were no significant changes in egetæpper's organisation during the financial year.

For information concerning egetæpper's organisation structure and financial results, reference is made to egetæpper's Annual Report for 2013/2014. The Annual Report is available on our website: [www.egecarpets.com](http://www.egecarpets.com).





## Pure Respect communication strategy

When a company works with many different complex ideas and projects, it can be difficult to communicate the positive messages on a clear and straightforward basis. This is often too technical, too protracted or too detailed. To avoid this, egetæpper has developed "Pure Respect" - a clear CSR communication strategy. Besides determining which parameters we wish to communicate in our CSR work, this also concerns getting to the core of the message. The technical documentation is still in

order, which is important, but this is not what we present to the general public in the first instance. Now, we keep to simple messages that are easy to remember, such as "It's not just about the carpets. It's about doing what's right".

There is further information in our "Pure Respect" brochure at egetæpper's website: [www.egecarpets.com](http://www.egecarpets.com).



## Interaction with 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 activities. Stakeholders may also be parties that make requirements on behalf of other groups, including the environment, that are not able to defend themselves.*

To a great extent, egetæpper's CSR work is organised in collaboration with our stakeholders, among other things because it is important to listen to our stakeholders, in order to maintain our leading market position.

In 2012, we undertook a comprehensive survey of egetæpper's stakeholders. Each stakeholder group was assessed according to a series of concrete criteria showing the importance of the stakeholder in relation to egetæpper. The conclusion was that we have the following principal stakeholders:

- Shareholders/owners
- Employees
- Customers
- Suppliers
- Architects/designers
- Municipalities

Since 2012, we have held personal interviews with representatives of all these stakeholders. During the interviews they were asked about the relevance of egetæpper's work for a large number of different CSR topics. The responses were then used to analyse the topics to which egetæpper should give highest priority.

These topics are working conditions, consumer conditions, environmental issues and best practice, with lower priority given to management excellence, human rights, and developing and involving the local community. We then drew up action plans for these topics, based on the analysis. In the future, we will undertake similar analyses on an annual basis, in collaboration with our stakeholders.



# CSR policy

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

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

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

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

## 1. Focus areas

### 1.1 Human rights

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

We respect and support human rights: 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 violations of human rights that affect the people with whom we work in a business relationship.

### 1.2 Employees and working conditions

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

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

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

We will ensure a healthy and positive working environment for our employees and we will constantly seek to improve working environment conditions. We will work for inclusion and health-promoting activities. Our working environment management system is certified in accordance with DS/OHSAS 18001.

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

### 1.3 Environment and climate

Via focused activities and by setting environmental objectives, egetæpper will seek to prevent and reduce the environmental impacts of our production activities and the use and disposal of our products, and continue to improve our efforts in the environmental area.

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

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

### 1.4 Best practice

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

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

We will promote social responsibility throughout our value chain.

### 1.5 Consumer conditions Health and safety of our end-users

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

We will promote the sustainable use of our products via labelling and certification schemes, as well as product information and declarations describing our products' environmental impacts in conjunction with their fitting, use, maintenance and disposal. We will also promote the sustainable use of our products via the



development of cradle-to-cradle products which, rather than becoming waste, can be transformed into nutrients or reused.

### **1.6 Local community involvement and development**

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

### **1.7 Organisation management**

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

egetæpper's executive management holds the overall responsibility for egetæpper's CSR policy and strategy. The CSR department develops and implements egetæpper's CSR targets and activities. The work of the CSR department is regularly reported to the egetæpper strategy group, which consists of members of the executive management body and management group, as well as key employees.

## **2. Quality**

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

Quality is the keyword for all of our products and services. We define quality as the security that is created when we have achieved balance between the customer's expectations of our products and services, and how they are actually experienced.

A certified quality management system supports us in achieving our quality objectives and ensuring that we persistently develop and deliver products and services at a uniform high quality level.

## **3. Communication**

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

## **4. Monitoring and reporting**

We seek to document all important conditions applying to our social, environmental and financial impact on our surroundings. We present relevant CSR data in our annual CSR Report and a CSR summary is included in egetæpper's Annual Report. All reports and briefings are publicly available via our website.

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

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

The CSR policy is revised annually by the CSR department. Our intention is to constantly assess and safeguard that our CSR policy is appropriate in egetæpper's current circumstances and for the foreseeable future. The revised CSR policy is adopted by the strategy group.

## **6. Labelling and certification**

All egetæpper products carry the CE mark and selected products are certified/qualified within a number of different programmes, including LEED, BRE and the Danish Indoor Climate Labelling scheme. Our certification spans a very wide range of issues, including safety, health, indoor climate and the environment, life cycle analyses, sustainable construction and building declarations, cleaning quality and maritime safety.

## **7. Internal guidelines**

egetæpper has established a series of internal guidelines that apply to employees and other parties acting on egetæpper's behalf.

The purpose of these guidelines is to ensure the implementation of the CSR policy in egetæpper's day-to-day activities. We currently have guidelines for the following areas:

- Anti-corruption and bribery
- Whistleblowing
- More women in managerial positions
- Environment
- Climate
- Quality
- Working environment
- IT
- Travel
- Pooled vehicles

## 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.

#### Glueing

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.



## Results

### Management excellence

Our management philosophy focuses on maintaining an open and active dialogue with employees, customers, end users, suppliers, public authorities, etc., so that all of egetæpper's CSR activities are available to the general public.

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

### High information level

egetæpper's general declared intention is to maintain a high

level of information vis-à-vis stakeholders and employees concerning the Group's development and activities. We therefore publish quarterly financial statements, as well as interim and annual reports. The 2013/2014 Annual Report provides information on egetæpper's management organisation, financial results, assets, ownership, net sales and net capital value, etc. We also publish this annual, statutory CSR Report, which presents comprehensive factual data relating to the Group's CSR activities. The CSR report is communicated to all individuals working for or on behalf of egetæpper, and naturally also to other selected stakeholder groups.

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

## Human rights

egetæpper wishes to respect human rights, as stated in our CSR policy. We have therefore endorsed the UN Global Compact, while our Code of Conduct requires suppliers to respect human rights. We have one supplier in a country that is considered to represent a high risk in terms of lack of respect for human rights, and six suppliers in countries that are considered to present a medium risk. All of these suppliers, apart from two medium-risk suppliers, have signed our Code of Conduct. We are still working to get the last two suppliers' signatures.

In Denmark, lack of respect for human rights is not considered to be a problem among our employees and stakeholders. We are nonetheless aware that human rights violations may occur. Within the next years, we therefore plan to implement the UN Guiding Principles, which will help us to identify any risks of human rights violations and draw up a plan for prevention, and for remediation to the affected parties, should any violations occur. In the meantime, any person related to egetæpper has the opportunity to report any suspected violations of human rights via our whistleblower system.

### **Women in management**

Since 1 April 2013, egetæpper has been subject to a Danish Act that requires companies to consider how far they have an equal distribution of men and women within their management. On this basis, egetæpper has drawn up a policy to achieve more women in management. In 2012, egetæpper had 24% female managers. The objective is to achieve 30% female managers by 2017.

To achieve this objective, we have conducted an internal survey to identify barriers and incentives. 15 women and nine men were interviewed in order to discover what we can do to achieve our objective of more women in management. Since then, a series of initiatives has been launched. For example, career wishes have become a fixed element of employee performance appraisals, and via our intranet all employees can now see what supplementary training is available to them. The executive management has also stated openly in a newsletter to all employees that it wishes to see more female managers, emphasising that it is possible to successfully combine a management role at egetæpper with a sound work-life balance.





## Working conditions

We are aware of our corporate social responsibility to our employees and we wish egetæpper to be an attractive workplace. We have therefore implemented DS/OHSAS 18001, an international management system for the working environment and health and safety. DS/OHSAS 18001 helps us to control and minimise health and safety risks, and certification requires us to prove that egetæpper's working environment is safe and healthy.

We have resolved all obvious significant issues relating to the working environment, and we constantly seek to further improve our efforts by revising our CSR policy and by setting new objectives for both the working environment and health and safety. We have special focus on the challenges presented by the physical working environment. In Herning, this concerns noise, dust and climate conditions, while in Gram the issues are a lack of space, time pressures, heavy lifts and noise. "Objectives and targets" presents an overview of our current and new working environment targets.

Work is ongoing to reduce the internal noise level. In the event of changes in production processes, new measurements will be made. In accordance with statutory requirements, hearing tests are offered to employees working in areas with noise levels exceeding 80 dB.

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

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

### Employee satisfaction

In conjunction with the CSR certification in November 2013, Bureau Veritas interviewed 31 randomly selected employees in Herning. The employees were asked, for instance, how they would rank egetæpper as a workplace on a scale from 1-10, with 10 as the highest rating. On average, egetæpper scored 8.5, which is exceptionally high, according to Bureau Veritas. All of the employees interviewed named the best aspect of working for egetæpper to be "freedom with responsibility" in their daily

work, as well as good colleagues. All employees interviewed would recommend a job at egetæpper to a friend.

### Collective agreements and pension schemes

egetæpper is a member of the trade association Danish Fashion & Textile. In Herning and Gram, egetæpper follows the collective agreements between the Confederation of Danish Employers (DA) and, respectively, 3F (the United Federation of Danish Workers), Danish Metal (the Danish Metalworkers' Union), HK Privat (the commercial and clerical workers' union) and Teknisk Landsforbund (the Danish Association of Professional Technicians). We adhere to these collective agreements with regard to pay levels, maternity/paternity and parental leave, occupational injury insurance, liability and accident insurance, terms of notice, etc. We offer all employee groups a 12% labour-market pension scheme, whereby egetæpper pays contributions equivalent to 8% of the employee's salary and the employee pays 4%. The individual employee can elect to make additional pension contributions.

### Sick leave and inclusion

The sick leave frequency at egetæpper is generally reasonably low. The Group target is a sick leave rate below 4%. This year, the sick leave rates were 3.5% in Herning and 3.4% in Gram.

egetæpper wishes to support an inclusive labour market in which employees who e.g. suffer illness or become worn out can be retained in a suitable position, or have lighter duties. We currently have employees in flexible jobs with lighter duties in both Herning and Gram, just as several employees are hired under Section 56 of the Danish Sick Leave Benefits Act, which enables us to continue to employ chronically ill employees.

### HR department

A decision has been taken to strengthen the HR area. In the new financial year, a newly hired HR Manager will offer sparring and advice to employees and managers on career opportunities, maternity/paternity leave, employment conditions, further training and education, etc.

### Further training and education

Once again this year, all employees have had the opportunity to enrol for internal courses in IT, mathematics and Danish. The courses are run during normal working hours and employees receive pay. A total of 65 employees attended these voluntary training courses this year.

In recent years we have generally begun to focus more on skills development and career opportunities for our employees. On our intranet, employees can now all see how much supplementary training they are entitled to, while career wishes are now a permanent mandatory element of employee performance appraisal interviews.



ege Academy is continuing as an ambitious sales training programme to ensure that our sales force around the world has the same focus and is optimally equipped to represent egetæpper towards our customers. The training comprises two modules of up to six days' duration. To date, 35 sales representatives from all over the world have completed the training.

During the past few years, most of egetæpper's country managers, and a few other managers, have attended the Pathfinder course, which is an extensive training programme for managers and specialists, giving them the skills to practise effective leadership and create strong teams.

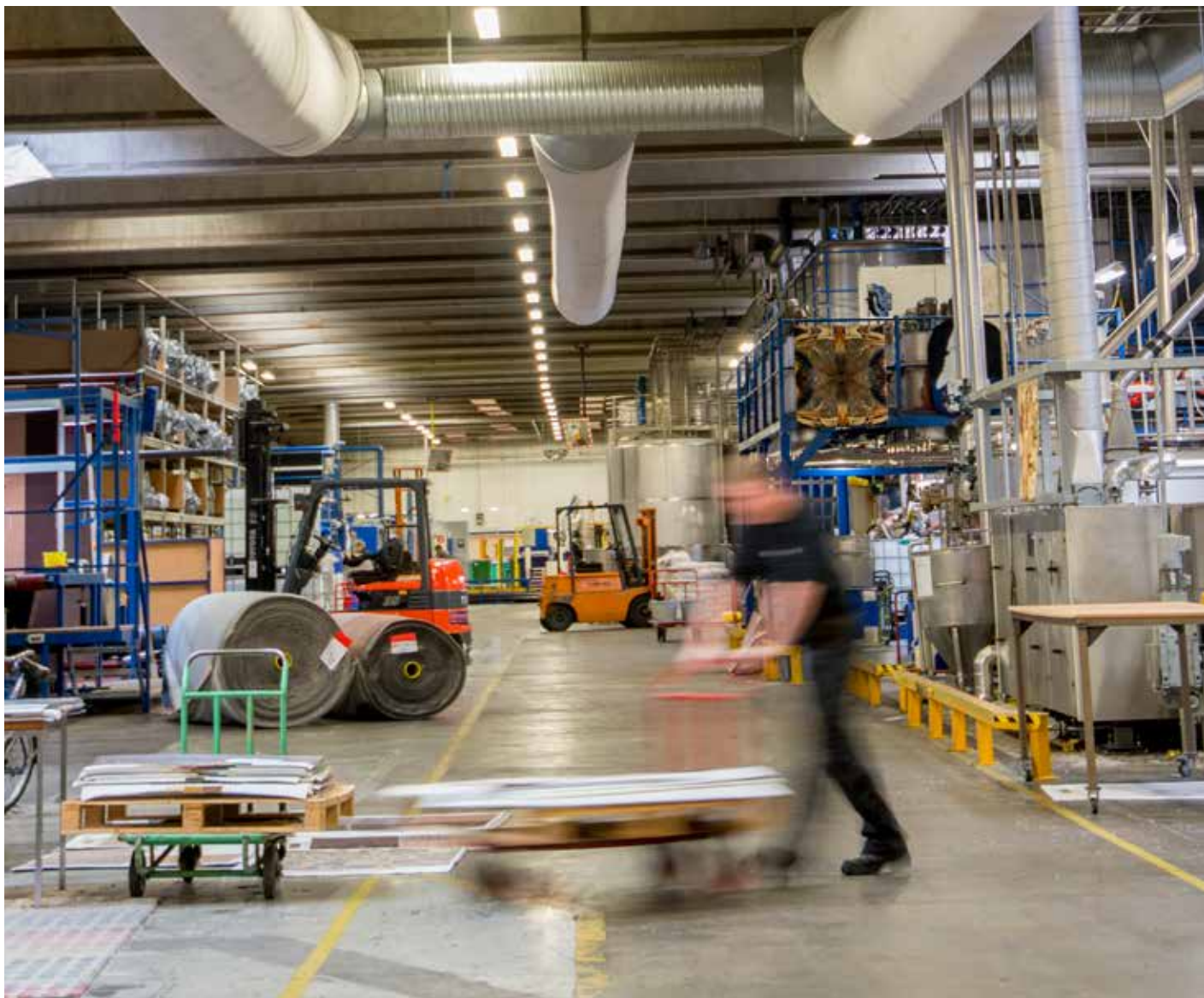
In addition, individual courses and supplementary training are offered as required. In total, 71 employees from Herning and Gram have attended external courses, while 76 employees have

taken internal courses. In total, this supplementary training and education accounted for 3,338 hours.

#### **Staff benefits**

We offer our employees a number of staff benefits and opportunities of different types. Among the most important benefits at egetæpper is a collective employee bonus scheme, whereby the bonus amount depends on a variety of factors, including revenue and production. We also offer all employees supplementary healthcare insurance via IF. Employees can also choose to insure their spouse or partner, and children.

Other benefits include a canteen scheme, weekly physiotherapy on the company's premises, workwear for production employees, a staff club and the opportunity to borrow a summer cottage.





## Environmental conditions

Environmental issues were a key factor at egetæpper many years before CSR became a buzzword. The factories in Herning and Gram hold environmental approval from their respective municipalities<sup>6</sup>. In Herning, we also hold environmental approval of a CHP station and a Twistset system for post-treatment of woollen yarns. The factories in Herning and Gram are both categorised at the highest level, as Level 1 companies<sup>7</sup>.

egetæpper's most significant environmental impacts and effects are presented in Appendix 3. "Objectives and targets" presents an overview of current and new environmental targets.

The scope of egetæpper's environmental and working environment management systems covers all of the Group's activities in connection with the development, production and sale of tufted carpets at the factories in Herning and Gram.

The factories were not inspected during the current period, nor have there been any environmental cases or environmental grievances.

### ISO 14001

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

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

### EMAS

EMAS is an EU regulation adopted 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 the environmental policy is communicated to stakeholders. EMAS is a direct response to some of the key principles in the EU's environmental action plans and the challenges we face in terms of ensuring sustainable development. egetæpper achieved EMAS registration in 1996.

### Non-conformances

The analysis of wastewater discharges in Gram undertaken by the municipality showed that, on average for the year, the level of an organic substance exceeds the statutory requirements, and one analysis is higher than the permitted maximum level for the substance in question. This non-conformance has not had any serious environmental consequences. Intensive work is taking place to develop a solution for the treatment of the wastewater discharges.

### Climate strategy

Since 2011, we have cooperated with DONG Energy as Climate Partner on a climate strategy to ensure a reduction of our energy consumption and CO<sub>2</sub> emissions, while optimising our energy consumption. The original objective was to reduce our CO<sub>2</sub> emissions by 20% before 2015, measured from the base period of 2006-2008. We have already achieved this goal, with a 28% reduction of direct emissions and a 27% reduction of indirect emissions. Including other indirect emissions, the calculated figures present a different picture, however. Due to new markets in the Far East and a larger volume of carpets transported overseas by air, these CO<sub>2</sub> emissions have, in fact, increased by 54% from the base year. This means that, in real terms, our overall CO<sub>2</sub> emissions have only been reduced by 11.85% in the financial year compared to the base year.

CO<sub>2</sub> emissions are reduced via various energy saving projects, which include a higher degree of recovery in production, greater focus on reuse via Cradle to Cradle certification, and greater use of renewable energy sources.

In 2011, an agreement was concluded for the purchase of renewable energy over a five-year period. The investments are made by purchasing RECS certificates for DONG Energy's wind farm, Horns Rev II. In the first half of 2014, RECS certificates for 4,790 MWh were purchased. In the second half-year, the plan is

<sup>6</sup> On 11.12.13, Herning Municipality issued a new connection permit for the entire factory. On 24.03.14, a new environmental permit was also issued. In both cases, additional self-monitoring requirements as well as additional reporting requirements have been set by Herning Municipality. These have been incorporated into environmental procedures/instructions.

Environmental approval of disposal of wastewater sludge from the textile dyeing process, Herning: 12 December 1996 with supplement of 30 March 2004.

Environmental approval, Gram: 29 June 1998

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

Connection permit, Gram Municipality: 6 September 2006

<sup>7</sup> Municipalities categorise companies on the basis of the company's own systems for its environmental work, as well as the company's observance of statutory requirements. Companies that work to protect the environment are rewarded with less intensive control and fewer environmental inspections. Level 1 companies are companies that have put themselves at the forefront in their environmental work.

to purchase RECS certificates for a further 1,962 MWh, so that our total renewable energy purchase is equivalent to 85% of our electricity consumption during the financial year. The objective is to purchase 100% renewable energy for electricity by 2020.

### **Carbon Footprint**

Since 2009, egetæpper has prepared greenhouse gas accounts for the ege Group. Greenhouse gas accounting compiles the company's total CO<sub>2</sub> emissions – also called our Carbon Footprint. By accounting for emissions, we can target initiatives to minimise emissions and thereby consistently reduce our carbon footprint. Greenhouse gas accounting documents how much our activities contribute to global warming and climate change<sup>8</sup>.

It is important that the greenhouse gas accounts show the ongoing development in the company's greenhouse gas emissions. The annual emissions are therefore always compared with the emissions in a fixed base year. egetæpper's base year is an average of the years 2006-2008. If there is extraordinary activity in a particular year, e.g. due to the expansion of production, the emissions related to the extraordinary activities are accounted for separately and added to the base year's greenhouse gas account, so that the greenhouse gas accounts for the current year still present a reliable picture compared to the base year.

In the base year, we emitted 0.58 kg of CO<sub>2</sub> per m<sup>2</sup> of carpet sold. In 2013/2014, we emitted 1.07 kg of CO<sub>2</sub> per m<sup>2</sup> of carpet sold. The increase is primarily due to how we are now transport-

ing more carpets overseas by air, while our carpets are now generally transported over longer distances than in the past.

In 2013/2014, egetæpper emitted a total of 16,371 tonnes of CO<sub>2</sub>. A detailed review of our greenhouse gas accounting is presented in "G4 Indicators" on page 28-30<sup>9</sup>.

### **Cradle to Cradle**

egetæpper is one of only a handful of carpet manufacturers to have been awarded a Cradle to Cradle<sup>CM</sup> Silver certificate<sup>10</sup>. This means that we can deliver carpets that are manufactured under conditions in which precious materials remain in a regenerative cycle. Throughout its life cycle, the product generates minimum pollution, spills and waste.

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

- Materials in products
- Environmentally sound design
- Energy consumption
- Water consumption
- Social Responsibility (CSR)

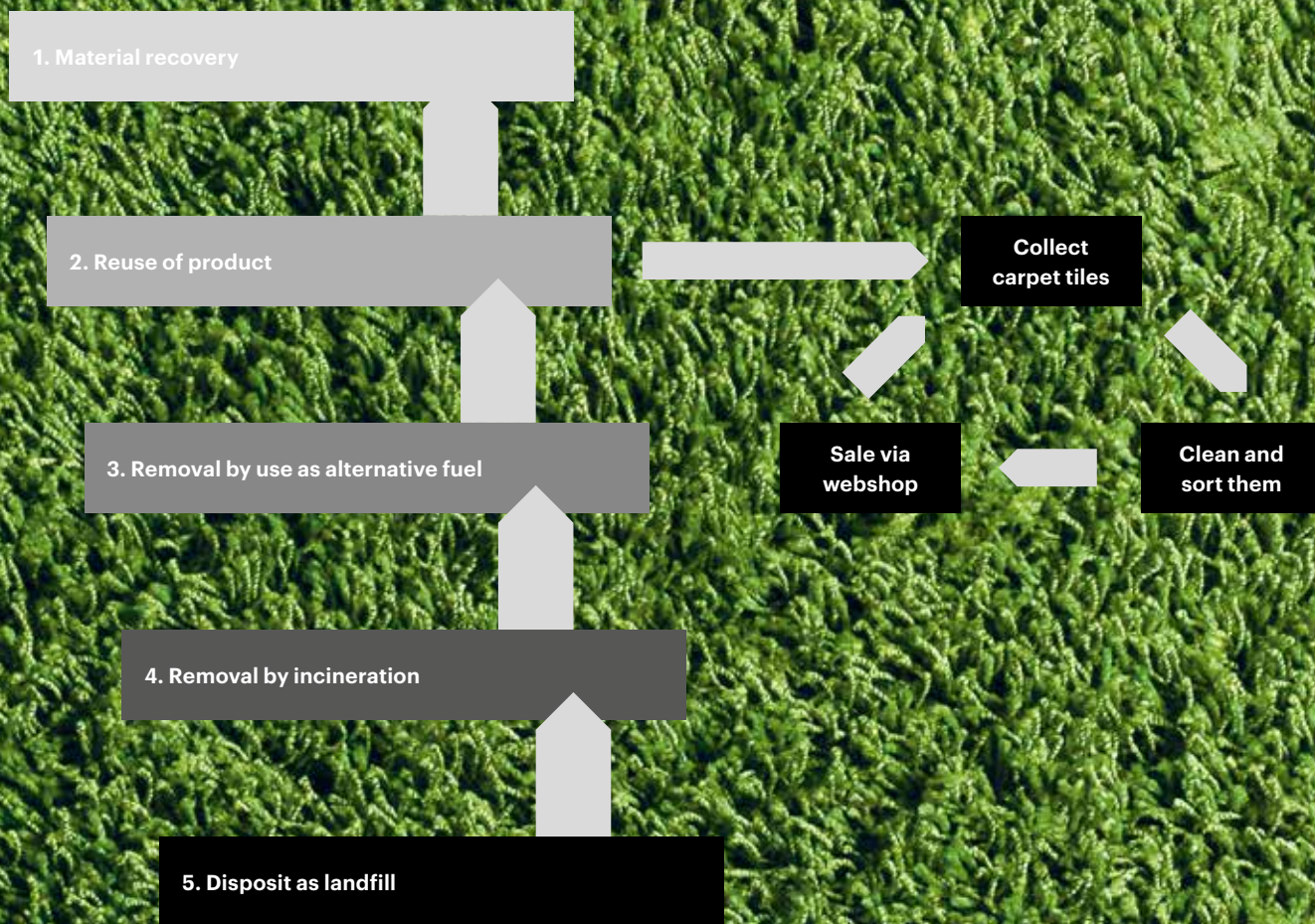
We are currently applying for Cradle to Cradle certification of Ecotrust, which is egetæpper's patented felt backing for carpet tiles, and we plan to achieve certification of a number of other products in the future, including all of our carpet tile products.

<sup>8</sup> CO<sub>2</sub> emissions are calculated in CEMAsys, which is an electronic database for energy and climate reporting that is used to calculate the company's CO<sub>2</sub> emissions.

<sup>9</sup> The greenhouse gas accounts are compiled according to the instructions in the Greenhouse Gas Protocol, which is the closest equivalent of an international standard for this area. GGP is in line with the basic criteria of the ISO 14064 standard. This method ensures uniform and systematic figures.

<sup>10</sup> Cradle to Cradle Certification<sup>CM</sup> is a certificate licensed by the Cradle to Cradle Products Innovation Institute. The certificate is held for our carpet tile, Barcode Ecoline Modular (now called Barcode Ecotrust).





## Recover by ege – a project for the reuse of used carpet tiles

In cooperation with the Danish Business Authority/Grøn Omstillingsfond for the last two years egetæpper has worked on developing and implementing a system for the return and reuse of used carpets, instead of their incineration. We now have a system for the cleaning and resale of used carpet tiles via a webshop. We are also working to develop a means of separat-

ing the various components in used carpets, so that they can be re-used in new products. The goal is to be able to reuse the components in our own products, e.g. as backing filling. This is an exciting process and even though there is still a lot to be done, our clear goal is to have a 100% carpet return system in Europe by 2020.



## Best practice

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

### Code of Conduct

We have developed a Supplier Code of Conduct. This is a set of ethical rules that our suppliers are required to endorse as part of our commercial agreement. The Code of Conduct ensures that our suppliers and their subsuppliers comply with the same guidelines as we do – and is also a strong incentive for them to take a more sustainable approach in their business models. The Code of Conduct has been sent to our 84 principal suppliers for acceptance and signature. Interested parties can download the Code of Conduct from our website: [www.egecarpets.com](http://www.egecarpets.com).

### Anti-corruption

We wish to conduct our business activities on an honest and ethical basis, in every way. Our CSR policy states that we will work to prevent corruption and bribery. We therefore have a zero-tolerance policy in this area. This applies to every employee and anyone else attached to egetæpper.

Corruption is the abuse of a professional position of trust, or power, for one's own personal gain. Bribery occurs when some kind of payment or reward is offered to another party in return

for an illicit favour. egetæpper does not accept bribery or corruption. Facilitation payments to speed up a process are also strictly forbidden by egetæpper.

All egetæpper managers, agents and distributors have confirmed by their signatures that they do not use or accept any form of bribery or corruption. All employees are also informed of our guidelines in this area.

### Whistleblower scheme

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

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

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

## Consumer conditions

One of egetæpper's key objectives is to help to promote health and safety regarding use of our carpets. Our carpets must help to promote a safe and healthy indoor climate. We therefore hold a large number of product certifications to ensure that the carpets can in no way compromise consumers' health and safety when they use our carpets. We also have a large number of product details, as well as product and environmental declarations, with information on correct installation, use, maintenance and disposal.

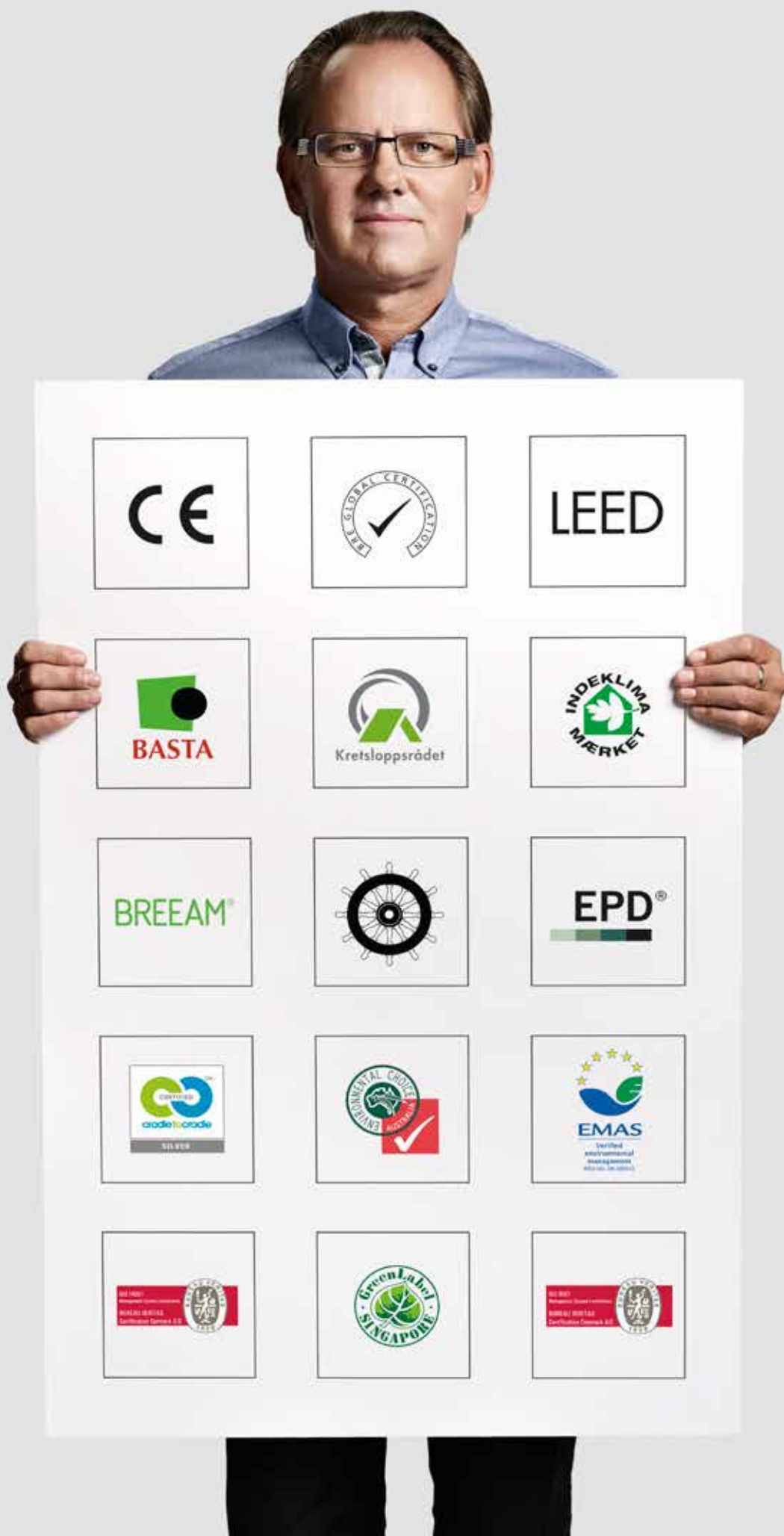
### Labelling schemes

We have strong focus on product characteristics and we work continuously to reduce any negative impacts our products may have. Each of our products is certified according to a wide

range of standards, to ensure that the carpets at all times meet the highest quality and environmental requirements. Overall, our certifications cover a very wide range of issues, including safety, health, indoor climate and environment, life cycle analyses, sustainable construction, construction product declarations, cleaning quality and maritime safety.

### Improved consumer information

Dialogue with stakeholders has shown that egetæpper has not always succeeded in communicating the messages clearly to consumers. During the financial year we therefore developed a new communication strategy, called "Pure Respect". Read more about this in the case on page 8.



## Developing and involving the local community

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

### **School traineeships for young people with behavioural diagnoses**

egetæpper in Herning cooperates with the local lower secondary school, Gjellerup School, to offer school traineeships for young people with the diagnoses ADHD, Asperger's and autism. These tailored five-week traineeships ensure the young people a successful programme that would not be available to them under an ordinary school traineeship. Read more about this in the case on page 25.

### **KidsAid**

Each year, egetæpper makes a donation to the KidsAid Foundation whose main objective is to support sick and underprivileged children in Denmark. Physical fitness campaigns for employees are used to collect money for this worthwhile cause. egetæpper donates DKK 1 for each kilometre that employees exercise within the following categories: WalkAid, RunAid and

CycleAid. This year, the funds raised by the KidsAid campaign were donated to Danish Hospital Clowns. A total amount of DKK 57,572 was raised via the employee campaign. In addition, prior to our 75th anniversary in 2013, we requested that any cash gifts to egetæpper be donated to the KidsAid Foundation. This raised a further DKK 23,500 for the KidsAid Foundation. We also donated a 240 m<sup>2</sup> carpet for Danish Hospital Clowns' new domicile.

### **Art and culture**

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

Every year, the "Ege Foundation – the Vibeke and Mads Eg Damgaard Foundation" donates funds for charitable and social welfare purposes. The funds originate from the profits on sale of egetæpper shares. This year, the Ege Foundation made donations of almost DKK 1.1 million. The funds were donated to, among others, Den Jyske Sangskole, Heart, Herning Garden, Møltrup Optagelseshjem, Herning Frivillig Centers Lydavis, Raseiniu Church in Lithuania and the International School in Ikast.





## egetæpper helping young people with special needs

Pupils in their last years of lower secondary school are normally offered one week's workplace training, after which they return to their classrooms. However, this model is not suitable for young people with diagnoses such as ADHD, Asperger's and autism. In cooperation with Gjellerup School, a lower secondary school situated just a few hundred metres from the company's head office, egetæpper has tailored an alternative workplace training programme that extends over a period of five weeks. The keywords are inclusiveness, understanding and a good experience.

"It is a great challenge for the young people to have to adapt to a practical training workplace, so the company needs to adapt

to them instead," says Jan Højtoft Christensen, head of Stores and Dispatch, and egetæpper's coordinator of the project. Jan continues: "We are very careful not to force things, to give the trainees a chance to get used to the new surroundings. The focus is on the experience - rather than efficiency."

In the spring of 2014, the first 9th grade pupils successfully completed the programme. One of the pupils has subsequently gained employment by egetæpper, while the other has entered into a training agreement that will commence in the new school year. A new practical training programme at egetæpper is already under way for two new pupils.

## G4-indicators



### Consumptions of materials

Herning: ..... 3.05 kg of materials per m<sup>2</sup> of carpet  
Gram: ..... 2.43 kg of materials per m<sup>2</sup> of carpet



### Direct energy consumption

Herning: ..... 18.20 MJ per m<sup>2</sup> of carpet  
Gram: ..... 19.20 MJ per m<sup>2</sup> of carpet

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

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

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

1. Why is the indicator important for egetæpper?
2. How do we handle the indicator at egetæpper (management approach)?
3. How do we evaluate/assess the result?"

## Finances

### G4-EC1: Direct economic value

For information concerning egetæpper's financial results, reference is made to egetæpper's Annual Report for 2013/2014. The Annual Report is available on our website: [www.egecarpets.com](http://www.egecarpets.com).

## Environment

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

The breakdown of renewable and non-renewable materials in our overall consumption of materials is presented below. Renewable materials are materials that the world is not expected to be

depleted of. In our case this is cardboard and wool. Non-renewable materials are everything else. Associated process materials are materials for operation and maintenance, primary chemicals.

	Herning		Gram	
	Non-renewable materials	Renewable materials	Non-renewable materials	Renewable materials
Associated process materials	90,827 kg	-	12,445 kg	-
Packaging materials	259,001 kg	215,910 kg	225,249 kg	53 kg
Semi-manufactures	-	-	-	-
Raw materials	10,695,194 kg	124,547 kg	4,951,810 kg	34,306 kg

### G4-EN2: Recycled input materials

In Herning, we recycle selected types of yarn, felt and backing, and in Gram we recycle felt and backing. In 2013/2014 we used 1,300,543 kg of recycled input materials in Herning. This

accounts for 12% of Herning's total consumption of materials. In Gram we recycled 108,612 kg of input materials. This corresponds to 2% of the total consumption of materials in Gram.

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



#### Indirect energy consumption

Herning: ..... 5.44 MJ per m<sup>2</sup> of carpet  
 Gram: ..... 4.55 MJ per m<sup>2</sup> of carpet



#### Water withdrawal

Herning: ..... 18.46 litres of water consumed per m<sup>2</sup> of carpet  
 Gram: ..... 12.50 litres of water consumed per m<sup>2</sup> of carpet

#### G4-EN3: Internal energy consumption

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

Natural gas for electricity production is calculated separately. Since 1996, the CHP plant in Herning has generated electricity that is sold to the local power station. The CHP plant in Herning itself generated 1,608,548 kWh during the financial year.

	Herning			Gram		
	From renewable sources	From non-renewable sources	For own generation of electricity	From renewable sources	From non-renewable sources	For own generation of electricity
Electricity consumption	11,612 GJ	7,654 GJ	-	5,632 GJ	3,713 GJ	-
Consumption of district heating	-	-	-	-	-	-
Gas consumption	-	64,482 GJ	8,701 GJ	-	39,465 GJ	-

#### G4-EN5: Energy intensity

We produced 5,597,593 m<sup>2</sup> of carpet in 2013/2014. This required 6.58 kWh per m<sup>2</sup> produced.

#### G4-EN6: Energy savings

In Herning, the following energy saving projects were run:

- Recovery of wastewater, where the wastewater is used to preheat the washing water for the carpet lines and is cooled from 40°C to 10°C.
- Insulation of various steam pipes and replacement of old fittings.
- Moisture regulation of the exhaust air from the backing machine, to reduce the volume of air needed for drying and thereby the heating requirement.
- Reduction of water content and less evaporation in the Twistset furnace.

Together these projects have resulted in energy savings of 10,228 GJ in Herning.

In Gram, the following energy saving projects have taken place:

- Regulation of cooling fans
- Moisture regulation of the exhaust air from the backing machine
- Reduction of volume flow and operating times for the ventilation plant in the laboratory.
- Recovery of wastewater

Overall, this has yielded energy savings of 7,729 GJ in Gram.

#### G4-EN8: Water withdrawal

We use large quantities of water in our production. In both Herning and Gram the water comes from the municipal water treatment plant. There is no shortage of water in either of these areas.

The total water consumption includes consumption for production and buildings. In Herning, the total water withdrawal was 65,399 m³. In Gram, the total water withdrawal was 25,647 m³.

#### G4-EN10: Water reuse and recycling

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

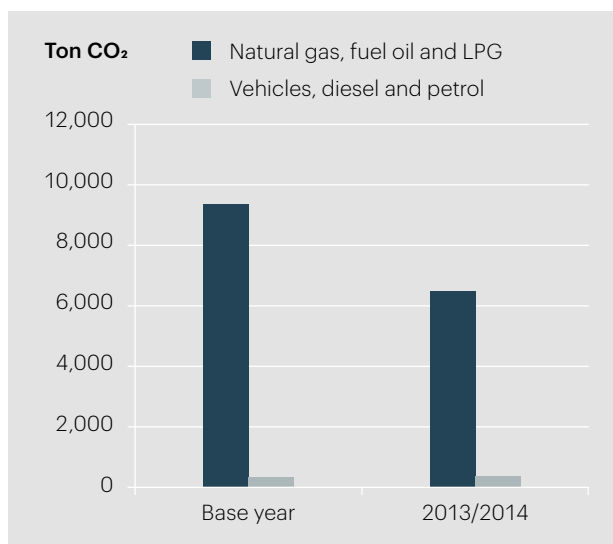
Water reuse and recycling	m³	% of total water withdrawal
Herning	Approx. 5,000	8%
Gram	Approx. 12,000	47%
<b>Total</b>	<b>Approx. 17,000</b>	<b>19%</b>

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

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

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

The total volume of CO<sub>2</sub> emissions under scope 1 is 6,966 tonnes. The chart shows an overall decline by 2,758 tonnes of CO<sub>2</sub> since the base year, corresponding to a decline of 28%.





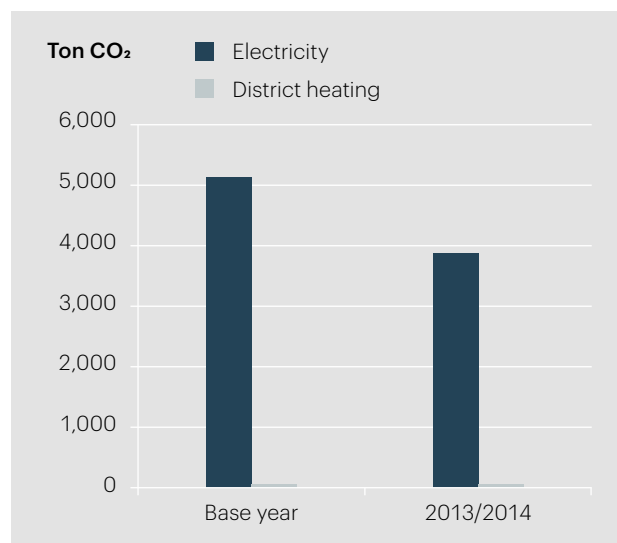
#### G4-EN16: Indirect greenhouse gas emissions (scope 2)

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

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

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

The total volume of CO<sub>2</sub> emissions under scope 2 is 3,806 tonnes. This is a decrease by 1,406 tonnes of CO<sub>2</sub> since the base year, corresponding to a decline by 27%.

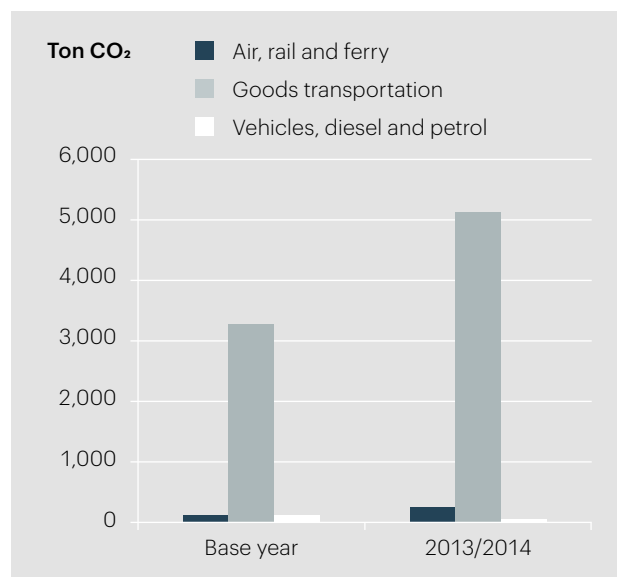


#### G4-EN17: Other indirect greenhouse gas emissions (scope 3)

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

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

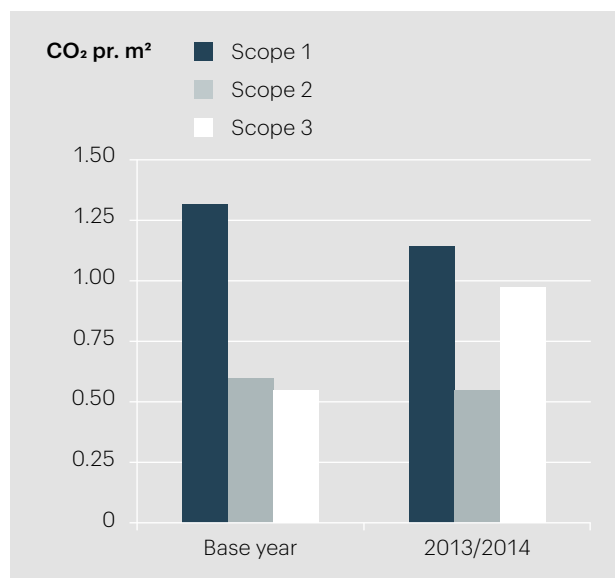
The total volume of CO<sub>2</sub> emissions under scope 3 is 5,598 tonnes. This is an increase of 54% from the base year. The large increase is due to new markets in the Far East and a larger volume of carpets transported overseas by air.





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

Calculation of the CO<sub>2</sub> emission per m<sup>2</sup> of carpet shows that our CO<sub>2</sub> emission per m<sup>2</sup> is lower for direct emissions (scope 1) and indirect emissions (scope 2), but that emissions have increased considerably when it comes to transport (scope 3).



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

Under G4-EN6, various energy saving projects in Herning and Gram are described. These projects have contributed to reducing CO<sub>2</sub>-emissions by 1,039 tonnes.

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

In Herning, our emissions totalled 2,601 kg of NO<sub>x</sub>.

In Gram, the figure is 3,585 kg of NO<sub>x</sub>.

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

#### G4-EN22: Water discharge

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

- In Herning, 53,342 m<sup>3</sup> of water was discharged via the purification plant and sewers.
- In Gram, 15,201 m<sup>3</sup> of water was discharged via the purification plant and sewers.

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

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

- Recovery: The groups of waste for which it is possible to recover the waste either for new production, or as a component in another product.
- Thermal recycling: All waste that can be incinerated, such as yarn residues, cardboard bobbins, carpet residue, sludge from the glueing works, and packaging that is not recyclable. The volumes of the various waste fractions are registered as a single figure.
- Deposit as land fill: Sludge from the dyeing process, non-flammable waste and the waste that cannot be handled in the incineration plant.
- Destruction: Waste for destruction includes waste oil, chemical and raw material residues, batteries and fluorescent tubes.

Disposal method	Waste in kg - Herning	Waste in kg - Gram
Land fill	8,040 kg.	-
Destruction	16,276 kg.	1,920 kg.
Recycling	-	-
Recovery	155,130 kg.	64,516 kg.
Thermal recycling	1,074,183 kg.	579,971 kg.

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

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

- In Herning, a total of 16,276 kg of hazardous waste was transported for destruction.
- In Gram, a total of 1,920 kg of hazardous waste was transported for destruction.

#### G4-EN27: Initiatives to mitigate environmental impacts

A new product design has been developed so that our products can now also be offered in markets with new and stricter indoor

climate labelling schemes. Primarily the products' emission profile has been improved.

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

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

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

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

- In Herning, the investments total DKK 6,340,000.
- In Gram, the investments total DKK 4,052,000.

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

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



## Employee conditions

### G4-LA1: Workforce and staff turnover

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

	Salaried employees women	Salaried employees men	Hourly-paid women	Hourly-paid men	New employees women	New employees men	Women who have left ege	Men who have left ege
<b>Herning</b>								
< 30 years	10	7	6	10	7	4	4	5
31-40 years	20	9	5	17	1	2	7	-
41-50 years	20	19	4	29	3	-	2	-
51-60 years	12	11	9	47	3	5	1	-
61-70 years	1	1	1	17	-	-	1	7
>70 years	-	5	-	1	-	-	-	-
<b>Total</b>	<b>63</b>	<b>52</b>	<b>25</b>	<b>121</b>	<b>14</b>	<b>11</b>	<b>15</b>	<b>12</b>
<b>Gram</b>								
< 30 years	-	-	-	2	-	1	-	-
31-40 years	1	-	1	8	-	1	-	-
41-50 years	1	3	2	14	-	-	-	-
51-60 years	1	1	3	16	-	-	-	-
61-70 years	2	1	-	4	-	-	-	1
>70 years	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>44</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>

Employees' terms of employment are as follows.

Number	Herning	Gram
Permanent employees	259	60
Fixed-term employees	2	-
Full-time employees	245	56
Part-time employees	16	4

### G4-LA2: Staff benefits

All employees are offered the following staff benefits:

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

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

At egetæpper we have both Occupational Health and Safety (OHS) Committees and Occupational Health and Safety (OHS) groups. Some employees are members of both.

##### **Occupational Health and Safety Committees**

Decision-makers that set out guidelines for the working environment and occupational health and safety. In Herning, the Committee comprises four managers and two working environment

representatives. In Gram, the Committee comprises four managers and three working environment representatives.

##### **Occupational Health and Safety groups**

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

In Herning, 4.6% of the total workforce are involved in the formal OHS groups and OHS committee. In Gram, this is 13.3% of the total workforce. All employees are represented via both union representatives and working environment representatives, depending on the area.

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

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

	Herning		Gram	
	Women	Men	Women	Men
Number of cutting injuries	2	5	0	0
Number of joint injuries	0	2	0	0
Number of eye injuries	0	1	0	0
Number of fall injuries	2	0	0	0
Number of other injuries	0	3	0	2
Number of occupational injuries resulting in absence	2	3	1	0
Lost working hours due to occupational injuries	81 hours	133 hours	36 hours	0 hours
Number of deaths	0	0	0	0
Near misses	2	15	0	3

## Mandatory order from the Danish Working Environment

### Authority in Herning

We have received a mandatory order from the Danish Working Environment Authority in Herning after a foreign lorry driver was hit by a truck. The driver was in the loading area while the lorry was being emptied. When the truck driver reversed away from the lorry, he hit the driver, who sustained a gash in his forehead that required two stitches. Since the accident, egetæpper has established a closed-off area in which drivers must stay while lorries are being loaded. Guidelines to carriers have been is-

sued in five different languages for how drivers should conduct themselves while at egetæpper, and the access conditions in the loading hall have been changed so that drivers go directly to the secure area when they arrive. Drivers have been instructed not to check the loads on the vehicles until loading has been completed, and that if they leave the closed area at egetæpper they must be accompanied by an egetæpper employee.

### The following initiatives have been taken to improve the physical and psychosocial working environment:

In Herning, LED light has been established at six tufting machines in order to improve the working conditions during repairs and maintenance. In Gram, a work process has been adjusted

to ensure that employees are not in contact with moving carpet rolls.

### Sick leave

egetæpper's overall objective is maximum 4% sick leave for the Group. The table below presents sick leave rates in Herning and Gram by gender.

Sick leave rate	Women	Men	Total
Herning	5.3%	2.8%	3.5%
Gram	4.3%	3.3%	3.4%

### G4-LA10: Employee development

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

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

	Herning		Gram	
	External training paid for by egetæpper	Internal training	External training paid for by egetæpper	Internal training
Number of employees	64 employees	65 employees	7 employees	11 employees
Number of hours	984.20 hours	2,194 hours	79 hours	81 hours
Other	12 of the employees have taken diploma programmes for which the number of hours is not stated.	-	-	-



**G4-LA11: Employee appraisal interviews**

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

	Herning		Gram	
	Women	Men	Women	Men
Salaried employees	63	51	5	5
Hourly-paid employees	19	116	6	43

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

The table below shows employees' work functions, first by gender and then by age.

	Herning		Gram		Total
	Women	Men	Women	Men	
Managers	4	27	-	5	36
Salaried employees	60	24	5	5	94
Hourly-paid employees	24	121	6	44	195

	Herning			Gram		
	Salaried employees	Management	Hourly-paid employees	Salaried employees	Management	Hourly-paid employees
< 30 years	17	-	16	-	-	2
31-40 years	23	6	22	1	-	9
41-50 years	25	14	32	1	3	16
51-60 years	16	8	55	1	1	19
61-70 years	-	3	18	2	1	4
>70 years	5	-	1	-	-	-

## Human rights

### G4-HR3: Cases of discrimination

egetæpper is not aware of any cases of discrimination.

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

There is no potential risk of a lack of respect for any individual to exercise their right of freedom of association and collective bargaining at egetæpper. It is up to employees themselves to decide whether they wish to join a trade union. egetæpper adheres to the collective agreements between the Confederation of Danish Employers (DA) and, respectively, 3F (the United Federation of Danish Workers), Danish Metal (Danish Metalworkers' Union), HK Privat (commercial and clerical workers' union) and Teknisk Landsforbund (the Danish Association of Professional Technicians).

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

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

We are not aware of any infringements in these areas that actually affect our suppliers. The suppliers in question have signed our Supplier Code of Conduct, which states that they acknowledge employees' right to exercise freedom of association and collective bargaining. One supplier's signature is still outstanding, but is expected to be received soon.

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### G4-HR5: Risk of child labour

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

As described under G4-HR4, we have suppliers in individual countries where a lack of respect for human rights and labour rights may present challenges. This concerns five suppliers. The suppliers in question have signed our Supplier Code of Conduct, which states that egetæpper's suppliers may not employ child labour (under 15 years of age) and that young people aged

under 18 do not undertake work in hazardous conditions or at night. One supplier's signature is still outstanding, but is expected to be received soon.

If we become aware of child labour or young people required to work in hazardous conditions, egetæpper has clear contingency measures to interrupt cooperation with the supplier immediately, until the situation has been resolved. egetæpper is also subject to an obligation to avoid negative consequences for the children/young people concerned.

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

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

As described under G4-HR4, we have suppliers in individual countries where a lack of respect for human rights and labour rights may present challenges. This concerns five suppliers.

The suppliers in question have signed our Supplier Code of Conduct, which states that egetæpper makes the requirement that its suppliers do not engage in or benefit from any type of

forced or compulsory labour. Furthermore, the suppliers are expected not to withhold identification papers, travel documents or other types of personal documents from their employees.

If we become aware of forced or compulsory labour, egetæpper has clear contingency measures to interrupt cooperation with the supplier immediately, until the situation has been resolved. egetæpper is also subject to an obligation to avoid negative consequences for the persons concerned.

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

egetæpper has not received any grievances about human rights impacts.

## Society

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

egetæpper does not assess that there is any risk of corruption at our Danish factories or in Lithuania. At all sites, all employees have received written information on our anti-corruption guidelines. In addition, all managers have confirmed by their signa-

tures that they will comply with our anti-corruption guidelines and ensure that their employees have understood the guidelines.

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### G4-SO4: Implementation of anti-corruption and bribery policies and procedures

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

mation on egetæpper's guidelines and/or anti-corruption and bribery policy:

- 84 suppliers
- 65 agents/distributors
- 9 subsidiaries

Everyone has been requested to confirm their acceptance by signing either egetæpper's Code of Conduct or an anti-corruption document in which they accept the guidelines.

The following numbers of external parties have received infor-

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

egetæpper has not registered any incidents of corruption or bribery.

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

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

## Product responsibility

### G4-PR1: Assessment of products

All of our carpets for the contract market have been assessed for their health improvement qualities in conjunction with Sundahuset's indoor climate approvals. A backing type has been developed that makes it possible to select materials that ensure compliance with Sundahuset's criteria. All carpet types can be delivered with this backing.

egetæpper's services include recommendations for the floor adhesive used to fix carpets. The recommendation weighs these adhesives by their impact on the indoor environment. There are 14 low-emission floor adhesives on the list of 26 floor adhesives in total.

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

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

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### G4-PR3: Product information

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

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

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

All products and services comply with these requirements and procedures.

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

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

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

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



## Danish Fashion & Textile's Code of Conduct

### Principle 11 – Animal welfare

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

ensure that they meet the requirements stipulated in Danish 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 work in accordance with principle no. 11 of the Code of Conduct. We have furthermore incorporated an obligation to protect and respect animals in our own Supplier Code of Conduct.

During 2011 we wrote to our wool suppliers in New Zealand to

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### Principle 12 – Charitable causes

Via the "Ege Foundation - the Vibeke and Mads Eg Damgaard Foundation" annual donations to deserving causes are made from the yields on egetæpper a/s shares. The funds are primarily donated to non-profit making activities. This year, the Ege Foundation donated DKK 1,094,813 to various causes.

privileged children in Denmark. Via fitness campaigns for our employees, money for charitable causes is raised. This year, the funds raised by the KidsAid campaign were donated to Danish Hospital Clowns. A total of DKK 57,572 was raised for the fund, while a donation of DKK 23,500 was made in connection with egetæpper's 75th anniversary. We also donated a 240 m<sup>2</sup> carpet for Danish Hospital Clowns' new domicile.

In addition, since 2011 egetæpper has worked with the KidsAid Foundation whose main objective is to support sick and under-

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### Principle 13 – Monitoring

ege is not subject to an external audit in connection with the monitoring of compliance with Danish Fashion & Textile's Code of Conduct. We manage our supply chain via DS 49001. We have sent egetæpper's Supplier Code of Conduct to the 84 key suppliers for their acceptance and signature. egetæpper's whistleblower system ensures that it is possible to submit re-

ports to egetæpper's management concerning any serious matters arising, including any non-compliance with statutory requirements by suppliers. In future, we plan to develop a system for the ongoing evaluation of suppliers' compliance with egetæpper's Code of Conduct.

## Total input/output for carpet production in Herning and Gram

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

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

Input	2013/14		2012/13		2011/12	
Energy consumption	MWh	KWh/m <sup>2</sup>	MWh	KWh/m <sup>2</sup>	MWh	KWh/m <sup>2</sup>
Energy	36,822	6.58	37,575	6.78	35,335	6.49
Gas used to produce electricity	2,417		2,596		1,658	
Renewable energy <sup>1</sup>	4,790	0.86	4,790	0.86	3,276	0.60
Water consumption	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>
	91,046	16.27	94,753	17.11	97,038	17.83
Consumption of materials	Tons	Kg/m <sup>2</sup>	Tons	Kg/m <sup>2</sup>	Tons	Kg/m <sup>2</sup>
Total consumption of materials	16,609	2.97	16,677	3.01	16,141	2.97
For carpet production	15,806	2.82	15,924	2.88	15,407	2.83
Packaging	700	0.13	667	0.12	653	0.12
Operation and maintenance	103	0.02	86	0.02	81	0.01
Waste	Tons	Kg/m <sup>2</sup>	Tons	Kg/m <sup>2</sup>	Tons	Kg/m <sup>2</sup>
Recovery	220	0.04	155	0.03	163	0.03
Thermal recycling	1,654	0.30	1,587	0.29	1,431	0.26
Land fill	8	0.00	17	0.00	18	0.00
Destruction, hazardous waste	18	0.00	10	0.00	6	0.00
Discharge	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>	m <sup>3</sup>	Litres/m <sup>2</sup>
Wastewater	68,543	12.25	72,056	13.01	77,176	14.18
Emissions	Tons	Kg/m <sup>2</sup>	Tons	Kg/m <sup>2</sup>	Tons	Kg/m <sup>2</sup>
Greenhouse gases <sup>2</sup> :						
CO <sub>2</sub> -e emissions	6,250	1.12	6,545	1.18	6,067	1.12
Air emissions <sup>3</sup> :						
NO <sub>x</sub>	6	-	5	-	4	-
SO <sub>2</sub> , PM	-	-	-	-	-	-
Biodiversity	m <sup>2</sup>	m <sup>2</sup> /prod.m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup> /prod.m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup> /prod.m <sup>2</sup>
Developed area	69,500	0.01	69,500	0.01	69,500	0.01
Output	m <sup>2</sup>		m <sup>2</sup>		m <sup>2</sup>	
Carpet products	5,597,593		5,538,786		5,442,414	

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

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

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

The wastewater volume in Herning and Gram is measured directly.

In 2013/2014, the CHP plant's consumption totalled 219,712 m<sup>3</sup> of natural gas, resulting in electricity generation of 1,608,548 kWh.

Water consumption: In Herning, the dyeing plant uses 86% of the total water consumption.

Water consumption: In Gram, the dyeing plant uses 90% of the total water consumption.

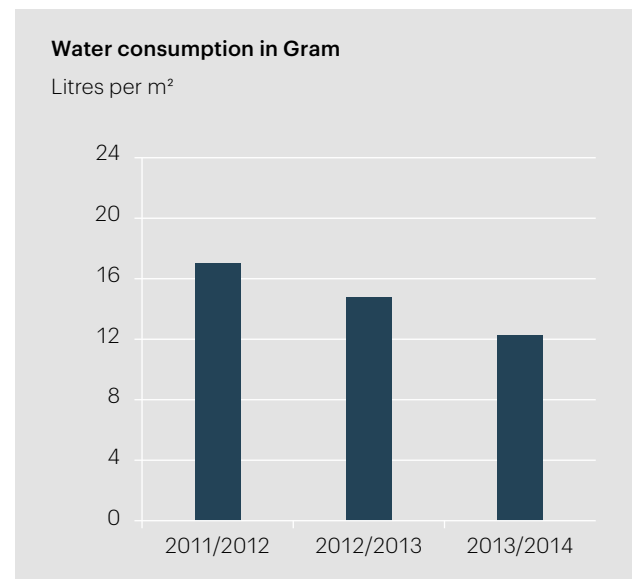
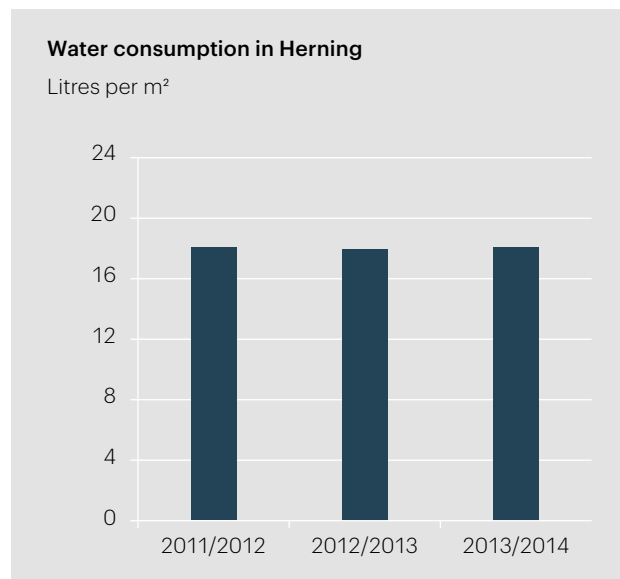
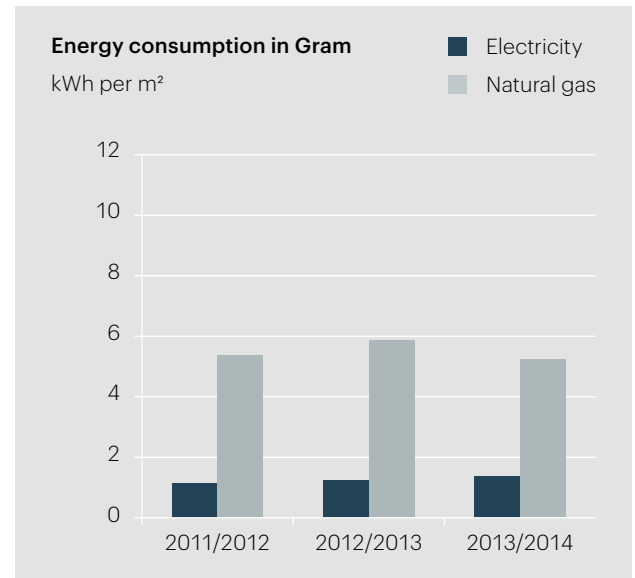
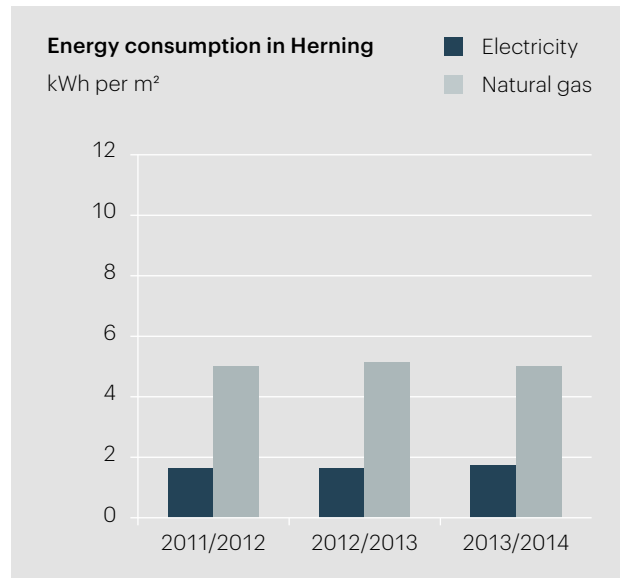
**Note 1.** Purchased renewable energy is a share of the total energy consumption.

**Note 2.** Greenhouse gases, CO<sub>2</sub>-e : a conversion factor of 2,185 g of CO<sub>2</sub>/m<sup>3</sup> of natural gas is used, cf. the Key2Green web tool. For 2012/2013 and 2013/2014, this includes CO<sub>2</sub>-e contributions for UHC (including methane), amounting to 39 tonnes and 36 tonnes of CO<sub>2</sub>-e, respectively.

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

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

## Consumption



## Objectives and targets

Each year, we set up a number of targets for our CSR work. Previously, these targets solely concerned the environment and working environment, but after achieving DS 49001 certification we have expanded the targets to include other areas. The targets are based on our aim of continuous improvement, to make egetæpper an even more sustainable company and attractive workplace. The targets set are based on our CSR policy

and the improvement opportunities available to us. Each factory defines objectives with related targets, after which action plans are prepared to ensure that these targets are achieved.

On the following pages we list last year's objectives and their current status. This data is followed by a list of the new targets we have set for the coming year.

### Objectives and targets for 2013/2014

Environment		
Objective	Target(s)	Status
<b>Reduction of water and chemicals consumption in Herning</b>	Following on from an earlier pilot project, we will install a purification plant to purify wastewater from the washing section of the dye house. This is expected to save 20% of the total water consumption at the dyeing plant in 2012/2013, relative to 2010/2011. This installation will also help to save 20% of the consumption of thickening agent. The project is expected to be completed before the end of the 2013/2014 financial year.	Commenced. The project for wastewater purification and reuse of thickening agent was established in May 2013. Due to running-in problems, it has not yet been possible to calculate the savings. The completion of the action plan has therefore been postponed until April 2015.
<b>Reuse of fibre materials in Herning</b>	Before the end of 2013/2014, we will expand the extent to which fibrous materials from production are recycled.	Completed. In 2013, a system was established for the collection and sorting of fibres, but the problem arose that the fibre supplier would not take back every returned item, and the price of returned yarn fell drastically. The completion of the action plan was therefore deferred while new opportunities were investigated. A new agreement is now in place, so that as many of the fibre materials as possible are reused.
<b>Replacing gas-fuelled trucks with hydrogen-fuelled or electrical trucks in Herning</b>	Before the end of 2013, gas-fuelled trucks will be replaced by hydrogen-fuelled or electrical trucks. This will reduce consumption of bottled gas and thereby also our carbon footprint.	Completed. The three gas-fuelled trucks have been replaced with two hydrogen-fuelled and one electrical truck. The tank containing truck gas has been emptied and removed.
<b>Reduce energy consumption by insulating steam pipes in Herning</b>	Before the end of the 2013/2014 financial year, we will further reduce energy consumption by insulating steam pipes. This is expected to achieve savings calculated at 404,029 kWh per year.	Completed. The insulation of steam pipes has been completed, and the calculated saving is deemed to have been achieved. The employees in the affected areas have noted a clear temperature change.
<b>Reuse of edges trimmed from felt backing in Herning</b>	Investigations must take place at suppliers' premises in order to find out whether they will take back the felt, and at what price.	Completed. Unfortunately, it has not proved to be financially worthwhile to reuse the edges trimmed from the felt backing. Instead, changes have been made to the glueing furnace, so that a narrower felt backing can now be used. The change was made as of 01.05.14 and is expected to give savings of approximately 20,000 m <sup>2</sup> per year, equivalent to 1.88%.



Objective	Target(s)	Status
<b>Substitution to more ecofriendly hotmelt adhesive for tile boxes in Herning</b>	It must be investigated whether Nordic-ecolabelled hotmelt adhesive for tile boxes is feasible by testing whether it can be used for tile boxes.	Completed. Since extensive production trials have shown that the consumption of new hotmelt adhesive was somewhat higher than consumption of the adhesive we have used so far, we have continued to use standard adhesive.
<b>Improve wastewater purification in Gram</b>	Since 2009/2010 we have worked to improve wastewater purification in order to significantly reduce the wastewater's COD content. The target is to reduce the wastewater's COD content by more than 50% to 2,000 mg/l in 2012/2013, compared to the average COD content of 5,500 mg/l in 2009/2010. The compilation of results and project completion have been deferred until 2014/2015.	Commenced. The average COD content for 2012/2013 was 6,711 mg/l. This is an increase from 2009/2010. Cleaning with chemicals is not possible. Biological purification trials will commence in 2014/2015, with measurable results in 2015/2016.
<b>Reuse of surplus heat in Gram</b>	Reuse of surplus heat from furnaces is expected to reduce energy consumption by 10% in 2012/2013, compared to 2009/2010. The compilation of results has been deferred until 2014/2015 because the equipment has not yet been fully developed.	Commenced. The completion of this project has been deferred until 2015/2016 since the wastewater project must be completed before heat recovery can be introduced. Various opportunities are currently being investigated.
<b>Recovery of dye bath residue for thermal recycling in Gram</b>	To recover dye bath residue for thermal recycling so that discharged wastewater does not contain COD, phosphorus and nitrogen. The project is expected to be completed in 2014/2015.	Commenced. Trials to recover dye bath residue in a pilot plant using adjuvants are under way. Recovery using chemicals is not possible. Biological purification is therefore being investigated. The target has been deferred until 2015/2016
<b>Reducing wastewater in Gram</b>	On commissioning the new wastewater purification plant, the volume of wastewater is expected to be reduced by 50% per m <sup>2</sup> in 2012/13, compared to the volume in 2010/2011. It has not been possible to perform a realistic calculation in 2012/2013 because the wastewater purification plant was only in operation for half of the time. Calculation and project completion have been deferred until 2014/2015.	Completed. The wastewater volume in 2010/2011 was 14.6 litres per m <sup>2</sup> . The wastewater volume in 2013/2014 was 7.4 litres per m <sup>2</sup> . The volume of wastewater per m <sup>2</sup> has been reduced to half. The target was achieved in 2013/2014
<b>Energy reduction and capacity increase at the adhesive furnace in Gram</b>	An energy reduction of 10% and a capacity increase of 10% in 2012/2013, compared to 2010/2011. Renovation and commissioning of new equipment will take place in mid-2013. Completion and compilation of results have been deferred until 2014/2015.	Commenced. Refurbishment of the furnace and other measures are expected to result in the calculated savings. Optimisation and reconstruction work took place in July/August 2013, so that the effects will not be measurable until a full year has passed, on the closing of the accounts in 2014/2015.
<b>Recycling rainwater in Gram</b>	Recycling rainwater. Expected to be established before 2014/2015.	Deferred. Lack of sufficient capacity to complete the project.

Working environment		
Objective	Target(s)	Status
<b>Improve lighting at tufting machines in Herning</b>	During the 2013/2014 financial year, new LED lighting will be installed at six tufting machines in order to improve working conditions in connection with repairs and maintenance.	Completed. LED lighting has been installed under the six tufting machines, thereby improving the working conditions.
<b>Minimise quantities of exhaust gas and noise in Herning</b>	Before the end of 2013, the indoor climate in production areas will be improved by replacing gas-fuelled trucks with hydrogen-fuelled and electrical trucks. These improvements will reduce exhaust gas to a minimum and reduce noise levels.	Completed. All gas-fuelled trucks in production have been replaced, minimising exhaust gas and reducing the noise level.
<b>Expansion and improvement of office workspace in the glueing works in Gram</b>	Expansion and improvement, including a larger height-adjustable desk, noise reduction and regulation of temperature and daylight. Expected to be completed by 2013/2014 at the latest.	Commenced. The project has commenced, and many of the potential improvements have been achieved. Expected to be completed during 2014/2015.
<b>Simplify production of colour strip collections in Gram</b>	Change production of colour strip collections, to reduce manual work and safeguard quality. Expected to be completed by 2013/2014.	Completed. The label heating section has been established and is functioning satisfactorily. The possible introduction of a robot to handle the colour strip collections have been shelved.
<b>Automatic pumping of CHT additives in Gram</b>	Automatic pumping of CHT additives for boiling vat and thickener. Expected to be completed in mid-2013.	Completed. Automatic pumping has been installed and is functioning as intended.
<b>Improve office workspace in the maintenance department in Gram</b>	Improvements to office workspaces in the maintenance department will be made in 2013/2014.	The project has not yet commenced and has been deferred until next year.

## New targets for 2014/2015

Environment		
Objective	Target(s)	Expected to be completed
<b>Prevention of pollution and promotion of cleaner technology in Herning:</b> 100% renewable energy	The ratio of renewable energy, which will be 70% in 2013, must be increased to 100% by 2020 at the latest.	2020
<b>Sustainable use of resources in Herning:</b> Recycling and reuse of used carpets	Establishment of a return system for used carpets and carpet tiles. Suitable carpet tiles are cleaned and sold for reuse, while the rest of the returned products are recycled as alternative fuel in the cement industry, or by other means.	2014/2015
<b>Preventing and adapting to climate change in Herning:</b> 50% reduction of CO <sub>2</sub> emissions	By 2020 at the latest, energy savings projects will reduce CO <sub>2</sub> emissions by 50% from the base year, 2007.	2020
<b>Reduction of water and chemicals consumption in Herning</b>	Following on from an earlier pilot project, we will install a purification plant to purify wastewater from the washing section of the dye house. This installation is expected to achieve savings of 20% of the total water consumption in the dyeing plant in 2012/2013, relative to 2010/2011. The installation will also help to save 20% of the consumption of thickening agent.	2014/2015
<b>Use of surplus heat in Herning</b>	Before the close of the 2014/2015 financial year, opportunities must be investigated to use the surplus heat and sell it for use as district heating. Calculations from DONG show that approximately 4,900 mWh/year can be used, on maximum utilisation. This will give energy savings for the district heating plant.	2014/2015
<b>Improve wastewater purification in Gram</b>	Since 2009/2010 we have worked to improve wastewater purification in order to significantly reduce the COD content. The target is to reduce the wastewater's COD content by more than 50% to 2,000 mg/l in 2012/2013, from an average COD content of 5,500 mg/l in 2009/2010. The target has not been achieved. Trials are therefore now taking place to establish biological COD purification. This will commence in 2014/2015.	2015/2016
<b>Reuse of surplus heat in Gram</b>	Reuse of surplus heat from furnaces is expected to reduce energy consumption by 10% in 2012/2013, compared to 2009/2010. Equipment is expected to be established in 2014/2015, and the project is expected to be completed by 2015/2016.	2015/2016
<b>Recovery of dye bath residue for thermal recycling in Gram</b>	Recovery using flocculation chemicals is not possible. Biological purification is therefore being investigated. Trials and the establishment of biological purification will commence in 2014/2015. The project is expected to be completed in 2015/2016.	2015/2016
<b>Energy reduction and capacity increase at the adhesive furnace in Gram</b>	Energy reduction by 10% and a capacity increase of 10% in 2012/2013, compared to 2010/2011. This has not yet been achieved. The conversion and implementation of new equipment will take place in 2013/2014. The project is expected to be completed in 2014/2015.	2014/2015

Working conditions		
Objective	Target(s)	Expected to be completed
<b>Working conditions</b> More women in managerial positions.	<b>Board of Directors</b> Maintain the Board of Directors' current composition of 25% women and 75% men during the next four years. On the expiry of the four-year period with the target of 25% female members, we will set a new target for female members of ege's Board of Directors.  <b>Managers</b> 30% of all newly appointed managers will in future be women. By 2017, 30% of all managers must be women. In the longer term, we wish the breakdown between men and women at management level to reflect the general breakdown between men and women in the company.	2017/2018
<b>Working conditions and social protection in Herning</b> Scheduled breaks must be taken	Based on interviews, the problems with taking breaks in production are being investigated. Then any action areas to improve conditions will be determined.	2014/2015
<b>Social dialogue in Herning</b> Employee representatives must have sufficient time to perform these duties.	Based on interviews, the problems with employee representatives' time to perform these duties are being investigated. Then any action areas to improve conditions will be determined.	2014/2015
<b>Improve ergonomic conditions at Millitron and the adhesive furnace in Herning</b> Minimise lifting and dragging in conjunction with tufting.	Before the end of the 2014/2015 financial year, an auxiliary tool must be installed to minimise lifting and dragging in conjunction with tufting at Millitron and the adhesive furnace.	2014/2015
<b>Improve ergonomic conditions at the tip shearer in Herning</b> Minimise lifting and dragging in conjunction with tufting.	Before the end of the 2014/2015 financial year, an auxiliary tool must be installed to minimise lifting and dragging in conjunction with tufting at the tip shearer.	2014/2015
<b>Minimise the noise level at the Millitron/washing section in Herning</b>	Before the end of 2014 the noise level at the new wastewater plant must be investigated.	2014/2015
<b>Expansion and improvement of office workspace in the glueing works in Gram</b>	Expansion and improvement, including a larger, height-adjustable desk, noise reduction and regulation of temperature and daylight. Expected to be completed during 2014/2015.	2014/2015
<b>Improve office workspace in the maintenance department in Gram</b>	Improvements to office workspace in the maintenance department are expected to be made in 2014/2015.	2014/2015
<b>Automatic control of chemical addition in Gram</b>	Automatic addition of chemicals will be established in the glueing works. This will significantly improve the working environment and raise the quality level. Investigate opportunities for automatic addition in 2014/2015. The establishment target is expected to be in 2015/2016.	2015/2016



Best practice		
Objective	Target(s)	Expected to be completed
<b>Anti-corruption:</b> Documentation of compliance with the anti-corruption guidelines.	All employees and people attached to egetæpper have been informed of egetæpper's zero-tolerance approach to corruption and bribery. In this respect, all countries/agents/distributors must confirm by their signatures that they will work in accordance with our anti-corruption and bribery guidelines. Signatures from a few countries are still outstanding.	2014/2015
<b>Anti-corruption:</b> Training in anti-corruption guidelines.	An e-learning tool must be developed to train employees and other people attached to egetæpper in our anti-corruption and bribery guidelines. The e-learning tool must include a test to assess and check that the user has understood the guidelines.	2014/2015
<b>Promotion of social responsibility in the value chain:</b> Implementation of the Code of Conduct.	Send egetæpper's Supplier Code of Conduct to key product suppliers, as well as our transport suppliers, and require their signed confirmation that they will work in accordance with this Code of Conduct, and at the same time collect information on their labelling schemes and management systems.	2014/2015

Consumer conditions		
Objective	Target(s)	Expected to be completed
<b>Responsible marketing, information and agreements:</b> More information to our customers on the importance of CSR initiatives to stakeholders.	Development of a communication strategy that will make it easier for our customers to understand and communicate why egetæpper's CSR initiatives are important - and why they are of benefit to consumers.	2014/2015
<b>Sustainable consumption:</b> Implement the Cradle to Cradle principles throughout the company.	Develop production processes and product design that expand opportunities to recirculate all materials in a closed cycle. Engage in cooperation with companies that can reuse carpet waste in new ways. Apply the Cradle to Cradle principles in internal and external communication so that employees can take ownership of the concept and understand the philosophy.	2020
<b>Protection of consumers' health and safety &amp; sustainable consumption:</b> Cradle to Cradle certification of additional products	Cradle to Cradle certification of all Ecoline products and all tile products. Cradle to Cradle certification of all Ecotrust backings. Ecoline for all Epoca flat-woven carpets and Epoca tiles.	2020

# CSR in the future

Sustainability is becoming an increasing element of egetæp- per's philosophy, and this year we have launched a large num- ber of new CSR activities to help us to achieve our objective to be a sustainable company. During the coming years, focus will be maintained on cementing the measures taken and rolling out

the various projects throughout the organisation. In the future we will also consider the UN Guiding Principles, which can help us to ensure that we respect human rights. We look forward to seeing where this journey will take us.



**1992**

ISO 9001 quality certification

**1996**

ISO 14001 environmental management certification

First official workplace assessment

First Environmental Report

EMAS Eco-management certification

**1998**

EN 1307 product classification

**2002**

INSTA 800 cleaning quality

**2006**

DS/OHSAS occupational health and safety certification

CE marking

**2007**

BRE Life Cycle analysis

**2008**

LEED sustainable construction

BASTA harmful substances requirements



2009	2010	2011	2012	2013	Future goals
BVD3 construction products declaration	BVB construction products assessments	Climate partnership with DONG Energy	EPD Environmental Declaration in ISO 14025	Cradle to Cradle <sup>CM</sup> Silver certificate awarded to "Barcode Ecoline Modular"	Reuse of used carpets
First Greenhouse Gas Account	Endorsed the UN Global Compact		Trans-Q, Achilles approval	CSR policy	Cradle to Cradle certification of additional products
	First CSR Report		CSR department set up	EPD, Environmental Product Declaration on 6 products	UN Guiding Principles
				Code of Conduct	
				Supply chain management launched	
				CSR certification according to DS 49001	

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## Appendix 3: Significant environmental impacts and effects<sup>12</sup>

### Development, raw materials, production and emissions

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

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

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

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

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

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

eration plants, where the incineration process is most efficient and therefore has the least possible impact on the environment.

The packaging we use is cardboard or plastic. Plastic packaging is made from polyethylene and polypropylene and is therefore considered to have a significant environmental impact, as these plastic products are produced from oil, which is a non-renewable resource.

### Working environment

The working environment is 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 or grievances are raised.

### Transport

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

### Product information, fitting and applications

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

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

### Other environmental impacts

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

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

<sup>12</sup> Environmental impacts and effects are related to the factories in Herning and Gram.

## Appendix 4: Calculation basis and data sources for CO<sub>2</sub> calculations

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

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

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





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