

Our commitment to CSR



kvadrat

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Chapter 1

Introduction to Kvadrat

1. Background

This report covers the demands from “The Danish Financial Statements Act § 99a & 99b” regarding reporting on corporate social responsibility and also the demand from UN Global Compact regarding COP report.

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

During 2016 Kvadrat have continued with the high focus on CSR. Our main focus is environmental concerns. However, after working with improvements in this area for years, we are also prioritizing other important issues that are centered on people and social responsibility.

Following the ISO 14001 certification of our headquarters in 1997, we began a systematic approach to reduce our impact on the environment. Our continuous focus on this topic is reflected in every one of our processes and products. A number of our products have been awarded an EU Ecolabel and it is our ambition to gain many more. Furthermore, we are carrying out life-cycle assessment on all our textiles. Doing so gives us valuable data on the different ways our products impact on the environment. This, in turn, helps us to identify opportunities for further reducing their environmental impact.

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

We are always researching new raw materials that have less impact on the environment than the ones we use today, whilst our design teams are constantly developing new textiles that have less environmental impact than the ones that went before. We are creating exciting and innovative new opportunities for uses of textile waste and used textiles. We want our products to become the benchmark for environmentally sound textiles.

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

Cirkular ekonomi is part of our focus. We are creating exciting and innovative new opportunities for uses of textile waste and used textiles. Our ambitions is to be able to 'close the loop'.

We have also taken a responsible choice in relation to energy consumption at our headquarters in Ebeltoft. Produced from new Danish windmills, that are less than 2 years old and heat supplied from the local district heating plant in Ebeltoft that is generated using wood chips, which are CO2 neutral.

The following page displays a timeline of key events highlighting how we have acted on our commitment to CSR.

At Kvadrat we are committed to playing our part in meeting the global challenge of climate change, and operating as socially responsible business. We believe our many different CSR initiatives help us to achieve these goals. And, as technology evolves and new opportunities arise, we plan to introduce many more.

Anders Byriel, CEO Kvadrat

2. CSR Policy

We aim to maintain a good balance between our strict quality standards, environmental concerns, social responsibility and our economy.

We focus on ensuring that all our products and processes live up to these standards.

In a number of areas, we go beyond existing legislation while respecting necessary functional requirements. We also ensure that a number of our products comply with the relevant EU Ecolabel criteria.

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

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

We aim, in all matters within our control, to support and respect the protection of internationally proclaimed human rights and labour rights. We are strongly opposed to any kind of corruption, including extortion and bribery.

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



3. Timeline of key events highlighting how we have acted on our commitment to CSR

1992	<p>The Kvadrat headquarters in Ebeltoft is certified according to the international standard ISO 9001</p> <p>Our headquarters is certified according to the international standard ISO 14001.</p>
1997	<p>We stop moth-proofing our woollen products to protect the workers involved in the process and to prevent additional contamination of waste water.</p>
2004	<p>Our <i>Hallingdal</i> textile is awarded an EU Ecolabel.</p> <p><i>Molly</i>, a fabric with strong environmental credentials, is awarded an EU Ecolabel.</p>
2007	<p>A large number of our textiles are GREENGUARD® certified. This certification is awarded to products that meet strict emission levels of pollutants and therefore enhance indoor air quality</p>
2008	<p>Our headquarters achieves the health certification from Dansk Firmaidrætsforbund (Sports Confederation of Denmark). This covers our approach to diet, smoking, alcohol, fitness and stress.</p>
2010	<p>More of our textiles are awarded an EU Ecolabel, bringing the number carrying the EU Ecolabel to 21.</p> <p>Our headquarters starts to use 'green electricity' from a Norwegian hydropower plants</p>
2011	<p>We expanded local charity initiatives and donations to art projects to international charity programmes.</p>
2012	<p>Kvadrat wins award for being 'the healthiest company in Denmark'.</p>
2013	<p>We introduce life-cycle assessment (LCA).</p> <p>Our headquarters use 'green electricity' from Danish windmills, which are less than two years old.</p> <p>We join the UN Global Compact</p>
2014	<p>We acquire part ownership of Really to work with upcycling of wool and cotton. The expected launch is in 2017</p>
2016	<p>Plan for evaluation and updating of anti-corruption/ UK-bribery</p>

Chapter 2 Environment and climate

4. Kvadrat Headquarters

Our headquarters is located in 60,000 m² of natural surroundings. The landscape has been shaped into a permanent ever evolving art work by landscape architect Günther Vogt and contemporary artist Olafur Eliasson. It features a combination of garden and untamed natural habitat, and encompasses five unique artworks by Olafur Eliasson, which are inspired by the reflective waters of glacial pools. By combining a garden and areas of wilderness, it offers a space where people, animals and plants can all benefit from the landscape. Importantly, it is open to our employees and the public.



4.1 UN Global Compact principles – Environment & climate

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

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.

4.2 ISO9001 & ISO14001

With the ISO 14001 and ISO 9001 management systems and certifications, we can, as a company, demonstrate that we have the ability to:

- a. Consistently provide products that meet customer requirements
- b. Enhance customer satisfaction
- c. Work systematically to control and minimise our impact on the environment
- d. Document that we are constantly working on improvements.

In 1992, we achieved certification to the international standard ISO 9001, Quality Management. Our ISO 14001 certification, achieved in 1997, has an impact on all processes in our company. Below is a brief overview of the way it influences our behaviour:

- a. We follow our obligation to comply with legislation and other regulatory requirements.
- b. We aim to promote transparency and dialogue between our company and the public.
- c. We require our suppliers to constantly explore environmentally sound disposal options for the process waste they may have, be it through recycling or, ultimately, incineration.
- d. We maintain a consistent focus on training and motivating employees to perform their jobs with respect for the environment.
- e. We aim to develop processes with minimal environmental impacts.
- f. In our production, we consistently concentrate on optimizing our use of resources, whilst minimising the generation of waste.
- g. We have a constant focus on minimising our CO2 emissions, by using videoconferences instead of travelling, by arranging direct deliveries to clients, and changing the acceptable type of company cars.
- h. We use as few packaging materials as possible, and all our packaging materials are made from materials that can be recycled. Packaging materials are either re-used for the shipment of our products or collected by a professional recycling company and used for manufacturing of new packaging materials.

These ISO standards require the establishment of a quality- and environmental management system, ensuring we meet customer requirements whilst continuously optimising our processes to their benefit. Therefore, we have appointed an internal auditor team consisting of employees, who are deeply committed to working with our quality and environmental management system. Internal audits are carried out regularly to ensure that we are always in line with the requirements of the system, and every year, external auditors also audit the implementation of our quality and environmental management system. We have not attempted to obtain ISO 14001 certification for our subsidiaries. This is because we believe that the best way to reduce the environmental impact of our business is to concentrate on optimising our processes and transfer good habits and standards to our subsidiaries.

Within our product development, we prioritise high-quality products with a reduced environmental impact (without compromising on design and price) by continuously searching for the best possible alternative production methods and materials. Our processes and finished products all reflect a focus on enhancing the well-being of the people involved in production, as well as those who use the finished product and eventually dispose of the product.

5. Product development

Within our product development, we prioritise high-quality products with a reduced environmental impact (without compromising on design and price) by continuously searching for the best possible alternative production methods and materials. Our processes and finished products all reflect a focus on enhancing the well-being of the people involved in production, as well as those who use the finished product and eventually dispose of the product.



6. Suppliers

We build long-term relationships with our suppliers. These are founded on a shared commitment to maximise quality, reduce impact on the environment, deliver good working conditions and focus on social responsibility.

To ensure we are achieving our common goals, we follow the performance of our suppliers in the above-mentioned areas very closely. We conduct bi-annual assessments of their performance, which we follow up with revised action plans. Plus, we require that our suppliers report their performance to us on a quarterly basis. Furthermore, we regularly invite suppliers to participate in seminars, where we discuss and explore new ways to reduce our environmental impact. Most of our suppliers, as well as our own production plants, are situated in Europe, and therefore

comply with European legislation, notably REACH.

We have a very active collaboration with our partner suppliers. This has led to 'lean' projects, seminars about knowledge sharing and very close cooperation in our day-to-day business. Before we enter into a partnership with suppliers, they must sign a document where they commit to effectuate our Company Social Responsibility. In addition, once we start working with them, we expect them to meet the concrete demands we put forward about:

Products
Production processes
Environment
Working environment

Importantly, we require that they regularly document their performance in these areas.

Suppliers must document that all our suppliers have fulfilled their obligations in relation to REACH and all other relevant regulations and standards. In addition, we impose strong standards on our suppliers, which in some areas go beyond existing legislation. These are:

- a. Our suppliers must match our commitment to develop timeless products with an extremely long life span, which are made with the finest quality raw materials, using innovative production processes.
- b. Our suppliers must comply with relevant law, this also counts for the demands in REACH, and they must be able to fulfil the EU Ecolabel criteria.
- c. Our suppliers must work closely with us to ensure that potentially damaging substances and substances from the List of undesirable substances are never present in our products and processes.
- d. Our suppliers must comply with our Company Social Responsibility policy, which concerns no forced labour, legal compliance, no child labour and young workers, non-discrimination, freedom of association, workplace health and safety, conditions of employment and work, as well as anti-corruption.
- e. We only use approved AZO dyes, which do not release certain aromatic amines.
- f. We do not use dyes that contain heavy metals. The dyes we use must comply with The Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD) norm.
- g. In general we do not use bromide flame-retardents for our textiles.
- h. We do not use chemicals containing chlorine.
- i. Our collection does not involve any PVC-based production.
- j. We adhere to the limits set by the Danish Environmental Protection Agency's List of undesirable substances. Items on this list should, in the long run, be minimised or completely phased out.

6.1 REACH

Our suppliers and their sub-suppliers have all confirmed that they have fulfilled their obligations according to REACH. They have also confirmed that they have made the necessary pre-registrations for the chemicals requiring registration.

6.2 Energy

We are working hard to reduce CO2 through all our supply chain. We are rebuilding our head quarter in 2016 and will install new lightning with less consumption.

New and more energy efficient windows will also be part of the rebuilding. And our CTS control system will be evaluated and upgraded. All this will help reducing both our energy and heat consumption



7. Products

Seen from a long-term perspective, all raw materials and resources are finite. Mindful of this, we only develop high-quality products with a long life span. We also focus on finding new ways to transform our products into raw materials once they have reached the end of their life.

7.1 Our raw materials: Wool, Cotton, Trevira CS

Using the best raw materials is our starting point for creating high-quality products with a long life span; products that, in the long run, have less impact on the environment. Reflecting this, most of the textiles in our collection are made from wool, cotton and Trevira CS. Below is a brief overview of the main environmental and functional benefits of each of these materials.

7.1.1 Wool

Wool is a renewable resource and consists of natural fibres. Wool is naturally flame retardant, which means that no chemical treatment is

necessary. Thereby a healthy indoor environment is ensured. The wool used in our products comes from New Zealand, Australia and Norway. Only biodegradable detergents and spinning-oils are used in our scouring and spinning processes. In addition, as far as possible, waste fibres are gathered and recycled by other industries. The coils from the coning process are also recycled along with other packaging materials.

Functional benefits:

Very comfortable because of its ability to absorb and release moisture.

Naturally soil resistant.

Very good abrasion performance.

Low pilling.

Very good lightfastness.

Elastic fibres ensure it is flexible to work with and will not crease.

Environmental benefits:

Biodegradable.

Long life span: ages well.

A renewable resource.

Naturally flame retardant, so chemical treatment is not necessary.

Woollen textiles can potentially be used to obtain LEED credits as, usually, they can be GREENGUARD® certified.

Certain woollen textiles comply with EU Ecolabel criteria.

7.1.2 Cotton

We use high-quality cotton. During the manufacturing processes, the different types of waste are gathered, sorted and recycled.

Excess dye and wastewater is drained to the local water treatment plant, cleaned and, whenever possible, recycled. To further protect the environment, spinning oil is never used.

Functional benefits:

Very comfortable.

Good colour and printing properties, thanks to the high absorption capacity of the fibre.

Good abrasion performance.

Good lightfastness.

Environmental benefits:

Renewable resource.

Biodegradable.

Cotton textiles can potentially be used to obtain LEED credits as, usually, they can be GREENGUARD® certified.

7.1.3 Trevira CS

90 per cent of Kvadrat curtains are made of Trevira CS yarns. Trevira CS is a unique type of polyester that is inherently flame retardant. As a

result, it does not require chemical fireproof treatment, which ensures that it has no negative impact on indoor environments. Trevira CS is made from non-renewable resources: raw oil and natural gas, which are transformed into granulated plastic through chemical processes. However, the production of Trevira CS yarns uses fewer processes, and therefore less energy, than the production of textiles made from renewable resources. Trevira CS textiles are durable and economical to maintain. Furthermore, the yarns are hypoallergenic and are certified to Oeko-Tex® 100 standard. Trevira CS is produced by Trevira GmbH, an ISO 14001 certified company.

Functional benefits:

Good abrasion performance.

No pilling.

Good lightfastness.

Can be washed at 60 degrees (if used for curtains or loose covers).

Permanently flame retardant.

Environmental benefits:

Complies with Oeko-Tex® 100.

Hypoallergenic yarns provide a safer indoor environment for people who suffer from allergies.

Dries fast, so tumble drying is not necessary.

Inherently flame retardant, so no chemical treatment is needed.

Short production processes.

Trevira CS textiles can be GREENGUARD® certified.



7.2. Built to last

At Kvadrat, we seek the latest technologies to minimise the environmental impact of our products, whilst maximising their aesthetic quality, functional performance and longevity. In doing so, we place a strong emphasis on minimising the use of energy in production and wastage of raw materials. In addition, we consistently seek to optimise our processes and products by exploring new production methods.

Our products are made to last for many years: they combine timeless design with excellent durability. By creating products with a long life span, we ensure that fewer will be required in the future. This, in turn, helps to reduce the demands on the world's overstretched resources. Reflecting our commitment to the environment, quality and longevity, all our fabrics are tested by independent test institutes, to meet the textile requirements for the contract market concerning abrasion, pilling, lightfastness and flammability. We are very confident in the quality and durability of our products. All our upholstery and curtain textiles come with a 10 year quality guarantee.

7.3. End of life-cycle

Until recently, we could only recommend disposing of our textiles by burning them to gather the thermal energy at combustion plants. However, we are working on different possibilities for recycling our used products.

One way we recycle is by supplying 'seconds', which are textiles that are no longer in our standard collection, to places such as charitable institutions. There, they are used to add to 'quality of space'.

In 2014, we acquired part ownership of REALLY and expect to launch new product categories of upcycled wool and cotton in 2016.

We continue our research for new possibilities to re-use, re-cycle or up-cycle our textiles.

7.4. Product documentation

We seek to document our focus on quality, and environmental concerns, by getting our textiles awarded certain certifications. Currently, there are many certifications on the market, several of which have similar requirements.



Approximately 35% of our woollen products are certified according to the EU Ecolabel



Approximately 90% of all our textiles are Greenguard certified



7.4.1. EU Ecolabel

What the EU Ecolabel means to customers:

Our customers can be sure that if a textile carries an EU Ecolabel, it is in the top third of its particular product category for environmental and functional performance. The EU Ecolabel helps customers to identify products and services that have a reduced environmental impact. It covers the entire life-cycle of the product or service, from 'cradle to grave'. Consequently, it takes into consideration everything from the extraction of raw material through to production, use and disposal.

We have chosen to apply for certification of a number of our woolen textiles according to the EU Ecolabel. Our main reason for this is that our values correspond with the demands of the EU Ecolabel: these evaluate the product from 'cradle to grave' and focus on quality and long life span, thereby ensuring that no extra resources are wasted on new manufacturing. Finally, as the label comes from an independent third-party, we believe that choosing it sends a strong and helpful message to our customers.

7.4.2 GREENGUARD®

What GREENGUARD® means to customers:

GREENGUARD® certification verifies that chemical and particle emissions emitted by building products and materials fall within acceptable indoor air-quality pollutant thresholds. Maximum allowable emission levels are defined by the State of Washington's indoor air-quality program for new construction, the U.S. Environmental Protection Agency's procurements specifications, the recommendations from the World Health Organisation, Germany's Blue Angel program for electronic equipment, and LEED for New Construction and LEED for Commercial Interiors.

A large number of our textiles carry the GREENGUARD® certification. These can help to gain LEED credits if they are made from rapidly renewable content, like wool or cotton, or recycled content. Textiles can typically get 1 – 2 points depending on the application, the project, etc. It is not possible to apply LEED certification to textiles, as LEED is a building certification. However, the US-developed certification.

GREENGUARD® is accepted by LEED.

7.5. LCA (Life-cycle assessment)

LCA highlights and provides clarity into the different aspects of a product's life-cycle with the potential to damage the environment or people.

Some of the key areas covered by LCA are:

Potential contribution to CO₂ emissions:

- Energy consumption of a product's production.
- Global warming potential.

Potential negative influence on people and/or environment:

- Acidification: emissions, which damage vegetation, buildings, aquatic life and human health.
- Eutrophication: emissions, which increase the nutrients in water or soil affecting the ecosystem.
- Photochemical ozone: emissions from chemicals that cause smog, adversely affecting human health, ecosystems and crops.

Working with LCA means that all the environmental impacts from the different manufacturing phases are evaluated. This evaluation is, in general, split into five phases:

- 1) Material phase
- 2) Production phase
- 3) Transport phase
- 4) Usage phase
- 5) Waste phase

Our LCA

Life-cycle assessment enables us to provide our customers with information about the environmental impact of our products.

LCA helps to ensure that we do not optimise one process without looking at the whole chain i.e the entire life-cycle. Additionally, it helps us to gain valuable insights into the areas where we should increase our efforts to reduce our environmental impact.

Our LCA model is based on the recognized LCA databases, GaBi and Ecoinvent, supplemented with data from our suppliers and literature. The model follows the principles of the international LCA standards ISO14040.

The preparation of a LCA is an iterative process, where the five phases can be reviewed several times. This is important because the more knowledge you obtain about a product's life cycle, the more data and information can be included in the LCA.

LCA results concerning a particular product should always be considered as indicative. They are not absolute, as the findings depend on the quality of the data we have been able to obtain from suppliers and international databases.

On request, we can prepare documentation with LCA data for our textiles. We will also be able to provide a background documentation report. This report gives you a more detailed description of the data quality for our LCA.

8. Focus and outcome – Environment and climate

	Focus	Outcome 2013	Outcome 2014	Outcome 2015	Outcome 2016
Environment and climate	We require that our suppliers continuously focus on reducing their impact on the environment and delivering healthy working conditions	Our biggest supplier have installed solar cells to cover a small percentage of their energy consumption.	Continue to challenge and support our suppliers in their effort to reduce their footprint. Mapping of substances in textiles to create transparency.	Our largest supplier have made a building extension to existing factory and have made this extension as environmental correct as possible with known technology	Our largest Wool supplier have in-sourced their dyeing process. They have reduced the consumption of water and energy
	We aim to reduce our CO2 emissions	We have reduced our energy consumption with 6,3% in 2013 compared to 2011	We reduced our energy consumption with 6%	We have reduced our energy consumption with 3% compared to 2014	Rebuilding of our house. Changed from halogen lights to LED. Energy consumption reduced with 6% compared to 2015
		We have reduced our heat consumption with 21% compared to 2011	We reduced our heat consumption with 11%	We have reduced our heat consumption with 27% compared to 2014	We have reduced our heat consumption with approx. 50%
				We have reduced our water consumption with 8% compared to 2014	Water consumption higher due to the rebuilding and extension of our house
	We aim to increase the number of our textiles certified with the EU Ecolabel	3 wool textiles certified with the EU Ecolabel	Our supplier of Trevira CS textiles received EU Ecolabel certification – we now have applied for our own license based on their certification	Our supplier of Trevira CS textiles expect that our textiles will have the EU Ecolabel certification fulfilling the new criteria before July 2016	We are still working to obtain the EU Ecolabel for Trevira CS textile and expect this before July 2017. A lot of testing and finding of data has postponed the certification
			Our most selling wool textiles are certified with the EU Ecolabel	Our most selling wool textiles now fulfil the new criteria of the EU Ecolabel.	
	We shall implement life-cycle assessment (LCA) on our textiles in 2013	We now have, in corporation with FORCE, prepared a database on the platform GaBi, which gives us the opportunity to create LCA data for each textile design, if requested	LCA database has been updated with new data, such as new materials and new data for existing materials	LCA are being used by our customers – architects. To calculate environmental impact when they work on building projects	LCA are being used by our customers – architects. To calculate environmental impact when they work on building projects
	Recycling of textiles			We are part in a project using production waste textiles to manufacturing of other products. We expect to be able to launch products end of 2016	Launch will be in April 2017. Some production issues postponed the project
	Substances in textiles			Mapping of the substances used in our textiles, to be more knowledgeable in the substitution process	It a long process. One supplier is almost ready with requested data. We can now move on to the next

Chapter 3

Social responsibility

This section of the report will include the areas, human rights, employees (employee satisfaction survey and health certification), diversity, anti-corruption and charity. All important areas for Kvadrat and part of the UN Global Compact principles.



9. UN Global Compact - Human rights, labour rights and anti-corruption

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

Principle 1

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

Principle 2

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

Principle 3

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

Principle 4

the elimination of all forms of forced and compulsory labour;

Principle 5

the effective abolition of child labour; and

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

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

10. Anti-corruption

Working against corruption has been part of our CSR policy for the last couple of years.

The policy is also part of our dialogue with our suppliers. We have during 2016 been working to go deeper into the area to cover corruption, UK-Bribery Act, Danish law against corruption and US Foreign Corrupt Practices Act (FCPA).

Risk assessment will be our tool to evaluate the areas of high concern to be able to put our effort into these areas.

We have to been in a situation where we have been forced to fight against any kind of corruption

11. Human rights

Working with human rights is part of our CSR policy. We have our Code of Conduct which our suppliers must address and work with.

Now we have started our journey to implement the UN Guiding Principles which, for sure, will strengthen our effort in this area.

12. Employees

Our employees are our key resource when it comes to creating responsible solutions and improvements. Reflecting this, we maintain a consistent focus on offering a safe and healthy working environment, which contributes to retaining and attracting highly competent and socially responsible employees.

At Kvadrat, we believe that growth and development depends on having the right employees. Our employees should be empowered with high degree of responsibility and given the opportunity to perform in groups and as individuals.

We know that we must ensure both their professional and personal development, so that all are equipped to deal with future demands and tasks. Therefore, twice a year, staff development interviews are carried

out. During these, plans reflecting the employees' wishes are made regarding courses and education.

We aim to have an attractive workplace, to create good facilities and act with a high degree of social responsibility towards all our employees. Finally, we wish to actively contribute to creating a healthy balance between work and family lives for our employees.



12.1 Employee satisfaction worldwide

Once a year we carry out a global employee survey. The results of these surveys are very positive: they show our employees are very satisfied. The survey results are presented to all employees and, if there are areas in which we can improve, initiatives are started up to implement the necessary measures. These, in turn, lead to healthier, happier employees and, as a result, a better experience for our customers.

12.2 Health certification

Kvadrat was one of the first companies in Denmark to put health on the agenda, and in April 2008, the Kvadrat headquarters was health certified by Dansk Firmaidrætsforbund (Sports Confederation of Denmark). This health certificate is concentrated on our work and health-focused initiatives. It requires structured goals and action plans, continuous follow-up and reporting, as well as external audits.

Further to this certification, our aim is to continuously improve the health of our employees. In achieving this goal, we will increase employee well-being at work and maintain a very low percentage of sick leave.

Reflecting our focus on health, we want to inspire and motivate our employees to adopt a healthy lifestyle through information, motivation and concrete actions. So, for instance, we serve healthy food in the canteen every day and, as far as possible, only serve organic food. In addition, all our employees are offered a free health check once every

other year. We also have a free gym and offer a fortnightly massage. Thanks to our focus on health, we have increased job satisfaction and loyalty, and also created an environment where employees look after each other.

12.3 Agenda for diversity

Why strive for greater diversity?

We believe that a broadly composed employee and management team ensures more nuances and perspectives and provides for a wider spectrum of competences. This increases the quality of our approach to tasks and decision-making and thus benefit Kvadrat customers.

Different experiences and competences boost learning and creativity, which are both strong elements of the Kvadrat culture.

Diversity is also about ensuring equal opportunities for all.

To us, diversity comprises gender, age, cultural background and seniority.

Goals for diversity in the board

Kvadrat has for several years been focusing on raising the number of women in the board.

The goal is to have 15% women in the board, and in 2016 we reached that goal.

It is the Chairman together with the owners to work to ensure that this objective is reached.

Goals for diversity in management

We measure gender distribution in management - i.e. the percentage of women and men in management. We strive for a 50/50 distribution of men/women in management at Kvadrat; but a 60/40 or 40/60 distribution is also acceptable. Presently 36,5% of managers at Kvadrat are women (2016).

Kvadrat is an international company and we want our management to reflect the world we operate in. We measure the share of managers with a non-Danish cultural background.

Our goal is that at least 40% of our managers have a non-Danish cultural background. 30% of managers at Kvadrat have a non-Danish cultural background (2016). We also want a broadly composed management based on experience and competences. We achieve this by having managers of different ages and with different seniority.

Our goal for age distribution is:

< 35 years (20%)

36-50 years (40%)

and > 50 years (40%)

In 2016, the age distribution is 39%, 40% and 21%, respectively.

Our goal for seniority is:

< 5 years (20%)

6-15 years (40%)

and > 15 years (40%)

In 2016, the seniority distribution is 55%, 28% and 17%, respectively.

To ensure consistency in management while ensuring that we receive outside inspiration.

Our goal is that 80% of managers at Kvadrat must be sourced internally, while the remaining 20% must be recruited externally.

In 2016, 75% were recruited externally and 25% were sourced internally.

What do we do to achieve our goals?

In order to achieve our goals on diversity in management and the employee team, we focus on the above parameters (gender, age, cultural background and seniority) both when we recruit, develop, form project groups, establish teams and promote managers and employees at Kvadrat.

As part of the recruitment process, we make sure to incorporate the above goals already in job descriptions and job ads to ensure as diverse a field of candidates as possible and that all candidates are given equal opportunities. This concerns both how we define the conditions for the position and where we look for potential candidates – internally or externally.

We focus on how to ensure our leadership pipeline. Kvadrat is growing and we need to generate managers for the management teams of the future. We identify where in our organisation we need greater diversity and strive to act accordingly. We do so via e.g. Kvadrat Academy where we offer learning and development to all Kvadrat managers and employees. In our internal processes, we make sure to apply diversity as a guiding principle when we appoint and develop the future Kvadrat management.

13. Charity

Besides donating textiles to local charities and art projects, we have decided to donate some of our textiles to organisations supporting children in Eastern Europe. These textiles are either donated to children's homes where they are used, or to organisations that make products with the textiles, which can be sold. The money this raises goes to children's homes. The textiles we supply are also utilised by these institutions for educational purposes: they are used by children for learning how to sew. Armed with this skill, they have the means to earn money, start up their own business and improve their lives.

14. Focus and outcome – Social responsibility

	Focus	Outcome 2013	Outcome 2014	Outcome 2015	Outcome 2016
People & Health, Human rights, Anti-corruption	We must collect ideas and inspiration as to how to extend our health work to our subsidiaries	We visited both NOVO Nordic and Nordea Liv og Pension to learn from them and to be inspired with new ideas	Implemented in some of our health work in our subsidiaries	Implementation continued during 2015 and will also continue in 2016	Continue implementation in 2017
	Focus on health and food for our employees	We arranged an event for all employees about fish and food and how this will impact positively on your health	All employees in our head quarter was offered a health check. It is a voluntary offer, not all employees participated.	We continue our work and serve as much organic food as possible. Reduce the amount of served meat	We continue our work and serve as much organic food as possible. Reduce the amount of served meat
	Health certification & Lost work days				Helps to maintain a very low percentage of sick leave 1,06% for 2016
	We will educate our employees in how to react if an incident occurs	First aid course for employees based in our headquarters			
	Anti-corruption, UK-Bribery		Policy against corruption	Working with suppliers about corruption	Evaluated policy, and mad plans for further implementation based on risk management
	UN Guiding Principles				Seeking more knowledge about the principles to prepare risk analysis